



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

233 Peachtree Street Ste. 600
Atlanta, GA 30303

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 9, 2015

Mr. Ronald McClain
President
Products Pipelines
1001 Louisiana St., Suite 1000
Houston, TX 77002


CPF 2-2015-5001S

Dear Mr. McClain:

Enclosed is a Notice of Proposed Safety Order (Notice) issued in the above-referenced case. The Notice proposes that you take certain measures with respect to your Plantation Pipe Line Company (PPL) 665-mile CNG pipeline in Mississippi, Alabama, Georgia, South Carolina, and North Carolina to ensure pipeline safety. Your options for responding are set forth in the Notice. Your receipt of the Notice constitutes service of that document under 49 CFR §190.5.

We look forward to a successful resolution to ensure pipeline safety. Please direct any questions on this matter to me at (404) 832-1160.

Sincerely,


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

Enclosures: Notice of Proposed Safety Order and Copy of 49 CFR §190.239

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
Southern Region
Atlanta, GA 30303**

In the Matter of)
)
Plantation Pipe Line Company,)
)
Respondent)
_____)

CPF 2-2015-5001S

NOTICE OF PROPOSED SAFETY ORDER

Background and Purpose

Pursuant to Chapter 601 of title 49, United States Code, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), Southern Region initiated an investigation of the safety of the Plantation Pipe Line Company (PPL) 665-mile CNG pipeline that runs from Collins, Mississippi, to Greensboro, North Carolina. PPL is a subsidiary of Kinder Morgan, Inc.

As a result of the investigation it appears that conditions exist on PPL's CNG pipeline that pose a pipeline integrity risk to public safety, property, or the environment. Pursuant to 49 U.S.C. §60117(l), PHMSA issues this Notice of Proposed Safety Order (Notice), notifying you of the preliminary findings of the investigation, and proposing that you take measures to ensure that the public, property, and the environment are protected from the potential risk.

The pipeline that poses a risk is PPL's CNG 30/26-inch diameter mainline from Collins, Mississippi, through Alabama, Georgia, and South Carolina, to Greensboro, North Carolina. The total length of the pipeline is 665 miles in 4 segments as follows:

- CNG-1 30-inch, 202 miles from Collins to Helena, constructed in 1971;
- CNG-2 30-inch, 106 miles from Helena to Bremen, constructed in 1969;
- CNG-1 26-inch, 216 miles from Bremen to Spartanburg, constructed in 1968; and
- CNG-2 26-inch, 141 miles from Spartanburg to Greensboro, constructed in 1971.

Preliminary Findings

On December 8, 2014, at approximately 6:10 p.m. Eastern Standard Time (EST) a representative from the Plantation Pipe Line Company (PPL) submitted a report to the National Response Center (NRC) reporting a "potential discharge of diesel fuel" from an "unknown cause" after an "odor and dead vegetation was [sic] discovered in a ditch near a

pipeline” operated by PPL. The discovery was near Lewis Road and West Calhoun Road in Belton, Anderson County, South Carolina, about 90 miles northwest of Columbia, SC. Approximately two hours later, PPL’s representative contacted the NRC with an update clarifying that the incident was “*gasoline discharged from a 26-inch pipeline due to an unknown cause at this time.*”

On December 9, 2014, at about 7:40 a.m. EST, PPL crews confirmed that PPL’s 26-inch CNG pipeline leaked beneath a 4-foot Type “A” sleeve. The sleeve was installed over a dent in the pipeline in 1991. PPL’s Oil Spill Response Organization (OSRO) recovered approximately 2,500 gallons of gasoline at the leak site.

PPL personnel cut out the pipe section that contained the leak, including the 4-foot Type “A” sleeve, one additional 6-foot Type “A” sleeve, and an unsleeved nearby dent, and installed a 30-foot replacement section of pipe.

On Tuesday, January 20, 2015, PPL personnel notified the NRC and the OPS Southern Region that during remediation activities, they found that the gasoline leak had spread into a creek. As a result of this new information, the OPS Southern Region contacted PPL to further discuss this incident and to ascertain PPL’s proposed corrective actions.

