



U.S. Department of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

DEC 17 2009

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

Mr. Victor Gaglio
Senior Vice President of Operations
Columbia Gas Transmission, LLC
1700 MacCorkle Avenue, S.E.
P.O. Box 1273
Charleston, WV 25325

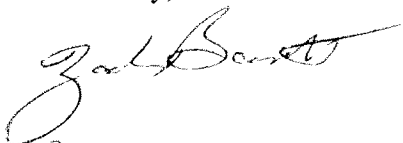
Re: CPF No. 1-2007-1004

Dear Mr. Gaglio:

Enclosed is the Final Order issued in the above-referenced case. It makes certain findings of violation and assesses a reduced civil penalty of \$90,000. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon receipt of payment. Your receipt of the Final Order constitutes service of that document 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. Byron Coy, Director, OPS Eastern Region

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7005 0390 0005 6162 5159]

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

In the Matter of

**Columbia Gas Transmission, LLC,
formerly Columbia Gas Transmission
Corporation,**

Respondent.

CPF No. 1-2007-1004

FINAL ORDER

Between May 23, 2005, and August 22, 2005, pursuant to 49 U.S.C. § 60117, a representative of the West Virginia Public Service Commission (WVPSC), as agent for 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 Gas Transmission, LLC (Columbia or Respondent) in its West Virginia operating areas.¹ Columbia is owned by NiSource, Inc., an energy company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. Respondent transports natural gas through a pipeline system consisting of more than 12,000 miles in 10 states.

As a result of the inspection, the Director, Eastern Region, OPS, issued to Respondent, by letter dated April 5, 2007, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed certain violations of 49 C.F.R. Part 192 and assessing a civil penalty of \$126,000 for the alleged violations. The Notice also proposed finding that Columbia had committed certain other probable violations of 49 C.F.R. Part 192 and warning Respondent to take appropriate corrective action or be subject to future enforcement action.

Respondent responded to the Notice by letter dated May 1, 2007 (Response). Columbia contested one of the allegations of violation and requested that the proposed civil penalty be reduced. Respondent did not request a hearing and therefore has waived its right to one.

¹ Columbia converted from a corporation to a limited liability company, changing its name to Columbia Gas Transmission, LLC, effective December 9, 2008.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 192 as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.709(c), which states:

§ 192.709 Transmission lines: Record keeping.

Each operator shall maintain the following records for transmission lines 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.

The Notice alleged that Respondent violated 49 C.F.R. § 192.709(c) by failing to maintain records of each patrol, survey, inspection, or test required under Subparts L and M of 49 C.F.R. Part 192 for at least five years or until the next survey, patrol, survey, inspection or test, whichever is longer. Specifically, it alleged that Columbia failed to maintain records for inspections occurring in the 2004 calendar year for valve numbers 1266343 and 1266346 on line BM-74. Respondent was required to retain all inspection records for a period of five years or until the next survey was completed. In a letter dated November 4, 2005, Respondent acknowledged the lack of available records for these valves during the 2004 calendar year.² Accordingly, I find that Respondent violated 49 C.F.R. § 192.709(c) by failing to maintain the record of each patrol, survey, inspection or test required under Subparts L and M of Part 192 for at least five years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.731(b), which states:

§ 192.731 Compressor stations: Inspection and testing of relief devices.

(a) Except for rupture discs, each pressure relieving device in a compressor station must be inspected and tested in accordance with §§ 192.739 and 192.743, and must be operated periodically to determine that it opens at the correct set pressure.

(b) Any defective or inadequate equipment found must be promptly repaired or replaced....

The Notice alleged that the Respondent violated § 192.731(b) by failing to promptly replace inadequate or defective equipment at compressor stations. Specifically, it alleged that at the time of the WVPSC inspection, the relief valve at the Ceredo Compressor Station in Wayne County, West Virginia, did not have covers. Without proper covers, liquids or materials could accumulate on the relief valve, adversely affecting the operation of the pipeline. Columbia should have noted this defect in equipment and promptly replaced the covers pursuant to

² See Pipeline Safety Violation Report (Violation Report), March 27, 2007, Exhibit A.

§ 192.731(b). During the inspection, Columbia agreed to install temporary covers until a more permanent solution could be achieved.³ However, the pipeline safety regulations require that Respondent must replace missing covers promptly. Accordingly, I find that Respondent violated 49 C.F.R. §192.731(b) by failing to replace promptly the defective or inadequate equipment at its Ceredo Compressor Station.

