



U.S. Department
Of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

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609.989.2171

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS MAIL

October 2, 2014

Mr. Joe R. Neave
VP, Safety and Regulatory Compliance
Transcontinental Gas Pipe Line Company
2800 Post Oak Blvd
Houston, TX 77056

CPF 1-2014-1008M

Dear Mr. Neave:

From June 2, 2013 through October 24, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the NYSDPS, pursuant to Chapter 601 of 49 United States Code inspected Transcontinental Gas Pipe Line Company's (Transco) procedures and records for PHMSA System 1287.

On the basis of the inspections, PHMSA has identified apparent inadequacies within Transco's plans or procedures, as described below:

1. §192.605 Procedural manual for operations, maintenance, and emergencies

Each operator shall include the following in its operating and maintenance plan:

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Transco did not adequately prepare for each pipeline, a manual of written procedures for conducting operations activities.

Specifically, Transco's Procedure 10.21.01.25: DOT Emergency Response Procedure (EPPM) (Revision Date 12/31/2012), Section 7.0 Training, for conducting emergency response training, was inadequate in that it did not provide guidance on how to verify that the training was effective in accordance with §192.615(b)(2).

Transco's Procedure 10.21.01.25: DOT Emergency Response Procedure (EPPM) (Revision Date 12/31/2012), Section 7.0 Training, did not provide a methodology for verifying effectiveness of emergency response training for its employees.

2. §192.605 Procedural manual for operations, maintenance, and emergencies

Each operator shall include the following in its operating and maintenance plan:

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Transco did not adequately prepare for each pipeline, a manual of written procedures for conducting operations activities.

Specifically, Transco failed to include guidance required by the following:

§192.467(c) External corrosion control: Electrical isolation.

(c) Except for unprotected copper inserted in a ferrous pipe, each pipeline must be electrically isolated from metallic casings that are a part of the underground system. However, if isolation is not achieved because it is impractical, other measures must be taken to minimize corrosion of the pipeline inside the casing.

Specifically, Transco's procedures for ensuring that each pipeline was electrically isolated from metallic casings that are a part of the underground system were inadequate. In addition, if isolation was not achieved because it was impractical, Transco's procedures failed to include what other measures must be taken to minimize corrosion of the pipeline inside the casing.

3. §192.929 What are the requirements for using Direct Assessment for Stress Corrosion Cracking (SCCDA)?

(b) General requirements. An operator using direct assessment as an integrity assessment method to address stress corrosion cracking in a covered pipeline segment must have a plan that provides, at minimum, for--

(1) Data gathering and integration. An operator's plan must provide for a systematic process to collect and evaluate data for all covered segments to identify whether the conditions for SCC are present and to prioritize the covered segments for assessment. This process must include gathering and evaluating data related to SCC at all sites an operator excavates during the conduct of its pipeline operations where the criteria in ASME/ANSI B31.8S (incorporated by reference, see § 192.7), appendix A3.3 indicate the potential for SCC. This data includes at minimum, the data specified in ASME/ANSI B31.8S, appendix A3.

Transco's SCCDA process for data gathering and integration was inadequate to evaluate data for all covered segments to identify whether the conditions for SCC were present and to prioritize the covered segments for assessment.

Specifically, Transco's procedure 70.17.01 dated May 15, 2006 - Figure 3 - Preliminary Acceptance of MFL Runs, did not provide adequate guidance on how Transco applied the criteria specified in ASME B31.8S-2004, Section A2.2, which states:

Where the operator is missing data, conservative assumptions shall be used when performing the risk analysis or, alternatively, the segment shall be prioritized higher.

During the inspection, Transco indicated that it used the flowchart in Figure 3 - Preliminary Acceptance of MFL Runs (Page 3, 70.17.01 and May 15, 2006) to assess MFL field reports. The flowchart provides two decision points on what was done:

1. when >5% of channels or >3 adjacent channels were lost and (Decision 1)
2. when the lost data is more than 5% of total mileage (Decision 2)

For Decision 1, if >5% of channels or >3 adjacent channels were lost, the process indicates that a vendor shall review the log and provide a written statement concerning the validity of the data and whether it can be used. The procedure did not provide adequate guidance on what to do when channels of the MFL tool were lost and there was incomplete coverage of circumference of pipe. In addition, the procedure did not provide any guidance on the qualifications of the vendor performing the analysis or what criteria was used to determine if the data is valid.

For Decision 2, when the lost data is less than 5% of total mileage, the process indicates that a rerun decision by the pipeline integrity department and the division pipeline integrity team lead is required. The procedure did not provide guidance on how incomplete coverage of the length of the pipeline would be assessed to meet §192.921 How is the baseline assessment to be conducted? (a) *Assessment Methods.*

4. §192.929 What are the requirements for using Direct Assessment for Stress Corrosion Cracking (SCCDA)?

(b) General requirements. An operator using direct assessment as an integrity assessment method to address stress corrosion cracking in a covered pipeline segment must have a plan that provides, at minimum, for--

(2) Assessment method. The plan must provide that if conditions for SCC are identified in a covered segment, an operator must assess the covered segment using an integrity assessment method specified in ASME/ ANSI B31.8S, appendix A3.

Transco's plan for using Direct Assessment for Stress Corrosion Cracking was inadequate in that it did not include a process for assessing the covered segment using an integrity assessment method specified in ASME/ ANSI B31.8S, appendix A3.

