

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 22, 2014

Mr. Paul Fant
President and Chief Operating Officer
Carolina Gas Transmission
220 Operations Way
Cayce, SC 29033

CPF 2-2014-1006

Dear Mr. Fant:

On July 30-31, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety (OPS) inspected the Carolina Gas Transmission (CGT) Pipeline Public Awareness Plan, Operator Qualification Plan, and associated records at CGT's office in Cayce, South Carolina, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that CGT has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. §192.616 Public awareness.

(a) Except for an operator of a master meter or petroleum gas system covered under paragraph (j) of this section, each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* § 192.7).

Carolina Gas Transmission (CGT) did not conduct annual audits or reviews of its written Pipeline Public Awareness Plan (PAP)¹ to determine whether the program had been developed and implemented in accordance with the guidance provided in American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* § 192.7).

API RP 1162 Section 8.3, *Measuring Program Implementation*, requires an operator to complete an annual audit or review of its public awareness program to determine if the program had been developed and implemented in accordance with the guidance provided in API RP 1162.

At the time of the inspection, CGT could not verify, and did not provide any evidence to the PHMSA inspectors, to show that it had conducted any annual audits or reviews of its PAP from April 20, 2011, (the last date of a previous PHMSA Public Awareness Program Effectiveness inspection) to July 31, 2014, the last date of this inspection.

2. §192.616 Public awareness.

(a) Except for an operator of a master meter or petroleum gas system covered under paragraph (j) of this section, each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* § 192.7).

CGT did not complete a public awareness program effectiveness evaluation of its written PAP at intervals of no more than four years in accordance with the guidance provided in API RP 1162.

API RP 1162 Section 8.5, *Table 8-1*, requires an operator to conduct an evaluation of the effectiveness of its public awareness program implementation at intervals of no more than four years.

At the time of the inspection, CGT could not verify, and did not provide any evidence to the PHMSA inspectors, to show that it had completed an evaluation of the effectiveness of its PAP implementation from the time the effectiveness evaluation was required by the regulations (i.e. June 20, 2010) to the last date of this inspection.

3. §192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

... (b)Ensure through evaluation that individuals performing covered tasks are qualified;

CGT did not ensure through evaluation that individuals performing covered tasks under its Operator Qualification (OQ) Plan were qualified to perform the covered tasks.

¹ SCANA Energy has a corporate public awareness plan that applies to its three regulated subsidiaries: Carolina Gas Transmission (CGT), Public Service of North Carolina and South Carolina Electric and Gas.

CGT’s qualification records for covered task “CGQ050 Apply and Repair Pipe Coating-Wrapped” did not demonstrate that personnel were evaluated to a consistent standard for the three-question OQ written evaluation.

The qualification records for four individuals qualified by CGT to perform covered task “CGQ050 Apply and Repair Pipe Coating-Wrapped” were reviewed by the PHMSA inspector. The answers these individuals gave on the three-question OQ written evaluation are shown in the following table below. The table shows that the answers were contradictory and inconsistent; yet, CGT deemed that all four individuals were qualified to perform OQ covered task CGQ050.

<u>Question</u>	Employee A <u>9/12/12</u>	Employee B <u>7/19/11</u>	Employee C <u>8/25/08</u>	Employee D <u>5/21/12</u>
What is the maximum operating temperature for this coating?	200 ⁰ F, 150 ⁰ F	151 ⁰ F	150 ⁰ F	151 ⁰ F
Which (factory applied) pipe coatings are compatible with this wrapped coating?	PE, FBE, Tape and Coal Tar	All	PE, FBE, Tape and Wrap (Coal tar)	N/A
CGT typically uses this wrapped coating to prevent corrosion of fittings, flanges, and other irregularly shaped objects.	True	True	False	True

Proposed Civil Penalty

Under 49 United States Code, §60122, Carolina Gas Transmission is subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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 \$46,400 as follows:

<u>Item number</u>	<u>Penalty</u>
1	\$30,600
2	\$15,800

Warning Item

With respect to Item 3, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to Item 2, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Carolina Gas Transmission. 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. Be advised that all material you submit in response to this enforcement action is subject to being 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). 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.

In your correspondence on this matter, please refer to **CPF 2-2014-1006** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

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 Carolina Gas Transmission (CGT) a Compliance Order incorporating the following remedial requirements to ensure the compliance of CGT with the pipeline safety regulations:

1. In regard to Item 2 of the Notice pertaining to CGT's failure to complete program effectiveness evaluations of its written Pipeline Public Awareness Plan (PAP),
 - a. CGT must, within 60 days following the date of issuance of the Final Order, complete a written PAP effectiveness evaluation that meets the requirements of API RP1162, Section 8; and,
 - b. CGT must, within 90 days following the date of issuance of the Final Order, submit to the Director, PHMSA Southern Region, the written effectiveness evaluation required by 1(a) above.
2. It is requested (not mandated) that Carolina Gas Transmission maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Wayne T. Lemoi, Director, Southern 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.