Item 7: The Notice alleged that Respondent violated 49 C.F.R. § 192.603(b), which states:

§ 192.603 General provisions.

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

The Notice alleged that the Respondent violated § 192.603(b) by failing to keep records necessary to administer the procedures established under § 192.605.⁴ Specifically, it alleged that Columbia failed to produce records for the 2002 and 2003 calendar years confirming inspections of the fuel gas relief valve at the Grant Compressor Station. Columbia must retain such records in order to demonstrate that it has verified the relief valve capacity. Respondent acknowledged the lack of available records for calendar years 2002 and 2003.⁵ Accordingly, I find that Respondent violated 49 C.F.R. §192.603(b) by failing to keep records necessary to administer the procedures established under §192.605.

Item 8: 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 the Respondent violated § 192.481(c) by failing to provide protection against atmospheric corrosion, as required under § 192.479. Specifically, it alleged that Columbia failed to clean and coat portions of the RM-1108 line after discovering that atmospheric corrosion had occurred.⁶ Respondent became aware of atmospheric corrosion on line RM-1108 in November 2003, as documented by the 2002 Maximo report. Columbia experienced four corrosion-related leaks on this line between January 2002 and December 2003.⁷

³ *Violation Report*, Exhibit A.

⁴ 49 C.F.R. § 192.605 requires each operator to maintain and follow written procedures for operation, maintenance, and emergency response activities.

⁵ *Violation Report*, Exhibit A.

⁶ 49 C.F.R § 192.479 sets forth the requirements for coating and cleaning pipelines to prevent atmospheric corrosion.

⁷ *Violation Report*, at 13.

However, Respondent failed to take prompt action to address this matter. As of the date of the August 2005 inspection, Columbia still had not remediated the line.⁸ In a letter dated November 4, 2005, Columbia acknowledged the existence of atmospheric corrosion on this line and stated that remediation activities were scheduled for 2006.⁹ Accordingly, I find that Respondent violated 49 C.F.R. §192.481(c) by failing to provide protection against atmospheric corrosion, as required by § 192.479.

Item 10: The Notice alleged that Respondent violated 49 C.F.R. § 192.465 which states, in relevant part:

§ 192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463....

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

The Notice alleged that Respondent failed to take prompt remedial action to correct deficiencies in the cathodic protection on its pipeline that had been identified through periodic testing. Specifically, it alleged that the company failed to undertake remedial work to correct the pipeline electrical potential levels for test stations 103 +19 and 74 +20 on Line 8241. Each pipeline must have sufficient electrical potential measured by readings taken at test stations to determine the adequacy of cathodic protection.¹⁰ Respondent was aware that readings taken at these two particular test stations were below the minimum cathodic protection standard. However, Respondent neither took prompt action to correct this issue nor presented any explanation for its failure to do so. Accordingly, I find that Respondent violated 49 C.F.R. §192.465(d) by failing to take prompt remedial action to correct cathodic protection deficiencies.

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

WITHDRAWAL OF ALLEGATION

Item 9: The Notice alleged that Respondent violated 49 C.F.R. § 192.739 which states, in relevant part:

§ 192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected

⁸ *Id.*

⁹ *Violation Report*, Exhibit A.

¹⁰ 49 C.F.R. § 192.469.

at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is-

- (1) In good mechanical condition;
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed....

The Notice alleged that Respondent failed to inspect each pressure limiting station, relief device, and pressure regulating station and its equipment at intervals not exceeding 15 months, but at least once each calendar year. Specifically, it alleged that Columbia could not document that it had inspected regulator station RS-6821 on Line 18044 in Rowlesburg, Preston County, between 2002 and 2005. In its Response, Columbia contested this allegation and produced inspection reports from 2002 and 2003 for this regulator station, as well as the Maximo records for 2002-2005. These records confirm that Columbia performed the annual inspections required under 49 C.F.R. § 192.739. Accordingly, upon reviewing these records, I find that the Respondent did perform the required inspections for calendar years 2002 to 2005 and therefore the allegation of violation of 49 C.F.R. § 192.739 is hereby withdrawn.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 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; the Respondent's ability to pay the penalty 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 \$126,000 for the violations.

