

OCTOBER 30, 2013

Mr. Robert Rose
President
St. Louis Pipeline Company
P.O. Box 35236
Sarasota, FL 34242

Re: CPF No. 3-2012-5029

Dear Mr. Rose:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by St. Louis Pipeline Company to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Central Region, this enforcement action will be 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: Ms. Linda Daugherty, Central Region Director, 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)	
)	
St. Louis Pipeline Company,)	CPF No. 3-2012-5029
)	
Respondent.)	

FINAL ORDER

On October 3-5, 2011, pursuant to 49 U.S.C. § 60117, a representative of 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 St. Louis Pipeline Company (SLPC or Respondent) in St. Louis, MO. SLPC operates a 22.5 mile pipeline that transports jet fuel from Hartford, IL to Lambert Field in St. Louis, MO.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated December 28, 2012¹, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that SLPC violated 49 C.F.R. §195.452 and proposed ordering Respondent to take certain measures to correct the alleged violations.

Respondent failed to respond within 30 days of receipt of service of the Notice. Under 49 C.F.R. § 190.209(c), such failure to respond constitutes a waiver of SLPC's right to contest the allegations in the Notice and authorizes the Associate Administrator, without further notice, to find facts as alleged in the Notice and to issue this Final Order under § 190.213. In this case, the Notice was first mailed to Respondent on December 28, 2012, by first class mail, and again by certified mail (UPS Reference No. 2945G42SLID) on June 10, 2013, and was received by Respondent on June 12, 2013, as shown by the return receipt on file with PHMSA. To date, Respondent has never acknowledged or responded to the Notice. Under such circumstances, I find it reasonable and appropriate to enter this Final Order without further proceedings.²

¹ After receiving no response from SLPC, the Central Region also forwarded the Notice of Probable Violation and Proposed Compliance Order to addresses in Sarasota, FL and Hartford, IL, on June 10, 2013.

² In the Matter of Tampa Pipeline Corporation, Final Order (CPF No. 2-2008-6002) (April 26, 2010), 2010 WL 6531627, (D.O.T.), August 27, 2010; See also, In the Matter of Tampa Bay Pipeline Corporation, Final Order (CPF No. 2-2005-6012) (Dec. 1, 2006), 2008 WL 902910 (D.O.T.), March 31, 2008. PHMSA final orders are generally accessible on the agency's website, available at <http://primis.phmsa.dot.gov/comm/reports/enforce/Actions>.

FINDINGS OF VIOLATION

SLPC did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(i)(2), which states in relevant part:

§ 195.452 Pipeline integrity management in high consequence areas.

(a)

(i) *What preventive and mitigative measures must an operator take to protect the high consequence area?—(1) General requirements....*

(2) *Risk analysis criteria.* In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to:

(i) Terrain surrounding the pipeline segment, including drainage systems such as small streams and other smaller waterways that could act as a conduit to the high consequence area;

(ii) Elevation profile;

(iii) Characteristics of the product transported;

(iv) Amount of product that could be released;

(v) Possibility of a spillage in a farm field following the drain tile into a waterway;

(vi) Ditches along side a roadway the pipeline crosses;

(vii)

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(i)(2) by failing to take preventive and mitigative measures to protect a High Consequence Area (HCA), including evaluating the likelihood of a pipeline release and how such a release could affect the HCA. Specifically, the Notice alleged that SLPC failed to properly consider the operational status of the pipeline (e.g. active or idle) when calculating potential release volumes. For an operating pipeline, SLPC failed to incorporate into its release volume calculations: topography, line profiles, and the time required to close manual valves. For a static pipeline, SLPC failed to consider that isolation valves would not be closed if the pipeline was idle. In addition, Respondent's calculations did not include the time necessary to respond to a release or close valves. Last, SLPC failed to evaluate both the overland and water transport of potential spill materials. Respondent failed to determine the overland transport direction of the final estimated spill volumes in order to assess ditch diversions, storm sewer access points, additional effect on HCA areas, or the effect of river velocities on personnel response time.

