

JAN 31 2011

Mr. Robert C. Skaggs, Jr.
Chief Executive Officer
NiSource Inc.
801 East 86th Avenue
3rd Floor
Merrillville, IN 46410

Re: CPF No. 4-2009-1020

Dear Mr. Skaggs:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and finds that Columbia Gulf Transmission Company has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now 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: Mr. R. M. Seeley, Director, Southwest Region, PHMSA

Mr. Chad Zamarin
Director – Integrity Management
NiSource Gas Transmission & Storage
5151 San Felipe, Suite 2500
Houston, TX 77056

Mr. Victor Gaglio
Senior Vice President of Operations
NiSource Inc.
1700 MacCorkle Avenue
Charleston, WV 25314

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7005 1160 0001 0039 9938]

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____))
In the Matter of))
))
Columbia Gulf Transmission Company,))
)) **CPF No. 4-2009-1020**
Respondent.))
_____))

FINAL ORDER

On July 7, 2008, through October 24, 2008, 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 Columbia Gulf Transmission Company (CGT or Respondent) in Delhi, Rayne, and Centerville, Louisiana. CGT, a subsidiary of NiSource, Inc., operates approximately 3,400 miles of gas transmission pipelines and 11 compressor stations in Kentucky, Louisiana, Mississippi, Tennessee, Texas, and Wyoming.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to CGT, by letter dated October 21, 2009, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that CGT had violated 49 C.F.R. §§ 192.481 and 192.605(a), and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also proposed finding that Respondent had committed another probable violation of 49 C.F.R. Part 192 and warned Respondent to take appropriate corrective action.

CGT responded to the Notice by letters dated November 24, 2009 and March 5, 2010 (collectively, Response). The company did not contest the allegations of violation but provided information concerning the corrective actions it had taken. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its Response, CGT did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

¹ SEC Form 10-K, NiSource, Inc., February 2010, at 14.

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.481(c), which states:

§ 192.481 Atmospheric corrosion control: Monitoring.

(a)

(c) If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by § 192.479.

The Notice alleged that Respondent violated 49 C.F.R. § 192.481(c) by failing to provide protection against atmospheric corrosion found during an inspection. Specifically, the Notice alleged that CGT had found atmospheric corrosion at several locations and had failed to provide protection against the corrosion, as required by § 192.479. The locations were: the Egan Measurement Station; the Exxon-Chalkley Lateral Tap; the Valve 1210-3 facility; and Compressor Station 14 – Houma, LA. In addition, the Notice alleged that CGT records from August 2006 and August 2008 indicated rust and pitting on various station piping at Compressor Station 14 and that, as of the time of the inspection, CGT had failed to protect against this corrosion.

In its Response, CGT 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. § 192.481(c) by failing to provide protection against atmospheric corrosion identified at several locations.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states:

§ 192.605 Procedural manual for operations, maintenance and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow its own manual of written procedures for conducting operations and maintenance activities. Specifically, the Notice alleged that Respondent failed to follow its written procedures for placing line markers over each buried pipeline. CGT’s *Operations Procedure, Plan No. 220.02.04, Field Services – Operations* states, in relevant part, that “[p]ermanent pipeline markers conforming to Section 3.1.1 shall be installed and maintained as close as practical over each buried pipeline. . . . It is recommended that markers be placed in the ‘line of sight’ wherever possible and practical.”²

² Pipeline Safety Violation Report, Exhibit C, at 2 (October 20, 2009) (Violation Report). See 49 C.F.R. § 192.707.

The Notice alleged that CGT failed to mark numerous pipeline locations in accordance with its procedures. Pipeline markers were missing in the following locations in Louisiana: south along the right-of-way at the road crossing at MP 33; near MP 56.4 in the Red River area north and south along ML 100 and 200; at LA SR 115 near MP 43 north along ML 100, 200, and 300; near MP 19 at LA SR 1165 in the fence line and south along ML 100 and 200; at MP2 at Third Street north along South Pecan Lake lateral; at MP 8 north along the right-of-way from the South Pecan Lake/lateral/Florence lateral tap; and north along the Paradise Line from VL TP-2 near MP 12.

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. §192.605(a) by failing to follow its own internal procedures regarding the placement of pipeline markers.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 3 in the Notice for violations of 49 C.F.R. §§ 192.481(c) and 192.605(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 192.481(c) (**Item 1**), Respondent surveyed the facilities named in the Notice and all other facilities with above-ground piping in order to identify corrosion. The company remediated corrosion at the facilities named in the Notice, as well as 19 other major sites where corrosion had been identified, and provided documentation to this effect.
2. With respect to the violation of § 192.605(a) (**Item 3**), Respondent surveyed its pipeline rights-of-way in Louisiana and, in accordance with its *Procedure 220.02.04*, installed pipeline markers at the locations named in the Notice, as well as other locations identified during the survey.

Accordingly, I find that compliance has been achieved with respect to these violations. Therefore, the compliance terms proposed in the Notice are not included in this Order.

WARNING ITEM

With respect to Item 2, the Notice alleged a probable violation of Part 192 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 192.605(a) (**Item 2**) — Respondent's alleged failure to follow its written procedures by failing to perform a review of the site-specific emergency plan for Compressor Station 10 in calendar year 2007.

CGT presented information in its Response showing that it had taken certain actions to address the cited item. Accordingly, having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that a probable violation of 49 C.F.R. § 192.605(a) (Notice Item 2) has occurred. In the event that OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

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