

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 12, 2017

Mr. Alan S. Armstrong
President and Chief Executive Officer
Transcontinental Pipeline Company
Williams Partners, L.P.
One Williams Center
Tulsa, OK 74172

CPF 2-2017-1002

Dear Mr. Armstrong:

From October 24 to November 17, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, inspected Transcontinental Pipeline Company (Transco) facilities in Mississippi, Georgia, and South Carolina, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspections, it is alleged that Transco has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§ 191.5 Immediate notice of certain incidents.**
 - (a) **At the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, each operator must give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.**

Transco failed to give notice in accordance with §191.5(b) at the earliest practicable moment following the discovery of an incident, as defined in §191.3. Specifically, Transco failed to notify the National Response Center (NRC) of the unintentional release of natural gas exceeding three million cubic feet that occurred on August 11, 2016.

Transco records documented that on August 11, 2016, a relief valve at the Clarke County Exchange facility released an estimated 3.2 million cubic feet of natural gas. At the time of the release, the pressure at the referenced relief valve was approximately 770 psig. The set point of the relief valve was 800 psig, per Transco records documenting the valve's previous inspection.

Under normal operations, a relief valve with a set point of 800 psig would not be expected to relieve at 770 psig, and any activation under such conditions would be considered unintentional. Part §191.3 of the Code of Federal Regulations defines an *incident*, in part, as an event with “*unintentional estimated gas loss of three million cubic feet or more from a pipeline.*” §191.5(a) required Transco to give notice in accordance with §191.5(b) at the earliest practicable moment following discovery of the *incident*. Records documenting the release volume and the relief device set point were obtained by the PHMSA inspector.

2. § 192.475 Internal corrosion control: General.

(a) Corrosive gas may not be transported by pipeline, unless the corrosive effect of the gas on the pipeline has been investigated and steps have been taken to minimize internal corrosion.

Transco transported gas in its storage field pipelines at Station 77 in Seminary, Mississippi, but did not investigate the corrosive effects of the gas it transported nor did Transco determine if steps were necessary to minimize internal corrosion.

Transco operates a natural gas storage field at Station 77 but it did not investigate the corrosive effects of the gas being transported between the storage caverns and onsite dehydration plants (DHPs). Further, Transco did not identify any steps necessary to minimize internal corrosion of any pipelines within the above-referenced storage fields.

3. § 192.605 Procedural manual for operations, maintenance and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response.

Transco did not follow its manual of written procedures for conducting maintenance activities. Specifically, Transco personnel did not follow established procedure for completing Form WGP 0132C, titled WilSOP Control Valve Inspection Report, as required by Section 60.02.02 of Transco's Operation & Maintenance Manual.

Section 60.02.02 of Transco's Operation & Maintenance Manual, titled Operating and Maintaining Gas Overpressure Protection Devices, required Transco personnel to:

“Record observations, test calibration, and repair results on form WGP 0132A, titled WilSOP Control Valve Inspection Report, or form WGP 0132C, titled WilSOP Relief Valve Inspection Report, as appropriate. See the Forms Matrix for distribution list of completed forms.”

Transco Form WGP-0132C, referenced above, included a line for denoting whether the as found set point of the subject relief device “drifted” in excess of 3% of the previously recorded set point, “indicating a failure.” This data field was annotated with a “*” which provided direction that “if the set point drift exceeds manufacture’s recommendations, indicating a failure, check the equipment failure box and document how the set point drift is corrected.”

During the inspection, the PHMSA inspector reviewed documentation of the inspection of the main relief valves for Compressor Units #2, #3, #6, and #10. These inspections were documented on the above-referenced Transco Form WGP-0132C. On each respective form, the response recorded for the data field “*Does set point drift exceed 3%, indicating a failure?” was “YES.” While Transco documented that the drifted set points were corrected, it did not document how they were corrected, as required by the above-referenced form.

4. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Transco did not follow its manual of written operations and maintenance procedures with regards to securing the block valve and bypass valves at Valve Site SN-20 to prevent accidental or unauthorized operation.

Valve Site SN-20 on Transco’s Tryon Lateral consists of lateral block valve SN-20, as well as bypass valves B1 and B2 (following Transco’s naming convention). Each of the valves is designated as a “critical” or “DOT Emergency Valve,” per Transco Policy 70.16.00.08, titled DOT Valve Maintenance. The valves are confirmed as such in supporting inspection documentation as well. Section 5.2 of Transco Procedure 07.10.322-PMR, titled Valve Inspection and Maintenance (Revision Date 07/15/2016), required that “critical valves must be secured in their normal operating position.” At the time of PHMSA’s inspection, the Valve Site SN-20 bypass valves B1 and B2 had no locking device to secure them in their normal operating position. Furthermore, Section 8.21 (of the same procedure), titled Automatic Valve Actuation Equipment, requires authorized personnel to “remove or lock out control valve handles to prevent accidental operation of the valves.” At the time of PHMSA’s inspection, the SN-20 lateral block valve actuator control handles were not removed or locked out. PHMSA personnel photographed each of the three unsecured valves. It should be noted that Valve Site SN-20 was not protected by a fenced enclosure, or otherwise secured from unauthorized tampering.

Proposed Civil Penalty

Under 49 United States Code, § 60122, Transco is 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 between August 2, 2016 to April 27, 2017, the maximum penalty may not exceed \$205,638 per violation per day, with a maximum penalty not to exceed \$2,056,380 for a related serious of violations. For violations occurring between January 4, 2012 to August 1, 2016, 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. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with maximum penalty not to exceed \$1,000,000 for related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that Transco be preliminarily assessed a civil penalty of \$53,500 for Item 1 above.

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 Transcontinental Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Items 3 and 4, 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 Transco to promptly correct these items. Failure to do so may result in additional enforcement action.

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 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). 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 2-2017-1002** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

James A. Urisko
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 Transcontinental Gas Pipeline Company, LLC (Transco) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Transco with the pipeline safety regulations:

1. In regard to Item 2 of the Notice pertaining to Transco's failure to investigate the corrosive effects of gas on its pipeline and determine steps necessary to minimize internal corrosion at Station 77,
 - a. Transco must investigate the corrosive effects of gas on the pipelines between the dehydration plants (DHPs) and the storage caverns at Station 77.
 - b. Transco must determine what steps are necessary, if any, to minimize internal corrosion on the pipelines between the compressor station and the storage caverns or storage field piping based on its investigation of the corrosive effects of the gas in Item 1a above.
 - c. Transco must implement the steps that are determined to be necessary, if any, to minimize internal corrosion on the pipelines between the DHPs and the caverns in Item 1b.
2. Transco must complete the above Items within the following time requirements.
 - a. Within 30 days of issuance of the Final Order, Transco must complete the requirements of Item 1a above.
 - b. Within 60 days of issuance of the Final Order, Transco must complete the requirements of Item 1b above.
 - c. Within 120 days of issuance of the Final Order, Transco must complete the requirements of Item 1c above.
3. Within 150 days of issuance of the Final Order, Transco must submit to the Director, Office of Pipeline Safety, PHMSA Southern Region, documentation demonstrating satisfactory completion of Item 1 above.
4. It is requested (not mandated) that Transco maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director, Office of Pipeline Safety, PHMSA Southern Region.

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.