In the follow-up telephone discussions with PPL personnel, the Southern Region learned that PPL had developed a work plan to assess and remediate sleeve issues on its CNG pipeline due to a leak on the pipeline in August 2014.

Comprehensive Steel Sleeve Assessment Work Plan, February 25, 2015

Prior to the December 2014 leak, PPL had begun implementing a work plan to assess and remediate sleeve issues on its CNG pipeline but the work plan was not consolidated into one written document. The OPS Southern Region Director asked PPL personnel to consolidate the work plan into one written document and to submit it to the Southern Region for review. PPL submitted its “*Comprehensive Steel Sleeve Assessment Work Plan*” (Work Plan) to the Southern Region on February 25, 2015.

According to the Work Plan, a pipe section from the August 2014 leak on the CNG-2 30-inch (Helena to Bremen) was cut out and sent for metallurgical analysis. The analysis concluded that the leak occurred at the location of a pressure containing Type “B” sleeve, which apparently failed due to issues with the sleeve’s longitudinal weld seam.

A pipe section from the December 2014 leak on the CNG-1 26-inch (Bremen to Spartanburg) was also cut out and sent for metallurgical analysis. The analysis concluded that the leak occurred at the location of a non-pressure containing Type “A” sleeve, which apparently failed due to issues with the filler material used to fill the dent beneath the sleeve.

PPL completed an analysis of the most recent In-Line-Inspection (ILI) data and an analysis of excavation reports on the CNG pipeline. PPL integrated the data from these two analyses and identified 291 steel sleeves: 240 Type “A” sleeves and 51 Type “B” sleeves. PPL also identified the sleeve installation date and the anomaly that had been repaired or reinforced by each sleeve.

PPL had four expert ILI data analysts (each with more than 10 years ILI data analysis experience) independently analyze the ILI data associated with all 291 steel sleeves to look for signal characteristics in the data that are similar to those at the release locations. PPL then

excavated and inspected seven sleeves that had been installed prior to 1985 to cover deformations in the pipe with some ILI data characteristics similar to those at the August 2014 leak site. None of the seven sleeves was found to be leaking.

The Southern Region reviewed PPL's Work Plan and used it as the genesis for the **Proposed Corrective Measures** below. PHMSA added additional proposed corrective measures where PHMSA believes additional assessments or remediation are appropriate to protect the public and the environment.

Proposed Issuance of Safety Order

Section 60117(l) of Title 49, United States Code, provides for the issuance of a safety order requiring corrective measures, which may include physical inspection, testing, repair, or other action, as appropriate, after reasonable notice and the opportunity for a hearing. The basis for making the determination that a pipeline facility has a condition or conditions that pose a pipeline integrity risk to public safety, property, or the environment is set forth both in the above-referenced statute and 49 CFR §190.239, a copy of which is enclosed.

After evaluating the foregoing preliminary findings of fact and considering the age of the pipe involved, the manufacturer, the hazardous nature of the product transported and the pressure required for transporting such product, the characteristics of the geographical areas where the pipeline facility is located, and the likelihood that the conditions could worsen or develop on other areas of the pipeline and potentially impact its serviceability, it appears that the continued operation of the affected pipeline without corrective measures would pose a pipeline integrity risk to public safety, property, or the environment.

Accordingly, PHMSA issues this Notice of Proposed Safety Order to notify Respondent of the proposed issuance of a safety order and to propose that Respondent take the measures specified herein to address the potential risk.

Response to this Notice

In accordance with §190.239, you have 30 days following receipt of this Notice to submit a written response to the official who issued the Notice. If you do not respond within 30 days, this constitutes a waiver of your right to contest 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 Safety Order. In your response, you may notify that official that you intend to comply with the terms of the Notice as proposed, or you may request that an informal consultation be scheduled (you will also have the opportunity to request an administrative hearing before a safety order is issued). Informal consultation provides you with the opportunity to explain the circumstances associated with the risk condition(s) alleged in the notice and, as appropriate, to present a proposal for a work plan or other remedial measures, without prejudice to your position in any subsequent hearing. If you and PHMSA agree within 30 days of informal consultation on a plan and schedule for you to address each identified risk condition, PHMSA may enter into a written consent agreement (PHMSA would then issue an administrative consent order incorporating the terms of the agreement). If a consent agreement is not reached, or if you have elected not to request informal consultation, you may request an administrative hearing in writing within 30 days following receipt of this Notice or within 10 days following the conclusion of an informal consultation that did not result in a consent agreement, as applicable. Following a hearing, if the Associate

Administrator finds the facility to have a condition that poses a pipeline integrity risk to the public, property, or the environment in accordance with §190.239, the Associate Administrator may issue a safety order.

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).

In your correspondence on this matter, please refer to **CPF 2-2015-5001S** for each document you submit, please provide a copy in electronic format whenever possible.

Proposed Corrective Measures

Pursuant to 49 U.S.C. §60117(I) and 49 C.F.R. §190.239, PHMSA proposes to issue to Plantation Pipe Line Company (PPL) a safety order incorporating the following remedial requirements with respect to its 665-mile CNG pipeline that runs from Collins, Mississippi, through Alabama, Georgia, and South Carolina, to Greensboro, North Carolina.

Upon receipt of the safety order PPL will


1. Within 30 days, submit a letter signed by a PPL senior executive officer to the Director, Office of Pipeline Safety, PHMSA Southern Region, which commits PPL to completing those tasks described in its "*Comprehensive Steel Sleeve Assessment Work Plan*" dated February 25, 2015. That is, PPL will commit to complete the following actions from the work plan for its CNG pipeline:
 - a. excavate and assess the 64 steel sleeves that PPL previously selected based on its data integration;
 - b. cut out a minimum of two steel sleeves and conduct further metallurgical analysis;
 - c. remove a minimum of ten Type "A" sleeves to assess the length, thickness, and quality of the filler material utilized when the sleeve was installed;
 - d. integrate the results from the 64 excavations, the metallurgical assessments and the Type "A" sleeve removals with the already completed excavations/assessments and metallurgical assessments on the two release locations and apply the data collected to the remainder of the sleeves to determine if further mitigation is required; and,
 - e. initiate an additional study by Kiefner and Associates to review the complete process and to provide improvement recommendations.
2. Within 30 days, submit to the Director, Office of Pipeline Safety, PHMSA Southern Region an "*Amended Comprehensive Steel Sleeve Assessment Work Plan*" (Amended Work Plan) for review and approval. This Amended Work Plan will supersede the "*Comprehensive Steel Sleeve Assessment Work Plan*" dated February 25, 2015, and, at a minimum, must include:
 - a. all the tasks described and previously agreed to in PPL's "*Comprehensive Steel Sleeve Assessment Work Plan*" dated February 25, 2015, (Item 1 above);

- b. a milestone schedule to accomplish all the tasks in Item 1 above within one year after receipt of the safety order;
 - c. a list of the 64 sleeves (Item 1.a above) that PPL will excavate and inspect indicating the specific segment (e.g. CNG-1 30-inch, Collins to Helena), type of sleeve, and identified by mile post or stationing;
 - d. a commitment to undertake any further mitigation required by Item 1.d above;
 - e. a commitment that the Kiefner and Associates study (Item 1.e above) will be completed within six months after the tasks in Item 1 above have been completed and that a copy of the Final Report of that study will be submitted to the OPS Southern Region; and,
 - f. the name, phone number, and email address of PPL's point-of-contact for the Amended Work Plan.
3. Provide to the OPS Southern Region all written metallurgical analysis reports resulting from the work undertaken on the CNG pipeline as a result of the leaks of August and December 2014 and all work completed under this Safety Order whether the reports were written before or after issuance of this Safety Order.
 4. Revise the Amended Work Plan as necessary to incorporate new information obtained during the implementation of the plan and/or to incorporate any improvement recommendations made by Kiefner and Associates as a result of the additional study PPL plans to undertake (Item 1.e above).
 5. Submit any such plan revisions to the Director, Office of Pipeline Safety, PHMSA Southern Region for review and approval. The Director may approve plan revisions incrementally. Once approved, the Amended Work Plan and all revisions will become incorporated into the Safety Order.
 6. Implement the Amended Work Plan, including any revisions to the plan.
 7. Beginning 60 days after the Safety Order is received, PPL is to prepare and submit monthly progress reports to the Director, Office of Pipeline Safety, PHMSA Southern Region with sufficient detail to allow the Director to track the progress of the project and to provide the Director (or his designated representatives) an opportunity to observe and inspect field activities as they occur.
 8. The Director may grant an extension of time for compliance with any of the terms of the Safety Order upon a written request timely submitted demonstrating good cause for an extension.
 9. PPL may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

