EASTERN SHORE
NATURAL GAS

RECEIVED JUN 13 2018

June 12, 2018

Mr. Robert Burrough, Director
Pipeline and Hazardous Materials Safety Administration - Eastern Region
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628

Re: **CPF 1-2018-1012M** (Notice of Amendment)
Uncontested Response of Eastern Shore Natural Gas Company

Dear Mr. Burrough:

On May 14, 2018, on the basis of an inspection conducted from May 15, 2017 to June 22, 2017 of Eastern Shore Natural Gas Company (Eastern Shore), PHMSA issued a Notice of Amendment (NOA) to Eastern Shore in regard to alleged inadequacies found within Eastern Shore's plans or procedures. Eastern Shore does not contest the NOA and submits for your consideration the attached amended procedures, as described below.

The following summarizes the alleged procedural inadequacies and includes Eastern Shore's responses:

1. The NOA alleged that Eastern Shore's procedural manual for operations, maintenance and emergencies was inadequate because the procedures for inspection and testing of the compressor station emergency shutdown system (ESD) (at Sections 530-532 of Eastern Shore's O&M Manual, Compressor Station Operating and Maintenance Procedures) did not provide the detailed steps required to perform a full system ESD performance test.

   As noted in the NOA, on November 10, 2017, Eastern Shore provided a draft of a new procedure, *Emergency Shut-Down (ESD) Test Procedure* for PHMSA's review. PHMSA found that the draft incorporated the detailed elements of a test, but did not adopt the specific code language regarding the frequency of the testing, that is "... at intervals not exceeding 15 months, but at least once each calendar year...".

Eastern Shore proposes the attached updates to our *Emergency Shut-Down (ESD) Test Procedure* to address the concern outlined in the NOA. As seen in the attachment, the ESD test procedure now identifies the frequency of the test as: "Annually, not to exceed 15 months, but at least each calendar year."

2. The NOA alleged that Eastern Shore's procedural manual for operations, maintenance and emergencies was inadequate because the procedures for inspection and testing of relief devices failed to include adequate guidance regarding test frequency and the devices subject to testing in accordance with Section 192.731.

As noted in the NOA, on November 10, 2017, Eastern Shore provided a draft of a new procedure, *Pressure Transmitter Performance Test Procedure* for PHMSA's review. PHMSA found that the draft incorporated some of the detailed elements of a test, but did not present sufficient detailed steps to describe both calibration and performance testing of the device. In addition, PHMSA found that the new procedure specified a performance test interval, "annually", but did not adopt the specific code language regarding the frequency of the testing, that is "... at intervals not exceeding 15 months, but at least once each calendar year...".

In addition, as noted in the NOA, Eastern Shore provided a draft of a new procedure, *SCADA Override Test Procedure* dated November 10, 2017, which addressed suction pressure settings and discharge pressure and temperature settings, for PHMSA's review. PHMSA found that the revised procedure specified an annual test interval for testing pressure relief devices, but did not adopt the specific code language regarding the frequency of the testing, that is "... at intervals not exceeding 15 months, but at least once each calendar year...".

Eastern Shore proposes the attached updates to our *Pressure Transmitter Performance Test Procedure* and *SCADA Override Test Procedure* to address the concerns outlined in the NOA. As seen in the attachments, the frequency of the testing stated in each procedure is: "Annually, not to exceed 15 months, but at least each calendar year. We have also added additional detailed steps to describe both calibration and performance testing for pressure transmitter devices."

3. The NOA alleged that Eastern Shore's procedures for maintaining compressor stations were inadequate because Eastern Shore's procedures for performance testing of the gas detection and alarm systems failed to verify that the system functions to register a visual and audible alarm when the gas concentration reaches 25% of the lower explosive limit.

   As noted in the NOA, on November 10, 2017, Eastern Shore provided a draft of a new procedure, *Fire Panel Inspection Procedure*, which addressed the fire panel system performance testing, including the fixed gas detectors, for PHMSA's review. PHMSA found that the draft incorporated detailed elements of a test, but did not adopt specific language to verify the functionality of the devices at gas concentrations exceeding 25% LEL.

Eastern Shore proposes the attached updates to our *Fire Panel Inspection Procedure* to address the concern outlined in the NOA. As seen in the attachment, the procedure now includes testing at gas concentrations exceeding 25% LEL.

4. The NOA alleged that Eastern Shore failed to have a provision in its Integrity Management Plan that specifically addresses non-mandatory language (*should/shall*) from the standards, and that adopts the language as mandatory for purposes of implementing the regulation.

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In addition, during the inspection, the PHMSA inspector reviewed Eastern Shore's Integrity Management Plan (IM Plan) and found that there was not a specific section in Eastern Shore's IM Plan that incorporates the appropriate editions of ASME B31.8S or NACE SP0502 by reference.

Eastern Shore proposes the attached updates to our T*IMP Plan, Section I - Introduction* to address the concern outlined in the NOA. As seen in the attachment, the TIMP Plan proposal incorporates the appropriate editions of the referenced ASME and NACE standards and addresses the non-mandatory requirements with three potential approaches.

Please review the attached proposed procedure/standard updates and provide any comments so that we may address those accordingly and incorporate into our standard operating procedures. The NOA indicates that enforcement action will be closed once the amended procedures adequately address the concerns raised.

Eastern Shore appreciates this opportunity to work with PHMSA to improve our procedures to address your concerns and to close this matter.

Sincerely,
Eastern Shore Natural Gas Company

Eric M. Pearson
Senior Manager, Operations Compliance & Engineering