Respondent did not contest this allegation of violation.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(i)(2) by failing to take certain measures to protect an HCA, including evaluating the likelihood of a pipeline release and its potential effect on an HCA.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(j)(2), which states:

§ 195.452 Pipeline integrity management in high consequence areas.

(a)

(j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?*—(1) *General.* After completing the baseline integrity assessment, an operator must continue to assess the line pipe at specified intervals and periodically evaluate the integrity of each pipeline segment that could affect a high consequence area.

(2) *Evaluation.* An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of this section), and decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(j)(2) by failing to conduct a periodic evaluation as frequently as needed to assure pipeline integrity. Specifically, the Notice alleged that SLPC failed to evaluate its pipeline for corrosion, third party damage, and other risk factors. Having elected hydrostatic testing as its sole assessment method, Respondent failed to take further steps to assure pipeline integrity.

Respondent did not contest this allegation of violation.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(j)(2) by failing to conduct periodic evaluations as frequently as needed to assure pipeline integrity.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(j)(3), which states:

§ 195.452 Pipeline integrity management in high consequence areas.

(a)

(j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?*

(1)

(3) *Assessment intervals.* An operator must establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity. An operator must base the assessment intervals on the risk the line pipe poses to the high consequence area to determine the priority for assessing the pipeline segments. An operator must establish the assessment intervals based on the factors specified in paragraph (e) of this section, the analysis of the results from the last integrity assessment, and the information analysis required by paragraph (g) of this section.

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(j)(3) by failing to establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity. Specifically, the Notice alleged that SLPC failed to complete an assessment of two different sections of its pipeline within the regulatory time period. Respondent assessed one portion of the pipeline on November 13, 2004 and completed the second portion on May 12, 2005. SLPC next reassessed both segments on July 13, 2011, which extended the assessment intervals to 78 months and 72 months, respectively.

Respondent did not contest this allegation of violation.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(j)(3) by failing to establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(k), which states:

§ 195.452 Pipeline integrity management in high consequence areas.

(k) *What methods to measure program effectiveness must be used?* An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas. See Appendix C of this part for guidance on methods that can be used to evaluate a program's effectiveness.

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(k) by failing to have a program including methodology to measure the effectiveness in assessing and evaluating the integrity of each pipeline segment and in protecting HCAs. Specifically, the Notice alleged that SLPC failed to develop any methods to measure the effectiveness of its program. PHMSA inspectors questioned SLPC personnel, Mr. Robert Wood, Regional Director, and Mr. Rick Stubblefield, Terminal Supervisor, on why SLPC failed to measure the effectiveness of their integrity management program (IMP). Both responded that SLPC considered its hydrotest as sufficient evidence that its program was effective.³

Respondent did not contest this allegation of violation.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(k) by failing to include in its program a methodology for measuring whether its program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the HCAs.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, 3 and 4 in the Notice for violations of 49 C.F.R. §§ 195.452(i)(2), 195.452(j)(2), 195.452(j)(3) and 195.452(k),

³ Pipeline Safety Violation Report (Violation Report), (December 12, 2012) (on file with PHMSA), at 21.

respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.452(i)(2), (**Item 1**), Respondent must calculate release volumes for each operational scenario for each pipeline segment. Using the calculated worst case scenario for each segment, apply the over land spread, water transport, or combination to identify potentially affected HCAs. Then, using this information, evaluate whether response procedures should be modified in order to mitigate potential consequences and document any newly identified potential HCAs.
2. With respect to the violation of § 195.452(j)(2) (**Item 2**), Respondent must perform evaluations to address threats on its pipeline and propose additional preventive and mitigative measures.
3. With respect to the violation of § 195.452(j)(3) (**Item 3**), Respondent must develop procedures to assure that it does not exceed assessment intervals. Respondent must also develop procedures for notifying PHMSA prior to exceeding the maximum assessment intervals.
4. With respect to the violation of § 195.452(k) (**Item 4**), Respondent must develop procedures to measure program effectiveness. Once developed, SLPC must apply these metrics to determine if additional actions should be taken to ensure the integrity of the applicable pipeline segments.
5. SLPC must submit a plan, including a work schedule, to the Director for approval within 30 days of receipt of the Final Order.
6. Additionally, Respondent should maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, 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