

August 8, 2019

Mr. Stanley Horton
Chief Executive Officer and President
Boardwalk Pipeline Partners, LP
9 Greenway Plaza, Suite 2800
Houston, Texas 77046

Re: CPF No. 4-2018-1001

Dear Mr. Horton:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Gulf South Pipeline, LP. It makes findings of violation and assesses a civil penalty of \$62,000. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated February 26, 2018. When the terms of the compliance order are completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Ms. Mary McDaniel, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. Richard Keyser, Sr. Vice President of Operations, Gulf South Pipeline, LP
Ms. Tina H. Baker, Manager, Compliance Services, Gulf South Pipeline, LP

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, LP,)
a subsidiary of Boardwalk Pipeline Partners, LP,)

Respondent.)

CPF No. 4-2018-1001

FINAL ORDER

From May 8, 2015, through September 15, 2016, pursuant to 49 U.S.C. § 60117, representatives 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 Gulf South Pipeline, LP (Gulf South or Respondent), a wholly-owned, operating subsidiary of Boardwalk Pipeline Partners, LP,¹ in Texas and Louisiana. Gulf South is an interstate natural gas system that gathers gas from basins between Texas and Alabama and delivers to on-system markets in the Northeast, Midwest, and Southeast through interconnections with third-party pipelines. The Gulf South system is composed of approximately 7,275 miles of pipeline having an average daily throughput of approximately 2.8 billion cubic feet (of natural gas) per day in 2017. Gulf South is headquartered in Houston, Texas, with a major operations office in Owensboro, Kentucky.²

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated January 31, 2018, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Gulf South had committed four violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$62,000 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning item required no further action, but warned the operator to correct the probable violation or face possible future enforcement action.

Gulf South responded to the Notice by letter dated February 26, 2018 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$62,000. In

¹ <http://www.gulfsouthpl.com/> (last accessed June 24, 2019).

² Pipeline Safety Violation Report (on file with PHMSA).

accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make findings of violation and to issue this final order without further proceedings. The company also provided information concerning the corrective actions it had agreed to complete under the proposed compliance order. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

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

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.615(b)(2), which states:

§ 192.615 Emergency plans.

- (a)
- (b) Each operator shall:
 - (2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.

The Notice alleged that Respondent violated 49 C.F.R. § 192.615(b)(2) by failing to perform training of personnel through mock drills to assure knowledge of the emergency procedures and to verify effectiveness of the training as required by *Gulf South Procedure 3010 – Event Response Plan*, dated June 1, 2016. Specifically, the Notice alleged that Gulf South failed to conduct exercises and mock drills in its Hall Summit-Sarepta, Westlake, and Goodrich Units in 2014, and its Hall Summit-Sarepta, and Goodrich Units in 2015, despite its procedure and the regulation requiring such action.

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. § 192.615(b)(2) by failing to perform training of personnel through mock drills to assure knowledge of the emergency procedures and to verify effectiveness of the training as required.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.743(a)-(b), which states:

§ 192.743 Pressure limiting and regulating stations: Capacity of relief devices.

- (a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in § 192.739(b), the capacity must be consistent with the pressure limits of § 192.201(a). This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations.
- (b) If review and calculations are used to determine if a device has

sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

The Notice alleged that Respondent violated 49 C.F.R. § 192.743(a)-(b) by failing to properly determine the capacity of pressure-relief devices to protect the facilities to which they are connected. Specifically, the Notice alleged that Gulf South's control room equipment inspection reports, which were presented as records of annual inspection of overpressure protection, failed to reflect actual or up-to-date information related to regulator and relief-valve capacities at several locations. The Notice stated that the required annual testing or reviews of capacities of regulators and overpressure protection relief devices should have revealed to the reviewers that, in some cases, capacities of regulators appeared to exceed the capacities of overpressure protective-relief devices.

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. § 192.743(a)-(b) by failing to properly determine the capacity of pressure-relief devices to protect the facilities to which they are connected.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d), which states:

§ 192.465 External corrosion control: Monitoring.

(a)

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

The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d) by failing to take prompt remedial action to remediate cathodic-protection deficiencies discovered during annual monitoring of cathodically protected facilities. Specifically, the Notice alleged that Gulf South failed to meet the established criteria for adequate cathodic protection for 2014 and 2015 on its Line 64, Magasco C.S. to Call Junction, as evidenced by pipe-to-soil measurements taken at mile pole 62.9600, and pipe-to-soil measurements taken at mile pole 63.9010, which failed to meet adequate cathodic-protection levels for 2014, 2015, and 2016.

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. § 192.465(d) by failing to take prompt remedial action to remediate cathodic-protection deficiencies discovered during annual monitoring of cathodically protected facilities.

These findings of violation will be considered prior offenses 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.³ 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; 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 \$62,000 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$29,600 for Respondent's violation of 49 C.F.R. § 192.615(b)(2), for failing to perform training of personnel through mock drills to assure knowledge of the emergency procedures and to verify effectiveness of the training as required by *Gulf South Procedure 3010 – Event Response Plan*. Gulf South neither contested the allegation nor presented any evidence or argument justifying a reduction or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$29,600 for violation of 49 C.F.R. § 192.615(b)(2).

Item 4: The Notice proposed a civil penalty of \$32,400 for Respondent's violation of 49 C.F.R. § 192.465(d), for failing to take prompt action to remediate cathodic-protection deficiencies discovered during annual monitoring of cathodically protected facilities. Gulf South neither contested the allegation nor presented any evidence or argument justifying a reduction or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$32,400 for violation of 49 C.F.R. § 192.465(d).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$62,000**, which amount was paid in full by wire transfer on February 26, 2018.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 3 in the Notice for a violation of 49 C.F.R. § 192.743(a)-(b). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its

³ These amounts are adjusted annually for inflation. See 49 C.F.R. § 190.223; Revisions to Civil Penalty Amounts, 83 Fed. Reg. 60732, 60744 (Nov. 27, 2018).

operations:

1. With respect to the violation of § 192.743(a)-(b) (**Item 3**), Respondent must:
 - a. Conduct a review of pressure-reduction and relief-device capacities to ensure adequate overpressure protection capacities are in place to maintain downstream operating pressures within the maximum allowable operating pressure limits and provide training to individuals responsible for the annual reviews required by § 192.743.
 - b. Provide documentation of the reviews of pressure reduction and overpressure protection capacities performed. Also provide the names and dates of when the training was completed for individuals who would be performing the annual reviews required by § 192.743.
2. Gulf South shall complete the items required by this Compliance Order within 120 days after receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested (not mandated) that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEM

With respect to Item 2, the Notice alleged probable violations 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) and 192.615(b)(3) (**Item 2**) — Respondent's alleged failure to perform a review of employee activities following an emergency situation to determine whether emergency procedures were effectively followed as required by *Gulf South Procedure 3010 – Event Response Plan*.

If OPS finds a violation of these provisions in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

August 8, 2019

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued