



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.771.7800

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

OVERNIGHT EXPRESS DELIVERY

June 12, 2018

Mr. Ross Turrini
SVP, Gas Process and Engineering
Niagara Mohawk Power Corp.
25 Hub Drive
Melville, NY 11747

CPF 1-2018-3005

Dear Mr. Turrini:

From August 29-31, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Niagara Mohawk Power Corporation (Niagara)'s LNG Plant in Providence, Rhode Island. Niagara is a subsidiary of National Grid plc.

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

1. § 193.2635 Monitoring corrosion control.

(d) Each component that is protected from atmospheric corrosion must be inspected at intervals not exceeding 3 years.

Niagara failed to inspect each component that is protected from atmospheric corrosion (AC) at intervals not exceeding 3 years. Specifically, Niagara failed to conduct effective AC inspections for the insulated glycol system and three insulated vaporizers at its Providence LNG Plant during the timeframe of 2014 to 2017.

During the inspection, the PHMSA inspector reviewed Niagara's LNG Plant, Plant Atmospheric Corrosion Inspection, 17.PR-M5 Rev 9 (Procedure), and its 2014-2017 records of AC inspections.

The PHMSA inspector performed a field review of the LNG Plant and identified insulation barriers that prevented access to the majority of the glycol system and three vaporizers. The glycol system consisted of 1,650 feet of 8-inch pipe. Inspecting these carbon steel components required specialized preparation or expanded effort to access and evaluate them for evidence of AC. Niagara's Procedure failed to provide a pathway for the inspection of carbon steel components under thermal insulation. Further review of the Procedure revealed lack of similar pathways to access and inspect other components with visual barriers, such as, pipe at supports and areas under disbanded coating.

The records reviewed demonstrated that Niagara conducted annual AC inspections of its facility. The 2017 records indicated that Niagara did not perform the AC inspections under most of the 8-inch glycol system piping and the three vaporizers due to the insulation barriers. The 2014-2016 Niagara AC inspection records showed inspection results for components under insulation, but there were no records to attest that the insulation had been removed to access and evaluate the carbon steel components. Niagara stated that it had not removed insulation during the AC inspections. Niagara's actions and its procedures present no alternate method to perform the AC inspections.

Therefore, Niagara failed to inspect, at intervals not exceeding 3 years, each component that is protected from atmospheric corrosion, by failing to conduct effective AC inspections of above-ground components under insulation at its Providence LNG Plant from 2014 to 2017.

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. Also, for LNG facilities, an additional penalty of not more than \$76,352 for each violation may be imposed. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$46,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$46,700

Proposed Compliance Order

With respect to item number 1, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Niagara Mohawk Power Corp. 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 allegation 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 1-2018-3005** 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

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 Niagara Mohawk Power Corp. a Compliance Order incorporating the following remedial requirements to ensure the compliance of Niagara Mohawk Power Corp. with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to § 193.2635, Niagara shall revise its procedure for atmospheric corrosion inspection to address insulated components, pipe at supports and pipe under disbonded coating. Niagara shall provide PHMSA the revised procedure for review within 90 days of receipt of the Final Order.
2. Within 365 days of PHMSA's acceptance of the procedure in Number 1 above, Niagara must then apply those procedures to conduct effective atmospheric corrosion inspections for all insulated components at Niagara's Providence LNG Plant.
3. Upon request, Niagara shall provide records indicating the completion of the atmospheric corrosion inspections in Number 2 above.
4. It is requested (not mandated) that Niagara Mohawk Power Corp. 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.