

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

OVERNIGHT EXPRESS DELIVERY

January 18, 2018

Mr. Stanley Chapman III
President, US Gas Pipelines
Columbia Gas Transmission, LLC
700 Louisiana Street
Houston, TX 77002

CPF 1-2018-1003

Dear Mr. Chapman:

From May 2 to 20, 2016, an inspector from the Public Utilities Commission of Ohio (PUCO), acting as an Agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected portions of Columbia Gas Transmission, LLC's (CGT) pipeline system in Ohio. CGT, a subsidiary of Columbia Pipeline Group Inc., was acquired by TransCanada Corporation since completion of the inspection.

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 (CFR). The items inspected and the probable violation(s) are:

1. § 192.603 General Provisions.

(b) Each operator shall keep records necessary to administer the procedures established under § 192.605

CGT failed to keep records necessary to administer the procedures established under § 192.605. Specifically, CGT failed to keep records that substantiate the established MAOP of its pipelines pursuant to § 192.619.

Section 192.605, found in subpart L of 49 CFR 192, states in part:

“... ”

(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”

Section 192.619, also found in subpart L of 49 CFR 192, states in part:

“No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following...”

During the inspection, the PUCO inspector requested MAOP records for jurisdictional pipeline segments within PHMSA Inspection Unit 9353, Crawford/McArthur. CGT indicated that their Engineering group would have to find, verify and validate their MAOP documentation.

In response to subsequent PUCO email requests, CGT provided the spreadsheet *App B-Post Code piping missing MAOP data for Crawford, Benton and McArthur 2016_12082016* (Missing MAOP Spreadsheet). The Missing MAOP Spreadsheet listed 213 rows of pipeline segments, accounting for a total of 16.828 miles of pipeline, with incomplete MAOP documentation.

The PUCO inspector spoke to CGT on November 2, 2016 regarding the missing MAOP data. CGT stated that the missing MAOP documentation had not been found.

The information provided during the inspection and in the subsequent communications did not include sufficient records necessary to validate the MAOP of these pipeline segments. Therefore, CGT failed to keep records necessary to administer the procedures established under § 192.605.

2. § 192.455 – External corrosion control: Buried or submerged pipelines installed after July 31, 1971.

(a) Except as provided in paragraphs (b), (c), and (f) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:

...

(2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction.

CGT did not have a cathodic protection (CP) system designed to protect the pipeline in accordance with Subpart I of Part 192, installed and placed in operation within 1 year after completion of construction. Specifically, CGT did not install a cathodic protection system on 77 feet of 4-inch diameter coated piping on pipeline R-486, constructed and placed into service on July 10, 2003.

During the inspection, the PUCO inspector reviewed CGT’s work management system database (Database). The PUCO inspector noted a 77-foot section of coated piping in the Database and requested a map, procedure, installation record, and monitoring information related to CP of the pipeline.

On December 8, 2016, CGT replied in part, “My understanding is that Line R-486 was a bare unprotected section of pipeline. There was (were) a section(s) of this line replaced with coated pipe and not insulated. Today’s management was unaware of the missing isolation and this situation predates Columbia’s current corrosion services team. It has been treated as bare unprotected and including active corrosion zone testing as applicable in which is a three year interval for net protective current survey. It was observed by Corrosion Services Specialist within the last 2 years that someone... installed a bond at an insulating flange therefore protecting this pipeline as a single unit with impressed current. Perhaps this was the intent, perhaps not, we don’t know. Unfortunately, the line continued to be electrically surveyed as bare unprotected with net protective current methodology. The Corrosion Specialist removed the bond at the time of discovery because it was our understanding that this line was bare and unprotected and we did not have situational awareness of replaced coated sections.”

Therefore, CGT did not have a CP system installed and placed in operation within 1 year after the completion of construction of the 77 feet of its 4-inch diameter pipeline R-486.

This violation is a repeat of violation found in CPF # 1-2015-1008, Item # 1.

Proposed Civil Penalty

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. For violations occurring prior to November 2, 2015, 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. 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 \$115,100 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 47,500
2	\$ 67,600

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 Columbia Gas Transmission. 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, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, New Jersey 08628. Please refer to **CPF 1-2018-1003** 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.

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,

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

Cc: Mr. Pete Chace PUCO

Enclosures: *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 Columbia Gas Transmission, LLC (CGT) a Compliance Order incorporating the following remedial requirements to ensure the compliance of CGT with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to § 192.603 and CGT's failure to keep records necessary to substantiate the established MAOP of its pipelines pursuant to § 192.619, CGT shall determine MAOP records availability for all jurisdictional pipeline segments operated in Ohio. Within 60 days of issuance of the Final Order, CGT shall provide PHMSA a spreadsheet of the results of this review, which shall include the following information:
 - a. A list of all jurisdictional pipeline segments operated by CGT in Ohio
 - b. MAOP of the pipeline segment
 - c. Identification of segments that do not have adequate records
 - d. Identification of what required record(s) are missing for the segment
2. For each pipeline segment determined to not have adequate records necessary to substantiate the established MAOP, CGT must develop a plan to re-establish its MAOP in accordance with 49 CFR Part 192.619. The plan must include the following:
 - a. A list of segments identified to not have adequate records
 - b. Method to obtain adequate records or re-establish the MAOP
 - c. Safety measures to be taken pre- MAOP re-establishment or record obtainment.

CGT shall provide the plan to PHMSA for review within 120 day of issuance of the Final Order.
3. CGT shall provide records indicating the completion of the plan elements within 365 days of issuance of the Final Order.
4. Upon request, CGT shall provide records necessary to substantiate the established MAOP to PHMSA within 14 days of the request.
5. It is requested (not mandated) that CGT maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Robert Burrough, 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.