



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

April 24, 2018

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

CPF 3-2018-1001

Dear Mr. Chapman:

On July 26-28, August 2-4, and August 23-25, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your records and facilities in Indiana and part of Illinois.

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 (CFR). The items inspected and the probable violations are:

1. §192.905 How does an operator identify a high consequence area?

(a) . . .

(b)(1) ***Identified sites.*** An operator must identify an identified site, for purposes of this subpart, from information the operator has obtained from routine operation and maintenance activities and from public officials with safety or emergency response or

planning responsibilities who indicate to the operator that they know of locations that meet the identified site criteria. These public officials could include officials on a local emergency planning commission or relevant Native American tribal officials.

ANR Pipeline Company (ANR) failed to identify and did not incorporate a High Consequence Area (HCA) into their Integrity Management Program. Specifically, ANR did not identify a high consequence area (HCA) on the Pete Dye Golf Course in West Baden Springs, Indiana until July 2016. The identified site in the Celestine Unit has been in operation since 2009.

On June 22, 2016, ANR submitted a Safety Related Condition Report in a location that was classified as a non-HCA. After the SRCR submittal, ANR realized that the SRC was in an HCA. ANR contacted PHMSA by phone to alert them to this misidentification. This coincided with a previously scheduled field visit in the area of the SRC and PHMSA inspectors included this location with the field inspection. ANR's Baseline Assessment & Reassessment Plan (BARP) from 2016 did not reflect the identified HCA. ANR indicated that the BARP would be updated to reflect the new HCA. As a result, ANR identified the issues that led to this misidentification including evaluation of the contractor's performance, reanalysis of locations on the ANR pipeline corridor, and the modification of procedures to prevent a similar event from occurring in the future.

2. §192.905 How does an operator identify a high consequence area?

(a) ...

(c) ***Newly identified areas.* When an operator has information that the area around a pipeline segment not previously identified as a high consequence area could satisfy any of the definitions in § 192.903, the operator must complete the evaluation using method (1) or (2). If the segment is determined to meet the definition as a high consequence area, it must be incorporated into the operator's baseline assessment plan as a high consequence area within one year from the date the area is identified.**

ANR failed to incorporate into its baseline assessment plan within one year from the date a segment determined to meet the definition as a high consequence area was identified. Specifically, ANR did not incorporate a newly identified HCA (MP 858 to 858.3 Mainline Loop 1-100 St. John to Bridgman – Calumet Pipeline, Indiana) into its BARP within one year from the date the area was identified.

The newly identified HCA was discovered on April 15, 2015 using Method 2, and should have been in the 2016 BARP. OPS reviewed the 2016 BARP and discovered that newly identified HCA (MP 858 to 858.3 Mainline Loop 1-100 St. John to Bridgman – Calumet Pipeline, Indiana) was not in the 2016 BARP list. In addition, TEP-US-GAS-HCA-IMP US Gas HCA Integrity Management Processes, Rev. 00, effective February 8, 2014, states in section 5.3.7: "New covered segments are included in the baseline assessment plan within one year of

identification". The February 8, 2014 procedure was in effect during the time of the newly discovered HCA.

3. §192.709 Transmission lines: Record-keeping

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

- (a) . . .
- (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 failed to retain a record of each patrol, survey, inspection and test required by subparts L and M of Part 192 for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer. Subparts L and M of Part 195 require odorization checks and overpressure protection inspections. Specifically, ANR did not maintain records for the odorization checks in the St. John, Indiana, operating area and also did not maintain records for overpressure protection at the Alliance interconnect.

ANR relies on a third party for odorization at the Crown Point interconnect on Line 1-100 at MP 861.36, which is a Class 3 location in the St. John area. ANR was unable to produce any odorization records during the field inspection to show that the line was adequately odorized. During a final meeting in October 26, 2016, ANR provided odorization records from the third party for 2013 through February 2016. However, no process was established to receive and review odorization records going forward. Additionally, ANR relies on a separate third party for overpressure protection at the Alliance interconnect. ANR was unable to provide any records for the required time period verifying the over-pressure protection device was inspected. Furthermore, it was identified that ANR does not have a process to ensure a third party's qualification and the receiving and maintaining of those records.

Proposed Civil Penalty

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 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 \$46,600 as follows:

<u>Item number</u>	<u>Penalty</u>
1	\$15,500
2	\$31,100

Proposed Compliance Order

With respect to item three (3) 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2018-1001** 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

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 (ANR) with the pipeline safety regulations:

1. In regard to Item Number 3 of the Notice pertaining to ANR's failure to maintain odorization records and inspection records of the overpressure protection device at the Alliance interconnect, ANR must identify all locations within the St. John operating area that are being odorized by a third party and document the completion of all odorization testing requirements. ANR must also document the testing and maintaining of the overpressure protection devices on ANR pipe whether performed directly by ANR personnel or performed on ANR's behalf pursuant to an agreement. ANR must maintain such documentation for the period specified in the pipeline safety regulations. Any required inspection and testing performed by another entity pursuant to an agreement must be performed by qualified personnel and copies of the records must be maintained by ANR. Alternatively, ANR may install overpressure protection device(s) at the interconnect and begin performing the necessary inspection and testing. ANR may also do the same with the odorization equipment. A plan to accomplish this Item must be submitted to PHMSA within 30 days of issuance of the Final Order for approval by the Director, Central Region. ANR must complete necessary actions as delineated in the approved plan within 60 days of the Director's approval.
2. It is requested (not mandated) that ANR 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.