

JULY 26, 2013

Mr. Stanley C. Horton
President, Chief Executive Officer and Director
Gulf South Pipeline Company, LP
9 Greenway Plaza, Suite 2800
Houston TX 77046

Re: CPF No. 4-2013-1011

Dear Mr. Horton:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$16,200. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated June 7, 2013. This enforcement action 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, Regional Director for Southwest Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, 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)	
)	
Gulf South Pipeline Company, LP)	CPF No. 4-2013-1011
)	
Respondent.)	
)	

FINAL ORDER

During the dates of October 15-27, 2012, 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 inspection of the Integrity Management Program for Gulf South Pipeline Company, LP (Gulf South or Respondent) in Owensboro, Kentucky. Gulf South is an interstate natural gas transmission company which owns and operates an integrated natural gas pipeline and storage system located along the Gulf Coast in the states of Texas, Louisiana, Mississippi, Alabama and Florida.¹ As of December 31, 2012, its pipeline transmission system had a peak day delivery capacity of approximately 6.8 billion cubic feet (Bcf) per day and consisted of approximately 7,240 miles of pipeline and two natural gas storage facilities.²

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated May 20, 2013, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Gulf South had violated 49 C.F.R. § 192.933(d) and proposed assessing a civil penalty of \$16,200 for the alleged violation.

Gulf South responded to the Notice by letter dated June 10, 2013 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$16,200, as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to close the case with prejudice to Respondent.

FINDING OF VIOLATION

In its Response, Gulf South did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192.933, as follows:

¹ See <http://www.gulfsouthpl.com/AboutUsGS.aspx>, (last accessed on July 18, 2013).

² *Id.*

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.933(d), which states in relevant part:

§ 192.933(d) What actions must be taken to address integrity issues.

(d) *Special requirements for scheduling remediation* –

(1) *Immediate repair conditions.* An operator's evaluation and remediation schedule must follow ASME/ANSI B31.8S, section 7 in providing for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure in accordance with paragraph (a) of this section or shut down the pipeline until the operator completes the repair of these conditions. An operator must treat the following conditions as immediate repair conditions:

(i) A calculation of the remaining strength of the pipe shows a predicted failure pressure less than or equal to 1.1 times the maximum allowable operating pressure at the location of the anomaly. Suitable remaining strength calculation methods include, ASME/ANSI B31G; RSTRENG; or an alternative equivalent method of remaining strength calculation. These documents are incorporated by reference and available at the addresses listed in appendix A to part 192.

(ii) A dent that has any indication of metal loss, cracking or a stress riser.

(iii) An indication or anomaly that in the judgment of the person designated by the operator to evaluate the assessment results requires immediate action.

The Notice alleged that Respondent violated 49 C.F.R. § 192.933(d) by failing to immediately repair two anomalies having an indication of metal loss. Specifically, the Notice alleges that Gulf South conducted two In Line Inspections assessments of its pipeline, located at HCA 600 and HCA 1082. Reports from the assessments were provided to Gulf South on July 8, 2009, and June 27, 2011, respectively. Each report identified an anomaly described as a "deformation... w/ Possible Metal Loss," which meets the definition of an immediate repair condition per §192.933(d)(1)(ii). Gulf South's integrity manager improperly reclassified both anomalies as "not immediate repair conditions." Ultimately, the repairs for the HCA 600 anomaly were completed March 3, 2010, and the HCA 1082 anomaly was repaired on July 21, 2011. Again, pursuant to §192.933(d), the repairs should have been made immediately after they were identified.

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. § 192.933(d) by failing to immediately repair two anomalies identified to have metal loss.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$16,200 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$16,200 for Respondent's violation of 49 C.F.R. § 192.933(d), for failing to immediately repair two anomalies with an indication of metal loss. Gulf South paid the proposed penalty, which serves to close this Item with prejudice and authorizes PHMSA to make a finding of violation. Accordingly, I assess Respondent a civil penalty of \$16,200 for violation of 49 C.F.R. § 192.933(d).

In summary, having reviewed the record and considered the assessment criteria for the Item cited above, I assess Respondent a total civil penalty of **\$16,200**, which has been paid in full.

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