Specifically, Transco's Procedure 70.18.01.10 Minimizing, Mitigating and Monitoring Stress Corrosion Cracking (Rev. 10—01/30/2013), did not follow the criteria specified in ASME B31.8S-2004, Section A3.3 which states:

Each segment should be assessed for risk for the possible threat of SCC if all of the following criteria are present:

- (a) operating stress > 60% SMYS*
- (b) operating temperature > 100°F*
- (c) distance from compressor station ≤ 20 miles*
- (d) age ≥ 10 years*
- (e) all corrosion coating systems other than fusion bonded epoxy (FBE)*

Transco's Procedure 70.18.01.10, Section 4.1.1 states:

“Reduce SCC initiation and growth by maintaining and operating facilities in a manner that lessens the potential for SCC by: Investigating annually, if station gas discharge temperatures exceed 125° F. Document the investigation via memo to the Manager, Asset Integrity” and Section 6.1.1 states: “An area may be identified as having increased SCC potential requiring close monitoring, but not requiring integrity assessment when: Operating temperature exceeds 135° F.”

Thus, Transco's procedure did not follow the criteria specified in ASME B31.8S-2004, Section A3.3 (b) which requires that an operating temperature of >100°F be used when assessing for risk for the possible threat of SCC.

5. §192.929 What are the requirements for using Direct Assessment for Stress Corrosion Cracking (SCCDA)?

(b) General requirements. An operator using direct assessment as an integrity assessment method to address stress corrosion cracking in a covered pipeline segment must have a plan that provides, at minimum, for--

(2) Assessment method. The plan must provide that if conditions for SCC are identified in a covered segment, an operator must assess the covered segment using an integrity assessment method specified in ASME/ ANSI B31.8S, appendix A3, and remediate the threat in accordance with ASME/ANSI B31.8S, appendix A3, section A3.4.

Transco's plan for using Direct Assessment for Stress Corrosion Cracking was inadequate in that it did not include a process for assessing the covered segment using an integrity assessment method specified in ASME/ ANSI B31.8S, appendix A3.

Specifically, Transco's Procedure 70.18.01.10 Minimizing, Mitigating and Monitoring Stress Corrosion Cracking (Rev. 10—01/30/2013) did not follow the criteria specified in ASME B31.8S-2004, Section A3.4.1 (c), which states:

A3.4.1 Bell Hole Examination and Evaluation Method

(c) Any areas of disbanded coating shall have the coating removed and the surface inspected for SCC using magnetic particle inspection (MPI) with a documented inspection procedure.

Transco's Procedure 70.18.01.10, Section 5.2.1 states:

When the pipeline is exposed and the coating removed during regular maintenance activities, a visual inspection for cracking shall be performed and a percentage of the excavated site will be considered for magnetic particle inspection. When there are signs of coating degradation, including poorly bonded coating, the site shall be considered for magnetic particle inspection. Well bonded FBE coating requires no additional inspection.

Thus, Transco's procedure did not follow the criteria specified in ASME B31.8S-2004, Section A3.4.1 (c), which requires that *any areas of poorly bonded and disbanded coating in pipe segments at risk of SCC shall have the coating removed and the surface inspected for SCC using magnetic particle inspection (MPI) with a documented inspection procedure.* It cannot only be considered for magnetic particle inspection.

6. §192.929 What are the requirements for using Direct Assessment for Stress Corrosion Cracking (SCCDA)?

(b) General requirements. An operator using direct assessment as an integrity assessment method to address stress corrosion cracking in a covered pipeline segment must have a plan that provides, at minimum, for--

(2) Assessment method. The plan must provide that if conditions for SCC are identified in a covered segment, an operator must assess the covered segment using an integrity assessment method specified in ASME/ ANSI B31.8S, appendix A3, and remediate the threat in accordance with ASME/ANSI B31.8S, appendix A3, section A3.4.

Transco's plan for using direct assessment as a primary assessment method was inadequate.

Specifically, Transco's Procedure 70.18.01.10 Minimizing, Mitigating and Monitoring Stress Corrosion Cracking (Rev. 10—01/30/2013), did not adequately define Stress Corrosion Cracking (length, depth, and interconnecting cracks) how it should be evaluated, who should perform the evaluation and what were the required qualifications for the person performing the evaluation?

Transco's Procedure 70.18.01.10 Minimizing, Mitigating and Monitoring Stress Corrosion Cracking (Rev. 10—01/30/2013), Sections 6.1.3 and 6.1.3.1 state the following:

6.1.3 Any area of the pipeline that experiences an in-service or hydrostatic test failure attributed to SCC [stress corrosion cracking] will require an Integrity Assessment. When significant SCC, as defined below, is found during direct examination of a pipeline segment, it will also require an Integrity Assessment.

6.1.3.1 Significant cracking is defined as:

a. Any single crack or group of linked cracks that are determined by an engineering assessment to put the pipe at risk of near term leak or rupture.

b. Sufficient number of crack colonies found in any one pipeline segment determined by Asset Integrity to be a threat.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within **60** days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Transco maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to, as well as any correspondence relating to this Notice to: Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 120141008M** on each document you submit, and please provide a (signed) copy in electronic format whenever possible. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original (signed) paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Byron Coy, PE
Director, PHMSA Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: Kevin Speicher - NYSDPS