Nothing herein prohibits PPL from accomplishing those tasks described in its Comprehensive Steel Sleeve Assessment Work Plan dated February 25, 2015, or any other investigative or remedial work on the CNG pipeline prior to the issuance of a Safety Order.

The actions proposed by this Notice of Proposed Safety Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Parts 190 through 199, under any other order issued to Respondent under authority of 49 U.S.C. § 60101 et seq., or under any other provision of Federal or state law.

After receiving and analyzing additional data in the course of this proceeding and implementation of the work plan, PHMSA may identify other safety measures that need to be taken. In that event, Respondent will be notified of any proposed additional measures and, if necessary, amendments to the work plan or safety order.


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

3/9/2015
Date issued

§ 190.239 Safety orders.

(a) When may PHMSA issue a safety order? If the Associate Administrator, OPS finds, after notice and an opportunity for hearing under paragraph (b) of this section, that a particular pipeline facility has a condition or conditions that pose a pipeline integrity risk to public safety, property, or the environment, the Associate Administrator may issue an order requiring the operator of the facility to take necessary corrective action. Such action may include physical inspection, testing, repair or other appropriate action to remedy the identified risk condition.

(b) How is an operator notified of the proposed issuance of a safety order and what are its response options? (1) *Notice of proposed safety order.* PHMSA will serve written notice of a proposed safety order under § 190.5 to an operator of the pipeline facility. The notice will allege the existence of a condition that poses a pipeline integrity risk to public safety, property, or the environment, and state the facts and circumstances that support issuing a safety order for the specified pipeline or portion thereof. The notice will also specify proposed testing, evaluations, integrity assessment, or other actions to be taken by the operator and may propose that the operator submit a work plan and schedule to address the conditions identified in the notice. The notice will also provide the operator with its response options, including procedures for requesting informal consultation and a hearing. An operator receiving a notice will have 30 days to respond to the PHMSA official who issued the notice.

(2) *Informal consultation.* Upon timely request by the operator, PHMSA will provide an opportunity for informal consultation concerning the proposed safety order. Such informal consultation shall commence within 30 days, provided that PHMSA may extend this time by request or otherwise for good cause. Informal consultation provides an opportunity for the respondent to explain the circumstances associated with the risk condition(s) identified in the notice and, where appropriate, to present a proposal for corrective action, without prejudice to the operator's position in any subsequent hearing. If the respondent and Regional Director agree within 30 days of the informal consultation on a plan for the operator to address each risk condition, they may enter into a written consent agreement and the Associate Administrator may issue a consent order incorporating the terms of the agreement. If a consent agreement is reached, no further hearing will be provided in the matter and any pending hearing request will be considered withdrawn. If a consent agreement is not reached within 30 days of the informal consultation (or if informal consultation is not requested), the Associate Administrator may proceed under paragraphs (b)(3) through (5) of this section. If PHMSA subsequently determines that an operator has failed to comply with the terms of a consent order, PHMSA may obtain any administrative or judicial remedies available under 49 U.S.C. 60101 *et seq.* and this part. If a consent agreement is not reached, any admissions made by the operator during the informal consultation shall be excluded from the record in any subsequent hearing. Nothing in this paragraph (b) precludes PHMSA from terminating the informal consultation process if it has reason to believe that the operator is not engaging in good faith discussions or otherwise concludes that further consultation would not be productive or in the public interest.

(3) *Hearing.* An operator receiving a notice of proposed safety order may contest the notice, or any portion thereof, by filing a written request for a hearing within 30 days following receipt of the notice or within 10 days following the conclusion of informal consultation that did not result in a consent agreement, as applicable. In the absence of a timely request for a hearing, the Associate Administrator may issue a safety order in the form of the proposed order in accordance with paragraphs (c) through (g) of this section.

