

June 22, 2018

Mr. William T. Yardley  
President  
Spectra Energy Partners, LP  
5400 Westheimer Court  
Houston, TX 77056

**Re: CPF No. 1-2017-1006**

Dear Mr. Yardley:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$65,500 against your subsidiary, Algonquin Gas Transmission, LLC. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated January 17, 2018. This enforcement action is now closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Robert Burrough, Director, Eastern Region, Office of Pipeline Safety, PHMSA  
Mr. Andy Drake, Vice President Transmission Services, Algonquin Gas  
Transmission, LLC, 5400 Westheimer Court, Houston, Texas 77056  
Mr. Rick Kivela, Manager, Operational Compliance, Enbridge Inc., 5400 Westheimer  
Court, Houston, Texas 77056

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

<b>In the Matter of</b>	)	
	)	
<b>Algonquin Gas Transmission, LLC,</b>	)	
<b>    a subsidiary of Spectra Energy Partners, LP,</b>	)	<b>CPF No. 1-2017-1006</b>
	)	
<b>Respondent.</b>	)	
	)	

**FINAL ORDER**

From November 2 to 6, 2015, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Algonquin Gas Transmission, LLC's (AGT or Respondent), a subsidiary of Spectra Energy Partners, LP, facilities at PHMSA Unit #1931 (Boston/Westwood) and PHMSA Unit #72496 (Hubline) in Westwood, Massachusetts. AGT is located primarily in New England (from lower New Jersey through Salem, Massachusetts). The AGT pipeline transports 3.08 billion cubic feet per day of natural gas through 1,129 miles of pipeline.<sup>1</sup>

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated December 18, 2017, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that AGT had violated 49 C.F.R. §§ 192.465 and 192.481(a) and proposed assessing a civil penalty of \$65,500 for the alleged violations.

Enbridge, Inc., responded to the Notice on behalf of Respondent by letter dated January 15, 2018 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$65,500. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make findings of violation and to issue this final order without further proceedings.

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<sup>1</sup> <http://www.spectraenergypartners.com/operations/natural-gas-pipelines/algonquin-gas-transmission> (last accessed on April 4, 2018). Effective February 27, 2017, pursuant to a merger between Enbridge, Inc. (Enbridge), and Spectra Energy Corp., Spectra Energy Partners, LP, became a subsidiary of Enbridge Inc. Enbridge owns and operates an extensive network of crude oil, liquids and natural gas pipelines, regulated natural gas distribution utilities, and renewable power generation. See Enbridge website, *available at*, <http://www.enbridge.com/media-center/news/details?id=2126823&lang=en&year=2017> (last accessed April 22, 2018).

**FINDINGS OF VIOLATION**

In its Response, AGT did not contest the allegations 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. § 192.465, which states, in relevant part:

**§ 192.465 External corrosion control: Monitoring.**

- (a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463...
- (d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

The Notice alleged that Respondent violated 49 C.F.R. § 192.465 by failing to take prompt remedial action to correct deficiencies indicated by its cathodic protection (CP) monitoring. Specifically, the Notice alleged that during the inspection, the PHMSA inspector reviewed CP monitoring records from 2012-2014 for AGT’s pipeline system located in the Westwood, Massachusetts operating area. The records show that in nine instances, AGT failed to take prompt remedial action to correct low potential deficiencies indicated by annual CP monitoring at six different test stations within the Boston/Westwood and Hubline areas, prior to the next scheduled inspection.

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. § 192.465 by failing to take prompt remedial action to correct deficiencies indicated by its CP monitoring.

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 192.481(a), which states in relevant part:

**§ 192.481 Atmospheric corrosion control: Monitoring.**

- (a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore.....	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore.....	At least once each calendar year, but with intervals not exceeding 15 months

The Notice alleged that Respondent violated 49 C.F.R. § 192.481(a) by failing to inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric

corrosion at a frequency of at least once every three calendar years, but with intervals not exceeding 39 months. Specifically, the Notice alleged that AGT failed to inspect three locations on its Q Pipeline System within the Boston/Westwood area that were exposed to the atmosphere for evidence of atmospheric corrosion within the 39-month maximum interval. During the inspection, the PHMSA inspector reviewed atmospheric-corrosion inspection records from 2012 through November 4, 2015, for AGT's Q and I Pipeline Systems. The records indicated that Valve Q11, Milford M&R #20, and Valve H11-Q1-Launcher atmospheric-corrosion inspections occurred on April 5, 2012; however, AGT did not have atmospheric corrosion inspection records for 2015 for these locations. On November 6, 2015, and November 9, 2015, after the inspection, AGT conducted atmospheric corrosion inspections at the three locations referenced above. Therefore, the Notice alleged that AGT exceeded the 39-month maximum interval by 123 days for two locations, and by 126 days for one location.

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. § 192.481(a) by failing to inspect three locations on its Q Pipeline System that were exposed to the atmosphere for evidence of atmospheric corrosion within the 39-month maximum interval.

These findings of violation will be considered prior offenses 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.<sup>2</sup>

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 total civil penalty of \$65,500 for the violations cited above.

**Item 1:** The Notice proposed a civil penalty of \$40,300 for Respondent's violation of 49 C.F.R. § 192.465, for failing to take prompt remedial action to correct deficiencies indicated by its CP monitoring. AGT neither contested the allegation nor presented any evidence or argument justifying reduction or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$40,300 for violation of 49 C.F.R. § 192.465.

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<sup>2</sup> These amounts are adjusted annually for inflation. *See, e.g.,* Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

**Item 2:** The Notice proposed a civil penalty of \$25,200 for Respondent's violation of 49 C.F.R. § 192.481(a), for failing to inspect three locations on its Q Pipeline System that were exposed to the atmosphere for evidence of atmospheric corrosion within the 39-month maximum interval. AGT neither contested the allegation nor presented any evidence or argument justifying reduction or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,200 for violation of 49 C.F.R. § 192.481(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$65,500**. Respondent paid the civil penalty on January 17, 2018.

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

June 22, 2018

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Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

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Date Issued