



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 8, 2007

Mr. Daniel B. Martin
Sr. Vice President - Operations
ANR Pipeline Company
1001 Louisiana Street
Room N-1636B
Houston, TX 77002

CPF 3-2007-1006

Dear Mr. Martin:

During the weeks of June 11-16, July 24-27, September 25-29, and October 9-19, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records and field facilities in Kansas, Missouri, Illinois, Indiana, and Wisconsin.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

- 1. §192.201 Required capacity of pressure relieving and limiting stations.**

Each pressure relief station or pressure limiting station or group of those stations installed to protect a pipeline must have enough capacity, and must be set to operate, to insure the following:

(2) In pipelines other than a low pressure distribution system:

- (i) If the maximum allowable operating pressure is 60 p.s.i. (414 kPa) gage or more, the pressure may not exceed the maximum allowable operating pressure plus 10 percent or the pressure that produces a hoop stress of 75 percent of SMYS, whichever is lower;**
- (ii) If the maximum allowable operating pressure is 12 p.s.i. (83 kPa) gage or more, but less than 60 p.s.i. (414 kPa) gage, the pressure may not exceed the maximum allowable operating pressure plus 6 p.s.i. (41 kPa) gage; or**
- (iii) If the maximum allowable operating pressure is less than 12 p.s.i. (83 kPa) gage, the pressure may not exceed the maximum allowable operating pressure plus 50 percent.**

ANR was setting the relief valve set points at a pressure where the relief valve would not be able to limit the pipeline system to the maximum allowable operating pressure (MAOP) plus allowable build-up.

At the time of the inspections, ANR was setting the relief valves to open at the MAOP plus the allowable build-up. The set point did not allow for any build-up within the relief valve itself, nor did it take into account the build-up associated with inlet and outlet stack piping. Activation of those relief devices would allow the system to exceed the MAOP plus allowable build-up.

The operating areas where the relief valves were set at MAOP plus allowable build-up were the St. John, Lagrange, Alden, Greensburg, Meade, New Windsor, and Bonduel.

Your personnel indicated that a recent change in the Operation and Maintenance (O&M) would address this issue by reducing the set point from the MAOP plus allowable build-up. However, those changes in the field would not take affect until the next relief valve inspection.

2. §192.203 Instrument, control, and sampling pipe and components.

- (a) Applicability. This section applies to the design of instrument, control, and sampling pipe and components. It does not apply to permanently closed systems, such as fluid-filled temperature -responsive devices.**
 - (b) Materials and design. All materials employed for pipe and components must be designed to meet the particular conditions of service and the following:**
- (9) Each control line must be protected from anticipated causes of damage and must be designed and installed to prevent damage to any one control line from making both the regulator and the over-pressure protective device inoperative.**

Several ANR fuel gas regulator stations at the compressor stations were installed such that the control lines for the operator and monitor were on the same pressure sensing tap.

Single failure at the tap would result in the loss of both the operator and monitor causing an over-pressure situation.

The locations noted in the field were as follows:

Maitland Station
Enterprise Station
Mead Station
Woodstock Station
Kewaskum Station

All the facilities noted were installed after 1971. Your personnel at Enterprise and Woodstock re-piped the sensing lines shortly after the inspection so that a failure at the tap will not result in the loss of both the operator and monitor.

3. §192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463.

In the St. John area, between 2003 and 2004, the inspection of 34 test points at foreign line crossings exceeded the 15 month criteria. This was due to personnel changes and an oversight in their scheduling program. Your personnel discovered the 15 month issue immediately in 2004 and took steps to correct the oversight in the scheduling program company wide.

4. §192.603 General provisions.

(b) Each operator shall keep records necessary to administer the procedures established under §192.605.

Additionally,

§192.605 Procedural manual for operations, maintenance, and emergencies

(c) Abnormal operation. For transmission lines, the manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(3) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

(e) Surveillance, emergency response, and accident investigation. The procedures required by §§192.613(a), 192.615, and 192.617 must be included in the manual required by paragraph (a) of this section.

- a) ANR personnel were not documenting the review of response actions to the abnormal operation conditions. The review was done; however, the records reviewed did not show the documentation. This was noted in the St. John and Sandwich operating areas.
- b) ANR personnel utilized mock table top drills to facilitate emergency response training. However, there was no documentation that an evaluation of the response to the drills was done in accordance to §192.615(b)(3).

5. §192.625 Odorization of gas.

