



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

DEC 12 2014

Mr. Gregory L. Ebel
President & CEO
Spectra Energy Corp
5400 Westheimer Court
Houston, TX 77056-5310

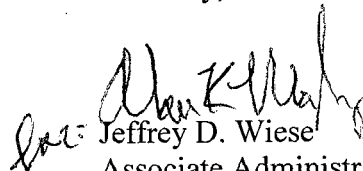
Re: CPF No. 1-2013-1022

Dear Mr. Ebel:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken by Spectra Energy Corp to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Eastern Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,


Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Byron Coy, Region Director, Eastern Region, OPS
Mr. J. A. (Andy) Drake, P.E., Vice President, Operations and EHS, Spectra Energy Corp

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)
In the Matter of)

Spectra Energy Corp,)

Respondent.)
_____)

CPF No. 1-2013-1022

FINAL ORDER

On May 10-12, 2011, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the records of Spectra Energy Corp (Respondent or Spectra), in Houston, Texas. Spectra Energy Corp is a Fortune 500 company that operates approximately 22,000 miles of natural gas, natural gas liquids, and crude-oil pipelines throughout the United States.¹

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated November 7, 2013, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 192.616(c) and ordering Respondent to take certain measures to correct the alleged violation. The warning items required no further action but warned the operator to correct the probable violations or face possible enforcement action.

After receiving an extension of time to respond, Spectra formally responded to the Notice by letter dated January 17, 2014 (Response). The company did not contest the allegation of violation, but provided explanations for the issues raised in the Notice. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Spectra did not contest the allegation in the Notice that it violated 49 C.F.R. Part

¹ Spectra's pipeline subsidiaries include Texas Eastern Transmission, LP, Algonquin Gas Transmission, LLC, and East Tennessee Natural Gas, LLC. Spectra Energy Corp website, available at <http://www.spectraenergy.com/About-Us/At-a-Glance/> (last accessed on October 24, 2014).

192, as follows:

Item 5: The Notice alleged that Spectra violated 49 C.F.R. § 192.616(c), which states:

§ 192.616 Public awareness.

(a) . . . [E]ach pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* § 192.7)

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

The Notice alleged that Spectra violated 49 C.F.R. § 192.616(c) by failing to follow the general program recommendations, including baseline and supplemental requirements, of API RP 1162, Section 8.4. Specifically, the Notice alleged that Spectra did not perform an effectiveness evaluation of its public awareness program. Section 8.4 of API RP 1162 lists four assessable measures used to determine if implementation of a public awareness program is effectively reaching stakeholder groups.² The Notice alleged Spectra did not provide documentation or records showing it had evaluated whether implementation of its public awareness program was effectively reaching each individual stakeholder group.

In its Response, Spectra stated that its plan evaluation *did* address the effectiveness of its public awareness program but that it was not contesting the allegation of violation. The company further stated that it would revise its External Communication Plan to survey each stakeholder group and to specify the acceptable methodologies for conducting surveys.

Accordingly, based upon a review of all of the evidence, I find that Spectra violated 49 C.F.R. § 192.616(c) by failing to follow the general program recommendations, including baseline and supplemental requirements of, API RP 1162, Section 8.4.

This finding of violation will be considered a prior offense in any subsequent enforcement action brought against Spectra.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 5 in the Notice for violations of 49 C.F.R. § 192.616(c). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C.

² API RP 1162, Section 3, lists four stakeholder audiences to whom the public education program should be directed: (1) affected public; (2) emergency officials; (3) local public officials; and (4) excavators.

§ 60118(b) and 49 C.F.R. § 190.217, Spectra is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 192.616(c) (**Item 5**), Spectra must:
 - a. Conduct an evaluation in accordance with API RP 1162, Section 8.4, and its applicable procedures within 90 days of receipt of the Final Order;³
 - b. Submit a report that details how it plans to implement improvements, if necessary, to its public awareness program based on the results of the evaluation or justify why improvements are not practicable and not necessary for safety within 150 days of the Final Order;⁴ and
 - c. Submit all related information and reports for this effort to the Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by Spectra and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 1 through 4, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 192.616(a) (**Item 1**) — Spectra's alleged failure to implement its written continuing public education program, *External Communication Plan, Appendix A - Program Evaluation Methods/Survey*, by failing to conduct its surveys as outlined in its written plan.

49 C.F.R. § 192.616(c) (**Item 2**) — Spectra's alleged failure to follow the guidance of API RP 1162, Section 4.4,⁵ by failing to provide local public officials

³ The Proposed Compliance Order included with the Notice erroneously stated a period of "sixty days" to comply with this item.

⁴ The Proposed Compliance Order included with the Notice erroneously stated a period of "one hundred twenty days" to comply with this item.

⁵ API RP Section 4.4 states, "Operators should provide a summary of emergency preparedness information to local public officials and should indicate that detailed information has been provided to emergency response agencies in their jurisdictions."

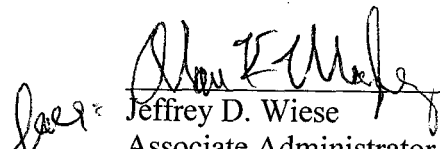
with emergency preparedness information and failing to indicate that detailed information had been provided to emergency response agencies in their respective jurisdictions.

49 C.F.R. § 192.616(c) **(Item 3)** — Spectra's alleged failure to provide information to emergency responders about how to access Spectra's emergency response plan, pursuant to API RP 1662, Section 4.4.3.

49 C.F.R. § 192.616(c) **(Item 4)** — Spectra's alleged failure to provide information about High Consequence Areas and Integrity Management Plans to necessary stakeholders, pursuant to API RP 1662, Section 4.7.

Spectra presented information in its Response showing that it will take certain actions to address the cited items. If OPS finds a violation of any of these items in a subsequent inspection, Spectra may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.


Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

DEC 12 2014

Date Issued