



U.S. Department  
of Transportation  
**Research and  
Special Programs  
Administration**

400 Seventh St., S.W.  
Washington, D.C. 20590

JUL 29 2003

Mr. Rick J. Schach  
Vice President of Vectren Utilities Holding  
Norman P. Wagner Complex  
1 North Main Street  
Evansville, IN 47709

RE: CPF No. 2-2001-1017M

Dear Mr. Schach:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$15,000, and requires certain corrective action. The penalty payment terms are set forth in the Final Order. When the civil penalty is paid and the terms of the compliance order completed, as determined by the Director, Southern Region, this enforcement action will be closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

Gwendolyn M. Hill  
Pipeline Compliance Registry  
Office of Pipeline Safety

Enclosure

cc: Mr. Scott Albertson  
Director of Technical Service  
Vectren Energy Delivery  
20 NW Fourth Street  
Evansville, IN 47708-1724

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

DEPARTMENT OF TRANSPORTATION  
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, DC 20590

\_\_\_\_\_  
In the Matter of )  
Vectren Energy Delivery, ) CPF No. 2-2001-1017M  
Respondent. )  
\_\_\_\_\_ )

**FINAL ORDER**

On October 22-23, 2001, a representative of the Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of Respondent's facilities and records in Clarksville, Indiana. As a result of the inspection, the Director, Southern Region, OPS, issued to Respondent by letter dated September 6, 2001, a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 192.225, and proposed assessing a civil penalty of \$15,000 for the alleged violation.

Respondent responded to the Notice by letter dated January 4, 2002 (Response). Respondent contested the allegations, offered information to explain the allegation and requested elimination of the proposed civil penalty. Respondent did not request a hearing, consequently Respondent waived its right to one.

**FINDING OF VIOLATION**

The Notice alleged Respondent violated § 192.225 in that: A) no written welding procedure was developed prior to welding a new pipeline segment; B) no qualifying tests were performed by destructive testing using the written procedure, and C) welders were not qualified by use of the proven welding procedure before welding on the new pipeline segment.

In its Response, Respondent disputed that it had no written welding procedure prior to welding on a new pipeline segment. Respondent submitted to OPS one "Qualification/Production Weld Test Record" form for each of five welders on a weld to a new pipeline segment. The records are dated May 16 and July 11 of 2001.

The records indicated Respondent's contractor performed destructive testing using a shielded metal-arc weld process. The records indicated the qualification method (single) and position (fixed) and

joint design (butt). The records contained the following information: number of beads, type of electrode, voltage, electrode size, welding machine type and current (wire speed). According to each record, the weld was subjected to 4 tensile, root bend, face bend and nick break tests. Boxes checked on the records indicated the 5 bead butt weld was "qualified."

Respondent stated, "Although perhaps less prescriptive than the inspector may prefer, we have demonstrated that a written welding procedure was in fact developed." OPS points out, however, that American Petroleum Institute Standard 1104 (API 1104) requires a sketch or sketches of the joint that show the angle of bevel, the size of the root face, and the root opening or the space between abutting members. API 1104 also requires that the written procedure show the detail of the butt joint. Respondent's records did not contain sketches.

Nor did Respondent's records contain, as required by API 1104, the following essential variables: current and polarity and range of voltage and amperage for each electrode, rod, or wire, and whether there was a change from DC electrode positive to DC electrode negative or vice versa, or a change in current from DC to AC or vice versa. All essential variables must be listed in the procedure.

Respondent did not list the essential variable of "speed of travel." Energy input to a weld is determined by three parameters: voltage, current, and speed of travel. There is an optimal value of energy input for each rod size and all three parameters must be listed in order to define a welding procedure. Because essential variables are missing from Respondent's records, Respondent's procedure cannot qualify as a written welding procedure meeting the requirements of Part 192 Subpart E.

Because Respondent's records do not qualify as a written welding procedure meeting the requirements of Part 192 Subpart E, they cannot be used to qualify a weld. This is so even if, as Respondent stated in its Response, results of the tensile, root bend nick break and face bend tests were within acceptable limits outlined in API 1104. The fact that a good welder may produce a weld that will pass destructive testing does not render the written procedure a qualified procedure.

Finally, welders cannot be qualified without using a qualified procedure. Because Respondent's records do not represent a qualified procedure, the welders performing the welding were not qualified in accordance with 49 C.F.R. § 192.225(a).

Accordingly I find that Respondent violated 49 C.F.R. § 192.225(a), as more fully described in the Notice.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

### ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. §190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

The Notice proposed a penalty of \$15,000 for violation of § 195.225, \$5,000 for each of A, B, and C. This is a serious violation. The welding of pipe not in accordance with qualified written welding procedures can lead to weld failure, which can lead to release of gas from the pipeline and resulting danger to the public and environment.

Respondent submitted to OPS a "Qualified Weld Procedure" document dated one week after OPS' inspection (October 30, 2001), containing all the elements missing from its May 16 and July 11, 2001 records, including sketches and essential variables. Although Respondent now has a welding procedure that conforms to the requirements of Part 192, Subpart E, Respondent has shown no circumstance that would justify mitigation of the proposed penalty.

Accordingly, having reviewed the record and considered the assessment criteria, I assess respondent a total of \$15,000. A determination has been made that Respondent has the ability to pay this penalty without adversely affecting its ability to continue in business.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications system (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-4719.

Failure to pay the \$15,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

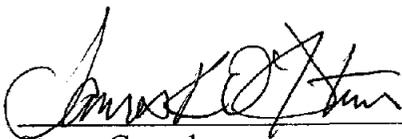
### COMPLIANCE ORDER

The Notice proposed a compliance order for violation of 49 C.F.R. § 192.225.

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Respondent must—

1. Write welding procedures for each type of pipe you use that is listed in API 1104 18<sup>th</sup> edition, and write the procedures in accordance with API 1104 18<sup>th</sup> edition.
2. Qualify the procedures you write for Item 1 so that you will produce welds meeting the requirements of § 192.225.
3. Perform destructive testing to determine the quality of the test welds used to qualify the procedure you wrote for Item 1.
4. Before welding on piping subject to Part 192, qualify each welder using the applicable procedure you established for Item 1.
5. Items 1 through 4 must be completed within 30 days following receipt of the Final Order. Upon completion, provide photographs, or other evidence of completion, to the Director, Southern Region, OPS, for his review and approval, at 61 Forsyth Street, Suite 16T15, Atlanta, GA, 30303.

Under 49 C.F.R. § 190.215, respondent has a right to petition for reconsideration of this Final Order. However, if the civil penalty is paid, the case closes automatically and Respondent waives the right to petition for reconsideration. The filing of the petition automatically stays the payment of any civil penalty assessed. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms and conditions of this Final Order are effective on receipt.



Stacey Gerard

*for* Associate Administrator  
for Pipeline Safety

JUL 29 2003

Date Issued