- (a) A combustible gas in a distribution line must contain a natural odorant or be odorized so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell.**
- (b) After December 31, 1976, a combustible gas in a transmission line in a Class 3 or Class 4 location must comply with the requirements of paragraph (a) of this section unless:**
 - (1) At least 50 percent of the length of the line downstream from that location is in a Class 1 or Class 2 location;**
 - (2) The line transports gas to any of the following facilities which received gas without an odorant from that line before May 5, 1975:**
 - (i) An underground storage field;**
 - (ii) A gas processing plant;**
 - (iii) A gas dehydration plant; or**
 - (iv) An industrial plant using gas in a process where the presence of an odorant:**
 - (A) Makes the end product unfit for the purpose for which it is intended;**
 - (B) Reduces the activity of a catalyst; or**
 - (C) Reduces the percentage completion of a chemical reaction**
 - (3) In the case of a lateral line which transports gas to a distribution center, at least 50 percent of the length of that line is in a Class 1 or Class 2 location.;**

In the Bonduel and Eden operating areas, there are several transmission laterals that do not meet the exception to odorization provided in of §192.625(b)(3) and are not being odorized. The laterals in question do not have at least 50% of their length in Class one or Class two locations. Greater than 50% of the lengths of the lines are located in Class three locations. The laterals noted are as follows:

<u>Lateral Name</u>	<u>Line Number</u>	<u>% Class 3</u>
Appleton	360	100%
N. Appleton	266	95%
Jackson	207	100%

New Berlin	321	66%
Oshkosh	355	58%
Oshkosh Loop	1-355	56%
Little Chute	361	55.6%

Additionally, transmission Line 350 goes into Green Bay and terminates there. The last 2.57 miles is Class three. This same situation applies to transmission Line 201 which goes into Madison. The line terminates there. The last 1.67 miles is Class three. Therefore, these Class three line sections must be odorized since 50% of the mileage downstream is not in a Class one or Class two location.

Proposed Compliance Order

With respect to item 5, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ANR Pipeline Company. Please refer to the *Proposed Compliance Order* that is enclosed and made a part of this Notice.

Warning Items

With respect to item(s) 1-4, 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 you to promptly correct these item(s). Be advised that failure to do so may result in ANR Pipeline Company being subject to 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. 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 3-2007-1006** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Ivan A. Huntoon
 Director, Central Region
 Pipeline and Hazardous Materials Safety Administration

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 ANR Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of ANR Pipeline Company with the pipeline safety regulations:

1. In regard to Item Number 5 of the Notice pertaining to odorization of the laterals and mainlines, conduct an evaluation of the entire ANR system to identify all branch lines and mainlines that meet the criteria for odorization outlined in §192.625(b). This evaluation is to be completed within 60 days of your receipt of the Final Order for this case.
 - A. Provide a schedule detailing ANR's plans for providing odorization for all pipelines that are determined to require odorization. Odorization is to be completed within one (1) year of your receipt of the Final Order.
 - B. Provide your current procedures relating to the installation, operation, and maintenance of odorizers. Additionally, provide your current procedures for review and determination of which transmission pipelines must be odorized. Provide these procedures within 30 days of your receipt of the Final Order.
2. ANR Pipeline Company shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Ivan A. Huntoon, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.

Response Options for Pipeline Operators in Compliance Proceedings

The requirements of 49 C.F.R. Part 190, Subpart B (§§ 190.201–190.237) govern response to Notices issued by a Regional Director, Pipeline and Hazardous Materials Safety Administration (PHMSA).

I. Procedures for Responding to a NOTICE OF PROBABLE VIOLATION:

Within 30 days of receipt of a Notice of Probable Violation, the respondent shall respond to the Regional Director who issued the Notice in the following way:

a. When the Notice contains a proposed CIVIL PENALTY* --

1. Pay the proposed civil penalty and advise the Regional Director of the payment. This authorizes PHMSA to make findings and to close the case with prejudice to the respondent. Payment terms are outlined below;
2. Submit written explanations, information, or other materials in response to the allegations and/or seek elimination or mitigation of the proposed civil penalty. Refer to 49 C.F.R. § 190.225 for assessment considerations, which include the respondent's ability to pay and the effect on the respondent's ability to stay in business, upon which civil penalties are based; or
3. Request a hearing as described below to contest the allegations and/or proposed assessment of a civil penalty.

