

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 5, 2010

Mr. Victor Gaglio
Vice President - Operations
Columbia Gas Transmission, LLC
1700 MacCorkle Ave.
Charleston, WV 25325-1273

CPF 3-2010-1005

Dear Mr. Gaglio:

On June 7-12, 2010, representatives of the Ohio Public Utilities Commission (Ohio PUC) acting as an interstate agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records and facilities in Crawford, OH.

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. §192.477 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 interval not exceeding 7 1/2 months.

Columbia Gas Transmission (CGT) personnel did not did not meet the required interval for monitoring the internal corrosion coupons. Review of the records found that the asset (coupon) #911063 (Benton compressor station yard) was evaluated for internal corrosion on 9/17/08. The next time the coupon was evaluated was on 6/4/09, which exceeded the 7½ month criteria.

2. §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.

CGT personnel did not clean or coat several exposures at ground level identified during the Ohio PUC's field evaluation of the system. While in the field, our inspector found three exposures that were not in CGT's atmospheric corrosion control program. While it is unknown when these exposures occurred, it was noted that at least one of them exhibited corrosion pits. One exposure was found on line SRW 8510 and two exposures were found on line R467. Additionally, on all three, the air-to-soil interfaces were not addressed.

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 Columbia Gas Transmission, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to item 1, 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 Columbia gas Transmission 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. 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 3-2010-1005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
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 Columbia Gas Transmission a Compliance Order incorporating the following remedial requirements to ensure the compliance of Columbia Gas Transmission with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to the exposures found during the inspection, CGT must submit and follow a plan and schedule to evaluate and address immediately any additional exposures found in the areas denoted below. The plan must detail what type of action will be taken and the exposures identified must be documented in the Company's existing atmospheric corrosion program for future evaluations. This plan must include the three exposures identified during the Ohio PUC inspection. The areas are as follows:
 - a) The McArthur area which includes the "R system" and the associated pipelines from South Point, Ohio to just north of Benton storage field. It must also include the storage fields at Benton and McArthur.
 - b) The Crawford area which consists of the "R system" from Benton to Crawford and the Crawford and Laurel storage fields.

The plan and schedule must be submitted within 60 days from the receipt of the Final Order to the Director, Central Region for approval.

2. The review and remedial actions must be completed within one year from the date the Final Order is received. Upon completion, submit a report documenting the review findings and remedial actions taken.
3. CGT shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to David Barrett, 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.