

JUNE 14, 2012

Mr. Robert C. Skaggs, Jr.
President and Chief Executive Officer
Columbia Gas Transmission, LLC
1700 MacCorkle Avenue SE
Charleston, WV 25314

Re: CPF No. 3-2010-1005

Dear Mr. Skaggs:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and finds that Columbia Gas Transmission, LLC, has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. David Barrett, Director, Central Region, OPS
Mr. Perry M. Hoffman, Manager – System Integrity, NiSource Gas Transmission &
Storage
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

)	
In the Matter of)	
)	
Columbia Gas Transmission, LLC,)	CPF No. 3-2010-1005
)	
Respondent.)	
)	

FINAL ORDER

On June 7-17, 2010, pursuant to 49 U.S.C. § 60117, representatives of the Ohio Public Utilities Commission (PUCO), as agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Columbia Gas Transmission, LLC (Columbia or Respondent) in Crawford, Ohio. Columbia, a subsidiary of NiSource Inc., owns and operates approximately 11,453 miles of pipeline in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and West Virginia.¹ Approximately 400 miles of Columbia's pipelines are in High Consequence Areas.²

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated November 5, 2010, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Columbia had violated 49 C.F.R. §§ 192.477 and 192.479(a) and proposed ordering Respondent to take certain measures to correct the alleged violations.

NiSource Gas Transmission & Storage, also a subsidiary of NiSource Inc., responded to the Notice on behalf of Columbia, by letters dated December 3, 2010, and January 26, 2011 (Response). The company did not contest one of the allegations of violation, contested the second, and offered additional information in response to the Notice.

¹ NiSource Inc. Form 10-K for the fiscal year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012.

² 49 CFR § 192.903.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.477, which states:

§ 192.477 Internal corrosion control: Monitoring.

If corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with intervals not exceeding 7½ months.

The Notice alleged that Respondent violated 49 C.F.R. § 192.477 by failing to check each coupon or other means of monitoring internal corrosion at least twice each calendar year, but with intervals not exceeding 7½ months. Specifically, the Notice alleged that Columbia inspected a corrosion coupon known as asset #911063 at the Benton compressor station yard on September 17, 2008, but did not inspect it again until June 4, 2009, which exceeded the maximum allowable interval of 7½ months.

In its Response, Columbia stated that asset #911063 is a gas sampling point and not a corrosion coupon, and provided records demonstrating that gas sampling was completed within the required 7½ month interval.³ Columbia explained that at the time of the PUCO inspection, its work management records may not have accurately reflected the nature of the work completed on asset #911063.

Accordingly, after considering all of the evidence, I find that Columbia checked the means of monitoring internal corrosion at asset #911063 at the required interval. Based upon the foregoing, I hereby order that Item 1 be withdrawn.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.479(a), which states:

§ 192.479 Atmospheric corrosion control: General.

(a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

The Notice alleged that Respondent violated 49 C.F.R. § 192.479(a) by failing to clean and coat each portion of pipeline that is exposed to the atmosphere. Specifically, the Notice alleged that Columbia did not clean or coat three portions of pipeline that were exposed to the atmosphere, that these locations were not included in Columbia's atmospheric corrosion control program, and that at least one of these locations exhibited corrosion pits. Respondent did not contest this allegation of violation, and stated that it had either repaired the identified locations or had

³ Response at 2.

scheduled remedial action.⁴ Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.479(a) by failing to clean and coat each portion of pipeline that is exposed to the atmosphere.

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

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 2 in the Notice for violation of 49 C.F.R. § 192.479(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions that were specified in the proposed compliance order:

With respect to the violation of § 192.479(a) (**Item 2**), Respondent submitted a plan to evaluate and immediately address any areas of pipeline exposed to the atmosphere in the McArthur and Crawford operating areas, and to document the exposures in Respondent's existing atmospheric corrosion program. Respondent submitted the results of its evaluation on December 7, 2011, providing a summary of the exposure locations identified, corrosion levels at each exposure, and the remedial actions taken for each exposure. This evaluation included the three exposures that had been identified during the PUCO inspection.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued

⁴ Response at 2-3.