

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

April 6, 2017

Mr. John Somerhalder
Interim President & CEO
Colonial Pipeline Company
1185 Sanctuary Parkway
Suite 100
Alpharetta, GA 30009

CPF-1-2017-5012W

Dear Mr. Somerhalder:

On June 07, 2016, a representative of Virginia State Corporation Commission (VASCC) acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Cobbs Creek Relocation Project in Cumberland County, VA.

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

1. §195.204 Inspection—General.

Inspection must be provided to ensure that the installation of pipe or pipeline systems is in accordance with the requirements of this subpart. Any operator personnel used to perform the inspection must be trained and qualified in the phase of construction to be inspected. An operator must not use operator personnel to perform a required inspection if the operator personnel performed the construction task requiring inspection. Nothing in this section prohibits the operator from inspecting construction tasks with operator personnel who are involved in other construction tasks.

Colonial Pipeline Company (CPL) failed to conduct inspection of the coating application process using personnel that have been trained and qualified in the phase of construction to be inspected. Specifically, CPL failed to follow its procedures for coating application on the 32-inch and 36-

inch diameter mains installed on CPL's Cobbs Creek Relocation Project located at 1617 Columbia Road near Cedar Plains Road in Cumberland County, VA.

During this inspection on June 7, 2016, the VASCC inspector observed the CPL coating inspector inspecting the coating of the girth weld areas, on the 32-inch and 36-inch pipelines.

On June 29, 2016, the VASCC issued a Notice of Investigation (NOI) stating in part that "The coating inspector for the project..., did not have qualifications to inspect the coating application process. CPL responded to the NOI on July 7, 2016 and stated in part that (*CPL response is italicized*):

"Colonial respectfully disagrees with VA SCC's finding.

Code Section 195.204 provides, in part, "Any operator personnel used to perform the inspection must be trained and qualified in the phase of construction to be inspected."

Code Section 195.204 does not specify the manner in which the inspector is "trained and qualified" – only that the inspector be "trained and qualified".

In that regard, Colonial believes that the requirement that an inspector must be "trained and qualified" can be satisfied through onsite training, work history, and experience as well as official certifications.

As such, Colonial respectfully submits that [the coating inspector] was "trained and qualified". Attached are [the coating inspector's]: (1) Resume (Att A – [the coating inspector's] Resume-1 Redacted.pdf), (2) Veriforce records (Att B – [the coating inspector] Veriforce.pdf), and (3) ISNetworld OQ Report (Att C – [the coating inspector] ISNetworld OQ Report.pdf). Colonial believes that [the coating inspector's] work history and OQ records demonstrates that [the coating inspector] was trained and qualified as to inspection of coating applications."

The documents provided by CPL did not demonstrate that the CPL coating inspector was qualified to inspect the application of external coatings.

Subsequently, CPL replaced the coating inspector with a NACE CP-1 Level Coating Inspector.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Colonial Pipeline Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, Please address your correspondence on

this matter to: Robert Burrough, Acting Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2017-5012W**. 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).

Sincerely,

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

Cc: Jim Fisher, VA SCC