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

January 5, 2018

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

CPF 1-2018-6001

Dear Mr. Chapman:

From April 24 – 28, 2017, a representative of 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 the procedures and records of Columbia Midstream Group, LLC, a subsidiary of TransCanada (TransCanada), at its pipeline facility located in Leetonia, Ohio.

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. **§ 195.402(a) Procedural manual for operations, maintenance, and emergencies.**

   (a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

TransCanada failed to follow its procedural manual for operations, maintenance and emergencies. Specifically, TransCanada failed to follow its abnormal operating conditions (AOC) procedure, pursuant to § 195.402(d)(5), by failing to document the required effectiveness review.

Section 195.402(d)(5) states:

"(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;

(5) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found."

During the inspection, the PHMSA inspector reviewed TransCanada's (Procedure) "Abnormal Operations Plan for Liquid Pipelines", dated 9/19/16, and prior versions dated 7/1/15 and 5/2014. The 2015 and 2016 Procedure versions, Section 5 stated, "Twice per calendar year, the Manager of Engineering Services – System Integrity (or designee) will review an Abnormal Operations report from the Company's work management system to determine the Company's effectiveness in controlling Abnormal Operations. Document the review in the Company's work management system using Procedure 220.005.004 – Abnormal Operations Review. When deficiencies are found, corrective actions will be initiated." Similarly, Section 3.1.7 of the 2014 version of the procedures stated, "Twice per calendar year, the Manager of Engineering Services (or designee) will review an Abnormal Operations report from the Company's work management system to determine the Company's effectiveness in controlling Abnormal Operations. Document this review in the Company's work management system using Company Specification - Abnormal Operation Conditions Report. When deficiencies are found, take corrective action."

The PHMSA inspector requested AOC records and AOC effectiveness records for the 2014 – 2017 timeframe. TransCanada provided the following (4) records:

- Columbia Midstream 2014 AOC 1
- Columbia Midstream 2015 AOC 4
- Columbia Midstream 2016 AOC 3
- Columbia Midstream 2017 AOC 2

TransCanada failed to provide any record of AOC effectiveness review for 2014-2017.

Additionally, the records TransCanada provided failed to include the following, but not limited to:

- Documentation of AOC effectiveness review
- Corrective actions taken
- Signature or approval by supervisor
- Date of AOC closure

The PHMSA inspector re-requested the AOC effectiveness records for the 2014-2017 timeframe. TransCanada stated, "The effectiveness review is conducted through root cause and discussion with the operations team, but this is not documented."

Therefore, TransCanada failed to follow its AOC procedure for periodically reviewing the response of operator personnel to determine the effectiveness of the procedure, per the requirements of § 195.402(d)(5).

2. **§ 195.403 Emergency Response Training.**

   (c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under § 195.402 for which they are responsible to ensure compliance.

TransCanada failed to require and verify that its supervisors maintained a thorough knowledge of the portion of the emergency response procedures established under § 195.402 for which they are responsible to ensure compliance.

During the inspection, the PHMSA inspector requested records of supervisor training for 2015 – 2016 regarding emergency response procedures. TransCanada was unable to provide any documentation, training record or response demonstrating that it verified that supervisors maintained a thorough knowledge of the portions of the emergency response procedures for which they are responsible to ensure compliance.

The PHMSA inspector also reviewed TransCanada's (Procedure), "Emergency Response Plan Manual Administration Plan", dated 12/07/16 and "Liquid Pipeline Emergency Plan", dated 02/16/17 (Procedures). The Procedures did not include details such as:

- Defining Emergency Response supervisor role
- Emergency response supervisor training requirements
- Process for verification of supervisor knowledge

The PHMSA inspector asked TransCanada where the applicable information is documented and TransCanada was not able to provide a response.

Therefore, TransCanada failed to provide any data that showed it required and verified that supervisors maintained a thorough knowledge of that portion of the emergency response procedures established under § 195.402 for which they are responsible to ensure compliance.

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 $20,700 as follows:

Item number	PENALTY
1	$20,700

Proposed Compliance Order

With respect to item number 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Columbia Midstream Group, LLC. 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, NJ 08628. Please refer to **CPF 1-2018-6001** 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,

FOR 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 Columbia Midstream Group, LLC (TransCanada) a Compliance Order incorporating the following remedial requirements to ensure the compliance of TransCanada with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to TransCanada's failure to require and verify that its supervisors maintained a thorough knowledge of the portion of the emergency response procedures established under § 195.402 for which they are responsible to ensure compliance, TransCanada shall, within 60 days of issuance of the Final Order, revise its procedures to include guidance for requiring and verifying supervisor's knowledge of emergency response procedures for which they are responsible.

2. It is requested (not mandated) that TransCanada 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.