(4) *Conduct of hearing.* An attorney from the Office of Chief Counsel, PHMSA, will serve as the Presiding Official in a hearing under this section. The hearing will be conducted informally, without strict adherence to formal rules of evidence in accordance with § 190.211. The respondent may submit any relevant information or materials, call witnesses, and present arguments on the issue of whether a safety

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order should be issued to address the alleged presence of a condition that poses a pipeline integrity risk to public safety, property, or the environment.

(5) *Post-hearing action.* Following a hearing under this section, the Presiding Official will submit a recommendation to the Associate Administrator concerning issuance of a final safety order. Upon receipt of the recommendation, the Associate Administrator may proceed under paragraphs (c) through (g) of this section. If the Associate Administrator finds the facility to have a condition that poses a pipeline integrity risk to public safety, property, or the environment, the Associate Administrator will issue a safety order under this section. If the Associate Administrator does not find that the facility has such a condition, or concludes that a safety order is otherwise not warranted, the Associate Administrator will withdraw the notice and promptly notify the operator in writing by service as prescribed in § 190.5. Nothing in this subsection precludes PHMSA and the operator from entering into a consent agreement at any time before a safety order is issued.

(6) *Termination of safety order.* Once all remedial actions set forth in the safety order and associated work plans are completed, as determined by PHMSA, the Associate Administrator will notify the operator that the safety order has been lifted. The Associate Administrator shall suspend or terminate a safety order whenever the Associate Administrator determines that the pipeline facility no longer has a condition or conditions that pose a pipeline integrity risk to public safety, property, or the environment.

(c) How is the determination made that a pipeline facility has a condition that poses an integrity risk? The Associate Administrator, OPS may find a pipeline facility to have a condition that poses a pipeline integrity risk to public safety, property, or the environment under paragraph (a) of this section:

(1) If under the facts and circumstances the Associate Administrator determines the particular facility has such a condition; or

(2) If the pipeline facility or a component thereof has been constructed or operated with any equipment, material, or technique with a history of being susceptible to failure when used in pipeline service, unless the operator involved demonstrates that such equipment, material, or technique is not susceptible to failure given the manner it is being used for a particular facility.

(d) What factors must PHMSA consider in making a determination that a risk condition is present? In making a determination under paragraph (c) of this section, the Associate Administrator, OPS shall consider, if relevant:

(1) The characteristics of the pipe and other equipment used in the pipeline facility involved, including its age, manufacturer, physical properties (including its resistance to corrosion and deterioration), and the method of its manufacture, construction or assembly;

(2) The nature of the materials transported by such facility (including their corrosive and deteriorative qualities), the sequence in which such materials are transported, and the pressure required for such transportation;

(3) The characteristics of the geographical areas where the pipeline facility is located, in particular the climatic and geologic conditions (including soil characteristics) associated with such areas;

(4) For hazardous liquid pipelines, the proximity of the pipeline to an unusually sensitive area;

(5) The population density and growth patterns of the area in which the pipeline facility is located;

(6) Any relevant recommendation of the National Transportation Safety Board issued in connection with any investigation conducted by the Board;

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(7) The likelihood that the condition will impair the serviceability of the pipeline;

(8) The likelihood that the condition will worsen over time; and

(9) The likelihood that the condition is present or could develop on other areas of the pipeline.

(e) What information will be included in a safety order? A safety order shall contain the following:

(1) A finding that the pipeline facility has a condition that poses a pipeline integrity risk to public safety, property, or the environment;

(2) The relevant facts which form the basis of that finding;

(3) The legal basis for the order;

(4) The nature and description of any particular corrective actions to be required of the operator; and

(5) The date(s) by which the required corrective actions must be taken or completed and, where appropriate, the duration of the order.

(f) Can PHMSA take other enforcement actions on the affected facilities? Nothing in this section precludes PHMSA from issuing a Notice of Probable Violation under § 190.207 or taking other enforcement action if noncompliance is identified at the facilities that are the subject of a safety order proceeding.

[73 FR 16567, Mar. 28, 2008, as amended at 74 FR 2893, Jan. 16, 2009]