b. When the Notice contains a proposed COMPLIANCE ORDER* --

1. Notify the Regional Director that you intend to take the steps in the proposed compliance order;
2. Submit written explanations, information, or other materials in answer to the allegations in the Notice and object to or seek clarification of the proposed compliance order items in whole or in part; or
3. Request a hearing as described below to contest the allegations and/or proposed compliance order items;

c. When the Notice contains a WARNING ITEM --

No written response is required. The respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

II. **Procedures for Responding to a NOTICE OF AMENDMENT*--**

Within 30 days of receipt of a Notice of Amendment, the respondent shall respond to the Regional Director who issued the Notice in the following way:

- a. Notify the Regional Director of your plans to address the inadequacies identified in the Notice;
- b. Submit written explanations, information, or other materials in answer to the allegations in the Notice and/or object to or seek clarification of the proposed amendment items in whole or in part; or
- c. Request a hearing as described below to contest the allegations in the Notice.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

III. **Procedure for Requesting a Hearing**

A request for a hearing must be in writing and accompanied by a statement of the issues which the respondent intends to raise at the hearing. The issues may relate to the allegations, new information, or to the proposed compliance order or proposed civil penalty amount. Refer to 49 C.F.R. § 190.225 for assessment considerations upon which civil penalties are based. A respondent's failure to specify an issue may result in waiver of the right to raise that issue at the hearing. The respondent's request must also indicate whether or not respondent will be represented by counsel at the hearing. Failure to request a hearing in writing within 30 days of receipt of a Notice waives the right to a hearing. In addition, if the amount of the proposed civil penalty or the proposed corrective action is less than \$10,000, the hearing will be held by telephone, unless the respondent submits a written request for an in-person hearing. Complete hearing procedures can be found at 49 C.F.R. § 190.211.

IV. **Extensions of Time**

An extension of time to prepare an appropriate response to a Notice may be granted, at the agency's discretion, following submittal of a written request to the Regional Director. The request must indicate the amount of time needed and the reasons for the extension. The request must be submitted within 30 days of receipt of the Notice.

V. **Freedom of Information Act**

Any material prepared by PHMSA, including the violation report, the Notice, and any order issued in this case, and any material provided to PHMSA by the respondent, may be considered public information and subject to disclosure under the Freedom of Information Act (FOIA). If the information you provide is security sensitive, privileged, confidential or may cause your company competitive disadvantages, please clearly identify the material and provide justification why the documents, or portions of a document, should not be released under FOIA. If we receive a request for your material, we will notify you if PHMSA, after reviewing the materials and your provided justification, determines that withholding the materials does not meet any exemption provided under the FOIA. You may appeal the agency's decision to release material under the FOIA at that time. Your appeal will stay the release of those materials until a final decision is made.

VI. **Small Business Regulatory Enforcement Fairness Act Information**

The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of the Pipeline and Hazardous Materials Safety Administration, call 1-888-REG-FAIR (1-888-734-3247) or go to http://www.sba.gov/ombudsman/dsp_faq.html.

VII. PAYMENT INSTRUCTIONS

Civil Penalty Payments of Less Than \$10,000

Payment of a civil penalty of less than \$10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration
 Mike Monroney Aeronautical Center
 Financial Operations Division (AMZ-300) P.O. Box 25082
 Oklahoma City, OK 73125-4915

Wire transfer payments of less than \$10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

Civil Penalty Payments of \$10,000 or more

Payment of a civil penalty of \$10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

(1) <u>RECEIVER ABA NO.</u> 021030004	(2) <u>TYPE/SUB-TYPE</u> (Provided by sending bank)
(3) <u>SENDING BANK ABA NO.</u> (Provided by sending bank)	(4) <u>SENDING BANK REF NO.</u> (Provided by sending bank)
(5) <u>AMOUNT</u>	(6) <u>SENDING BANK NAME</u> (Provided by sending bank)
(7) <u>RECEIVER NAME</u> TREAS NYC	(8) <u>PRODUCT CODE</u> (Normally CTR, or as provided by sending bank)
(9) <u>BENEFICIAL (BNF) = AGENCY LOCATION CODE</u> BNF = /ALC-69-14-0001	(10) <u>REASONS FOR PAYMENT</u> Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number

INSTRUCTIONS: You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #1 - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

Block #5 - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: \$10,000.00**

Block #7 - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

Block #9 - BENEFICIAL - AGENCY LOCATION CODE - "BNF=/ALC-69-14-0001". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #10 - REASON FOR PAYMENT - "AC-payment for PHMSA Case # / To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country."

NOTE: A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8893 at the time you send the wire transfer.

November 2006