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ENBRIDGE

Enbridge
5400 Westheimer Court
Houston, Texas 77056

August 30, 2019

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
840 Bear Traven Road
Suite 300
West Trenton, NJ 08628

RE: Algonquin Gas Transmission, L.L.C Response
Notice of Probable Violation
CPF 1-2019-1004

Dear Mr. Burrough,

From May 24, 2018 to June 28, 2018, a representative of the Pipeline and Hazardous Material Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C) inspected Algonquin Gas Transmission, L.L.C. (AGT) pipeline system in Massachusetts, Rhode Island and New Jersey. AGT is a subsidiary of Enbridge, Inc.

On July 11, 2019, PHMSA issued the above referenced Notice of Probable Violation[1] (NOPV) alleging two (2) probable violations of pipeline safety regulations. The following is a summary of PHMSA's finding and TETLP's response.

PHMSA Finding

1. § 192.481 Atmospheric corrosion control: Monitoring

AGT failed to inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at a frequency of at least once every 3 calendar years, but with intervals not exceeding 39 months. Specifically, AGT failed to meet the required time interval at 17 locations exposed to the atmosphere within the Massachusetts Bay/Hubline; 63 locations within the Boston/Westwood area; and 1 location within the New Jersey area.

During the inspection, the PHMSA inspectors reviewed atmospheric corrosion inspection records for the last two inspection cycles for the Massachusetts Bay/Hubline,

[1] TETLP requested a time extension on July 29, 2019 to enable TETLP to fully review the issue and prepare a comprehensive response to the NOPV. PHMSA granted the time extension on August 1, 2019.

Boston/Westwood, and New Jersey area PHMSA units. The records demonstrated that a total of 81 locations exceeded the 39 month inspection cycle. During the Massachusetts Bay/Hubline and Boston/Westwood area inspections, AGT personnel indicated that the inspections were not performed due to issues with its work management system.

Therefore, AGT failed to inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at a frequency of at least once every 3 calendar years, but with intervals not exceeding 39 months.

AGT Response

AGT acknowledges the atmospheric inspections were not performed at the locations specified in the NOPV at a frequency of at least once every 3 calendar years, not to exceed 39 months. AGT recognizes that improvements in technician training and AGT's work management processes are needed, and is committed to making the necessary enhancements.

For the reasons stated above, AGT does not contest this finding or the civil penalty amount.

It is important to note that AGT conducted atmospheric inspections of these locations from 2017 through 2019, and found no evidence of corrosion at these locations, and thus pipeline safety was not impacted.

2. § 192.709 Transmission Line: Record Keeping

AGT failed to maintain records of a test required by subpart M of 49 C.F.R. Part 192 for at least 5 years. Specifically, AGT failed to maintain records demonstrating that 292 emergency valves in its South Plainfield, NJ operating area were partially operated in accordance with §192.745(a) during 2016.

During the inspection, the PHMSA inspector reviewed AGT's Valve Inspection Audit Report (Report) for 2014 – 2016 in conjunction with a record of AGT's designated emergency valves. The Report included a column titled "Valve Part Full Operated", which is populated with a Y/N response to document that the valve was partially or fully operated in accordance with the requirement. The Report indicated 292 instances in 2016 where emergency valves were not documented as being partially or fully operated during the annual inspection, as the "Valve Part Full Operated" field was null for those records.

Therefore, AGT failed to maintain records of its 2016 emergency valve partial operation test in accordance with §192.709 (c).

AGT Response

AGT disagrees with PHMSA's finding of violation in this matter. 49 CFR 192.709(c) does not explicitly state that full or partial operation of an emergency valve must be explicitly documented. §192.709(c) simply states "*A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.*" Further, AGT is unaware of any PHMSA interpretation, Advisory Bulletin or other guidance that explicitly states that the operator must document full or partial operation of an emergency valve during annual maintenance as opposed to documenting the act of an inspection. Given this lack of explicit regulatory requirement or guidance from PHMSA, AGT contends it is up to the operator to determine the level of documentation required to demonstrate compliance with §192.745(a).

