

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

OVERNIGHT EXPRESS DELIVERY

June 28, 2017

J. Andrew Drake,
Vice President, Operations & EHS
Algonquin Gas Transmission Company
5400 Westheimer Court
Houston, TX 77056

CPF 1-2017-1010

Dear Mr. Drake,

From December 8–14, 2016, representatives of the New York State Department of Public Service (NYSDPS), acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Algonquin Gas Transmission Company's (AGT) Algonquin Incremental Market (AIM) project in Brewster, New York.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

- 1. §192.167 Compressor stations: Emergency shutdown.**
 - (a) Except for unattended field compressor stations of 1,000 horsepower (746 kilowatts) or less, each compressor station must have an emergency shutdown system that meets the following:**
 - (4) It must be operable from at least two locations, each of which is:**

...

(ii) Near the exit gates, if the station is fenced, or near emergency exits, if not fenced; and, ...

AGT failed to have an emergency shutdown system that was near the exit gates, if the station is fenced, or near emergency exits, if not fenced. Specifically, AGT failed to install activation for its emergency shutdown system at exit gates in the fenced Southeast Compressor station.

The AIM project was installed from October 2015 through December 2016. The AIM project consisted of the installation of approximately 20.1 miles of 42-inch pipeline in New York State, and modification of AGT's existing compressor station in Brewster, NY (Southeast Compressor Station). The Southeast Compressor Station modification consisted of the installation of a new 10,000 horsepower compressor and building to house the compressor.

During the final walkthrough on December 8, 2016, the NYSDPS inspector noted that the Southeast Compressor station did not have activation for its emergency shut down system at the fenced facility's exit gates.

The Southeast Compressor station had eight exit gates: four exit gates for personnel and four exit gates for vehicles. The station had an emergency shutdown system with activation points within the facility. Activation points for the emergency shutdown system were not present near exit gates. AGT stated that there are no activation points for the emergency shutdown system at station exit gates.

Proposed Civil Penalty

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$36,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$36,200

Proposed Compliance Order

With respect to item(s) 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Algonquin Gas Transmission Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

Please submit all correspondence in this matter to Robert Burrough, Acting Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2017-1010** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Robert Burrough
Acting Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Cc: Kevin Speicher, NYS DPS

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Algonquin Gas Transmission Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of Algonquin Gas Transmission Company with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice, AGT shall install emergency shutdown system activation points near the exit gates of the Southeast Compressor station, in accordance with the requirements of §192.167(a)(4), within 120 days of receipt of the Final Order.
2. It is requested (not mandated) that Algonquin Gas Transmission Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Robert Burrough, Acting Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs 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 changes to pipeline infrastructure.