



U.S. Department
of Transportation

**Pipeline and Hazardous Materials
Safety Administration**

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

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 25, 2017

Kerry Puckett
Vice President, Natural Gas Operations
Vector Pipeline, LP
1100 Louisiana, Suite 3300
Houston, TX 77002

CPF 3-2017-1008

Dear Mr. Puckett:

On October 5-8, and October 19-21, 2015, representatives of 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 in Indiana and Michigan. 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. § 192.167(a)(4) Compressor stations: Emergency shutdown.

(a) Except for unattended field compressor stations of 1,000 horsepower (746 kilowatts) or less, each compressor station must have an emergency shutdown system that meets the following:

(1)...

(4) It must be operable from at least two locations, each of which is:

(i) Outside the gas area of the station;

(ii) Near the exit gates, if the station is fenced, or near emergency exits, if not fenced; and

(iii) Not more than 500 feet (153 meters) from the limits of the station....

Vector Pipeline failed to have an emergency shutdown system (ESD System) at a fenced compressor station that was operable from at least two locations, each of which was outside the gas area of the compressor station and near the station's exit gates. Athens Compressor Station in Athens, Michigan, had an ESD System that was operable at each door of the compressor building and inside the MCC/Control Building. The nearest exit gate to the compressor building was approximately 66 feet from the switch at the southwest door; however, this switch was not outside the gas area. ESD switches installed at or near the compressor building were not outside the gas area. The piping and equipment in that building were used to transport gas, which could ignite if a leak or failure occurred.

2. §192.465(d) External corrosion control: Monitoring.

(a)

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

Vector failed to take prompt remedial action to correct deficiencies indicated by monitoring. During the inspection, several test point readings were missing over multiple years. Follow-up work did not take place until after the 2015 inspection.

Specifically:

- CP test point at MP 247.1858 (Enbridge FLX) could not be located in 2013, 2014, and 2015. An update was given stating that it is now electrically connected with Enbridge and can be taken off the repair list.
- CP test point at MP 265.0394 (Michcon FLX) could not be located in 2013, 2014, and 2015. It was stated during the inspection that this test lead is now on the list for repair.
- CP test point at MP 332.9769 (Great Lakes FLX) was found to have bad test leads in 2013, 2014, and 2015. This was repaired 10/29/15.
- CP test point at MP 18.0159 (88th Ave) was found to have bad test leads in 2013 and 2014. This test point was repaired by the 9/3/2015 survey.

- CP test point at MP 21.8008 (Sunset Drive) was found to have bad test leads in 2013 and 2014. This test point was repaired by the 9/3/2015 survey.

These are violations of 192.465(d) as prompt remedial action was not taken.

3. §192.603 General provisions.

(a)

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

Vector failed to document the periodic review of work done by its personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modification of its procedures. There is no formal documentation to show evidence that a periodic review of work done by operator personnel to determine the effectiveness and adequacy of procedures as per 192.605(b)(8) was performed. Vector's O&M manual, section 1.1.3.1 states that "the work done by operating personnel will be reviewed periodically by the Review Team to determine the adequacy and effectiveness of procedures used in normal operations and maintenance and for controlling abnormal operations," but documentation of this review could not be provided during the inspection. This is a violation of 192.603(b).

4. §192.935 What additional preventive and mitigative measures must an operator take?

a) General requirements. An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See § 192.917) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (incorporated by reference, see § 192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to, installing Automatic Shut-off Valves or Remote Control Valves, installing computerized monitoring and leak detection systems, replacing pipe segments with pipe of heavier wall thickness, providing additional training to personnel on response procedures, conducting drills with local emergency responders and implementing additional inspection and maintenance programs.

During the inspection, Vector was unable to provide information on additional preventive and mitigative measures considered or taken for each pipeline segment in a

high consequence area, beyond those already required by Part 192. Vector subsequently stated that their Integrity Management Plan would be re-written by the second quarter of 2016.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$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 a 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 of \$35,800 as follows:

| <u>Item number</u> | <u>PENALTY</u> |
|--------------------|----------------|
| 2 | \$20,300 |
| 3 | \$15,500 |

Warning Items

With respect to item 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 this item. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Vector Pipeline, LP. 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 3-2017-1008** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in blue ink that reads "Allan C. Beshore". The signature is written in a cursive style with a large initial "A".

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Vector Pipeline a Compliance Order incorporating the following remedial requirements to ensure the compliance of Vector Pipeline with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to emergency shutdowns at compressor stations, Vector Pipeline must install shutdowns outside of the gas areas at the Athens Compressor Station, as required.
2. Vector Pipeline must provide a proposed schedule for installation of the devices in Item 1 within 30 days after receipt of the Final Order.
3. It is requested (not mandated) that Vector Pipeline 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.