

September 15, 2015

Ms. Miranda Jones
Vice President, Environmental Safety and Regulatory
Crestwood Midstream Partners LP
801 Cherry Street, Suite 3800, Unit 20
Fort Worth, TX 76102

Re: CPF No. 1-2015-1002

Dear Ms. Jones:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$15,800, and specifies actions that need to be taken by Arlington Storage Company, LLC to comply with the pipeline safety regulations. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated February 9, 2015. 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, PE, Director, Eastern Region, OPS
Ms. Alice Ratcliffe, Pipeline Compliance Manager, Crestwood Midstream Partners LP

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [INSERT RECEIPT NO.]

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

)	
In the Matter of)	
)	
Arlington Storage Company, LLC,)	CPF No. 1-2015-1002
)	
Respondent.)	
)	

FINAL ORDER

Between September 1 and October 31, 2013, pursuant to 49 U.S.C. § 60117, representatives of the New York State Department of Public Service (NYSDPS), as agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the Seneca Lake facilities and records of Arlington Gas Storage (ASC or Respondent) in Watkins Glen, New York. ASC is a subsidiary of Crestwood Midstream Partners LP. Crestwood operates five storage facilities with approximately 80 billion cubic feet of natural gas storage primarily serving producers in the Northeastern U.S. Seneca Lake gas storage system is an 18.6 mile, 16-inch diameter pipeline system that connects the Seneca Lake storage facility on its northern end to the Dominion Transmission Corporation’s Yawger Road station on its southern end.¹

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated January 13, 2015, a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that ASC had violated 49 C.F.R. § 192.605 and proposed assessing a civil penalty of \$15,800 for the alleged violation. The Notice also proposed that Respondent be required to take certain measures to correct the alleged violation.

Crestwood Midstream Partners LP responded to the Notice on behalf of ASC by letter dated February 13, 2015 (Response). The company did not contest the allegation of violation and paid the proposed civil penalty of \$15,800, as provided in 49 C.F.R. § 190.227. The company also provided information concerning the corrective actions it intended to take. Respondent did not request a hearing and therefore has waived its right to one.

¹ Pipeline Safety Violation Report, (Jan. 13, 2015) (on file with PHMSA), at 1.

FINDING OF VIOLATION

In its Response, ASC did not contest the allegation in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.605, which states, in relevant part:

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

(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 once 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.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of subpart I of this part.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605 by failing to have procedures for the internal corrosion control requirements of § 192.476 applicable to the design and construction of transmission lines. Specifically, the Notice alleged that ASC's Operating and Maintenance (O&M) Procedure 906 did not cover internal corrosion requirements applicable to the Project 415-Upson Road M&R Station built in 2012. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.605 by failing to have procedures for the internal corrosion control requirements of § 192.476 applicable to the design and construction of transmission lines.

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

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any

related series of violations.² In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a civil penalty of \$15,800 for the violation cited above.

Item 1: The Notice proposed a civil penalty of \$15,800 for Respondent's violation of 49 C.F.R. § 192.605, for failing to have procedures for the internal corrosion control requirements of § 192.476 applicable to the design and construction of transmission lines. ASC neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. I find that the penalty amount proposed in the notice is warranted considering the nature, circumstances, and gravity of the violation and Respondent's culpability for the violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of **\$15,800** for violation of 49 C.F.R. § 192.605, which amount has already been paid by Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 192.605. 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. § 60118(b) and 49 C.F.R. § 190.217, Respondent 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 § 192.605 (**Item 1**), Respondent must:
 - (a) Within 90 days of receipt of this Order, prepare written procedures that address the § 192.476 design and construction requirements and submit a final report demonstrating completion of this item to the Director in accordance with Item 2 of this Compliance Order; and
 - (b) Within 180 days of receipt of this Order, evaluate the transmission line and each replacement of line pipe, valve, fitting, or other line component that was installed as part of "Project 415-Upson Road M&R Station" to determine whether or not they comply with § 192.476 and retrofit any that do not unless it is impracticable or unnecessary to do so and submit a final report demonstrating completion of this item to the Director in accordance with Item 2 of this Compliance Order.

² The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Pub. L. No. 112-90, § 2(a)(1), 125 Stat. 1904, January 3, 2012, increased the civil penalty liability for violating a pipeline safety standard to \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.

2. Within 30 days following the completion of each item in this Compliance Order, Respondent must submit documentation demonstrating the completion of each item to Byron Coy, PE, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628, for review and acceptance.
3. It is requested, but not required, that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. Costs should be reported in two categories: (1) total cost associated with preparation/revision of plans, procedures, studies, and analyses; and (2) total cost associated with replacements, additions, and other physical changes to pipeline facilities and infrastructure.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent 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.

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

Date Issued