

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 16, 2017

Mr. Stanley Chapman
Senior Vice President and General Manager
ANR Pipeline Company / TransCanada
700 Louisiana Street
Houston, TX 77002

CPF 3-2017-1004

Dear Mr. Chapman:

From July 20, 2015 to December 10, 2015, representatives of the Michigan Public Service Commission (MI-PSC) acting as an interstate agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your records and facilities at multiple locations in Michigan.

As a result of the inspection, it is alleged 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. §192.225 Welding Procedures

(a) Welding must be performed by a qualified welder or welding operator in accordance with welding procedures qualified under section 5, section 12, or Appendix A of API Std 1104 (incorporated by reference, see §192.7) or section IX ASME Boiler and Pressure Vessel Code (BPVC) (incorporated by reference, see

§192.7), to produce welds which meet the requirements of this subpart. The quality of the test welds used to qualify welding procedures must be determined by destructive testing in accordance with the referenced welding standard(s).

In 2013, ANR Pipeline Company (ANR) did not use properly qualified and applicable welding procedures during remedial work on the ANR Lincoln Storage Field Line - North Header and the Goodwell Storage Field.

ANR utilized welding procedure X60-0-GW-01 when they made repairs at 8 locations; specifically, Remediation Digs D, E, F, G, L, M, N in Lincoln, and Dig K in Goodwell. Welding procedure X60-0-GW-01 was developed from four previous API 1104 procedures: Plus-03-WPS, Plus-04-WPS, Plus-05-WPS, and Plus-06-WPS. Upon review of the qualification records for procedure X60-0-GW-01, it was noted that the range of the travel speeds in the new procedure did not meet the travel speed specifications in the four predecessor procedures. Per API Standard 1104, travel speed is an essential variable which requires requalification of the welding procedure if that variable is changed. No additional procedure qualification was completed for X60-0-GW-01 prior to the welding performed during the remediation project.

Additionally, ANR did not use the correct welding procedure for the repairs made at Dig “K” in the Goodwell Storage field. In 2013, ANR was doing some remediation work in the Goodwell Storage Field which involved the welding of Grade X52 (existing) pipe and Grade X70 (replacement) pipe. Welding Procedure X60-0-GW-01 and repair procedures X60-08-RP-04 and X60-8-RP-05 (which allow welding of pipe X60 and below) were used to complete the tie-in welds 8 and 9 for Dig K.

2. §192.707 Line markers for mains and transmission lines.

(d) Marker warning. The following must be written legibly on a background of sharply contrasting color on each line marker:

(2) The name of the operator and telephone number (including area code) where the operator can be reached at all times.

ANR’s line marker did not have the correct name or a 24-hour telephone number on a line marker where they could be reached at all times.

During the field observation, it was noted that the pipeline marker on the 20-inch 338 Line (Covert Lateral) did not contain the current name of the operator or the telephone number as required by 192.707(d)(2) where the operator can be reached at all times. The name of the operator on the line marker was El Paso. The phone number 1-800-231-2800 on the marker directs the caller to El Paso who then provides the phone number for TransCanada to the caller.

3. §192.709 Transmission lines: Record keeping.

Each operator shall maintain the following records for transmission line for the periods specified:

(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

ANR did not document the inspection of overpressure protection equipment (pressure control valve (PCV) PCV-5017) for the interconnect between Cold Springs 1 Compressor Station (CS-1) and Cold Springs 12 Compressor Station (CS-12) for 2014-2015. Inspection and testing of overpressure protection is required in Subpart M; therefore, a record of those inspections and tests is required.

There is a connection from CS-1 to CS-12 that has a pressure control valve designated as PCV-5017. This PCV is controlled by pressure switch #5017, which limits the maximum allowable operating pressure (MAOP) of the connection between CS-1 and CS-12 [from an MAOP of 1100 psig (CS-1) to an MAOP of 1050 psig (CS-12)]. ANR stated that this device was inspected annually, but was not considered to be part of the "DOT" inspections for either station and therefore, was not documented.

4. §192.481 Atmospheric corrosion control: Monitoring.

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

At the Bridgman Compressor station, ANR personnel did not inspect for atmospheric corrosion at pipe supports and at soil-to-air interface locations.

During the October 6-7, 2015 MI-PSC field evaluation of the Bridgman Compressor station, significant atmospheric corrosion was found on the pipe at a soil-to-air interface near the northeast corner of the station and above a pipe support near the center of the station. In 2013 and 2014, ANR conducted atmospheric corrosion inspections for the Bridgman compressor station which did not identify any atmospheric corrosion at these locations. Additionally, it was noted by MI-PSC that the pipeline support near the center of the station could not be lowered to allow ANR field personnel to properly inspect and address the pipe above the support.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series 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 a 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(s) and has recommended that you be preliminarily assessed a civil penalty as follows:

<u>Item number</u>	<u>PENALTY</u>
4	\$46,600

Warning Items

With respect to item(s) one, two, and three, 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). Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to item four 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*, which is enclosed and made a part of this Notice.

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 you 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 3-2017-1004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: Mr. Vern Meier
Vice President – Pipeline Safety and Compliance
ANR Pipeline Company / TransCanada
700 Louisiana Street
Houston, TX 77002

Mr. Lee Romack
Manager – US Regulatory Compliance
ANR Pipeline Company / TransCanada
700 Louisiana Street
Houston, TX 77002

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 four of the Notice pertaining to the atmospheric corrosion inspection at Bridgman Compressor Station, ANR must re-survey the Bridgman Compressor. After the re-survey, ANR must provide PHMSA the operator qualification records of the personnel conducting the re-survey, results of those surveys and a remedial action list with a time frame.
2. The re-survey of the Bridgman Compressor Station must be completed within 30 days of the date of the Final Order. The submission of the results of the re-survey, the operator qualification records of the personnel that performed the re-survey, and the time line for repairs must be submitted within 60 days of the date of the Final Order.
3. It is requested (not mandated) that ANR Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. 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.