Valve inspection and maintenance is performed in accordance with AGT's Standard Operating Procedure (SOP) 5-5010, "*Valve Inspection and Maintenance*". Section 2 of SOP 5-5010 explicitly requires emergency valves to be partially or fully operated, stating the following:

2.0 Valves Requiring Operation

2.1 Fully operate all valves 2" (NPS 2) and larger designated as emergency valves per the designated frequency.

2.2 Partially operate the valve if gas flow conditions do not allow 100% stroking to meet the functionality requirement.

SOP 5-5010 also states, in part: "*Document inspection and maintenance activities within the EAM Solution Database*". The EAM Solution Database does include explicit requirements in the Work Order Details stating the valves must be partially or fully operated (see attached example Work Order). Specifically:

- Task #0090 states "*Verify valve operation: Inspect valve & fully/partially operate to ensure reliability. If it is not possible to stroke a valve 100% due to gas flow conditions, operate the valve partially to validate the inspection. #All non-emergency valves (2 and larger) to be fully or partially operated during inspection and maintenance activities. #If No, enter reason for not operating valve in the Work Log Tab.*"
- Task #0100 states: "*Note any operation difficulty*".
- Task #0110 states: "*Return to Service. Return the valves to their normal operating position when maintenance is complete.*"

Completion and closure of the EAM Database Work Order is confirmation that each of the Tasks in the Work Order Details has been completed, including full or partial operation of the valve. Thus, AGT maintains that all emergency valves were inspected and maintained in accordance with SOP 5-5010 and §192.709(c), and adequate documentation was provided during the inspection.

AGT acknowledges the partial or full operation of the valves was not explicitly documented for the valves referenced in the NOPV. AGT had made system configuration modifications to its Work Management system in 2016 following an organizational change and as part of a process improvement effort to standardize alignment of task lists with Standard Operating Procedures (SOP). In August, 2016, AGT determined that the configuration change inadvertently resulted in Work Orders being generated without a requirement to provide a specific "Yes/No" response in the column titled "Valve Part Full Operated" from April to July, 2016. As such, AGT employees did not have a field or an option to enter a "Yes/No" response in the column titled "Valve Part Full Operated" because the user input parameter was not available. AGT identified this inadvertent change in August 2016, and made the appropriate changes to the Work Management system to add this required input parameter to the Work Order. Following the changes made in August, AGT did not cancel the impacted Work Orders and re-issue new Work Orders because, while verifying this input parameter is preferable to AGT, we assert that it was not required to achieve compliance with the regulatory requirements. These emergency valves were inspected and operated as documented in the Work Order details, and the documentation was in compliance with the explicit requirements of §192.709(c).

Based on the information provided above, AGT requests this alleged violation be withdrawn, and the proposed civil penalty be eliminated.

AGT also contends PHMSA's civil penalty analysis documented in the "Proposed Civil Penalty Worksheet" is inaccurate and should be revised based on the following:

- AGT contends the documentation is compliant for the reasons stated above, and thus PHMSA should not have needed to complete the "Proposed Civil Penalty Worksheet".
- Part E5, Circumstances of the Violation Report indicates that "*PHMSA or a State Partner discovered the violation*". AGT contends that alleged violation was identified and appropriate changes were made prior to discovery by PHMSA. AGT did not self-report the alleged violation because AGT's position was that these emergency valves were inspected and operated as documented in the Work Order details, and the documentation was in compliance with the explicit requirements of §192.709(c). At a minimum, AGT respectfully requests that the Circumstances rating be removed.

- Part E7, Culpability of the Violation Report indicates that "*The operator failed to comply with an applicable requirement.*" AGT contends that, while PHMSA's approach may be preferred, the documentation provided during the inspection is compliant. Further, AGT made voluntary changes to the Work Management system to explicitly document operation of the valves in August, 2016 before PHMSA became aware of this issue during the inspection. At a minimum, AGT respectfully requests that the Culpability rating be downgraded to "*After the operator found the non-compliance, the operator took documented action to address the cause of the non-compliance, and corrected the non-compliance before PHMSA learned of the violation.*" based on the facts stated above.
- Part E8, Good Faith of the Violation Report indicates that "*The operator did not have a reasonable justification for its non-compliance.*" AGT contends that the facts stated above demonstrates the documentation was compliant and provides a reasonable justification for why the "Yes/No" response in the column titled "Valve Part Full Operated" was blank. At a minimum, AGT respectfully requests that the Good Faith rating be downgraded to "*The operator had reasonable justification for its non-compliance.*" based on the facts stated above.

For the reasons stated above, AGT contests this alleged finding and proposed civil penalty. AGT respectfully requests PHMSA withdraw this alleged violation and eliminate the civil penalty. If the information in this response is not sufficient to withdraw this alleged violation, AGT requests a telephonic hearing to be scheduled at a mutually agreeable time.

AGT takes these issues very seriously, and we are committed to addressing these issues in an expeditious manner. AGT is committed to continual process improvement to improve our safety processes and associated documentation.

Please call me at (713) 627-6388 if you have any questions or to schedule a hearing.

Sincerely,

Nathaniel [signature]
FOR

Rick Kivela
Manager, Operational Compliance

Attachment