With respect to Item 1, the Notice proposed a penalty of \$11,000 for Respondent's violation of 49 C.F.R. § 192.709(c), for failing to retain valve inspection records for the 2004 calendar year. Pipeline operators are required to conduct routine patrols and leakage surveys in order to confirm the condition of their lines. Without these records, the public cannot be assured that an operator has conducted the required tests to determine whether the valves are functioning properly. If these inspections are not performed, a valve could be inoperable during an emergency and thereby allow the release of product into the environment. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$11,000 for violating 49 C.F.R. § 192.709(c).

With respect to Item 4, the Notice proposed a penalty of \$18,000 for Respondent's violation of 49 C.F.R. § 192.731, for failing to take prompt action to replace missing relief valve covers. Relief valves are particularly important to pipeline safety since they reduce the internal pressure

of the pipeline. Without adequate equipment to cover each valve, liquids or materials could accumulate on the valve, thereby inhibiting its proper operation. This maintenance oversight could lead to a potential malfunction of the pipeline. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$18,000 for violating 49 C.F.R. § 192.731.

With respect to Item 7, the Notice proposed a penalty of \$20,000 for Respondent's violation of 49 C.F.R. § 192.603(b), for failing to produce 2002 and 2003 inspection records for the fuel gas relief valve at the Grant Compressor Station. By failing to produce inspection records, Respondent was unable to demonstrate that the fuel gas relief valve was properly inspected and maintained. A properly functioning relief valve is paramount to pipeline safety. This particular relief valve is a "first cut regulator," which is responsible for the principal reduction of gas flow in a pipeline. An inoperable relief valve, particularly a first cut regulator, could lead to a pipeline failure and ultimately a release of product into the environment. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$20,000 for violating 49 C.F.R. § 192.603(b).

With respect to Item 8, the Notice proposed a penalty of \$25,000 for Respondent's violation of 49 C.F.R. § 192.481(c), for failing to provide protection against atmospheric corrosion after it had been discovered. Columbia repaired four corrosion-related leaks on this pipeline between January 2002 and December 2003, demonstrating that the line was susceptible to corrosion. Columbia discovered additional atmospheric corrosion on the line in 2003, yet failed to promptly clean and coat the affected portion. As of the date of the 2005 inspection, Columbia still had not cleaned and coated the line. Corrosion, both external and internal, is one of the conditions most threatening to the integrity of pipelines, and which, if left uncorrected, can result in the rupture of the pipeline. Respondent's failure to take prompt action in this case placed the safety of the public and the pipeline at risk. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,000 for violating 49 C.F.R. § 192.481(c).

With respect to Item 10, the Notice proposed a penalty of \$16,000 for Respondent's violation of 49 C.F.R. § 192.465(d), for failing to take prompt remedial action to correct deficiencies in the level of pipeline electrical potential at two test stations. Pipeline electrical potential is an important component in maintaining effective cathodic protection and reducing the risk of corrosion. By failing to promptly correct the electrical potential levels at these test stations, Columbia permitted an increased risk of external corrosion, which could potentially lead to a pipeline failure. Respondent's inaction placed the safety of the pipeline operation and the public at risk. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$16,000 for violation of 49 C.F.R. § 192.465(d).

As noted above, I have withdrawn Item 9 of the Notice, including the proposed penalty of \$36,000.

In summary, having reviewed the entire record and the penalty assessment criteria for all of the Items discussed above, I assess a total civil penalty of **\$90,000**. Payment of the \$90,000 civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications

System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-341), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$90,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

WARNING ITEMS

With respect to Items 2, 3, 5 and 6, the Notice alleged probable violations of 49 CFR Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings are for the following:

49 C.F.R. § 192.605(a) (**Notice Item 2**) — Respondent's alleged failure to perform leak detection surveys on Line PL-BKY in the area of Rt. 52 at the required intervals, between December 30, 2002, and August 29, 2003;

49 C.F.R. § 192.739(a) (**Notice Item 3**) — Respondent's alleged failure to inspect a pressure limiting switch (equipment No. 501439) at the Kenova Compressor Station within the maximum 15-month interval;

49 C.F.R. § 192.163(e) (**Notice Item 5**) — Respondent's alleged failure to install electrical (boundary) seals at the Ceredo Compressor Station to prevent potential ignition; and

49 C.F.R. § 192.163(d) (**Notice Item 6**) — Respondent's alleged failure to maintain proper exit gates within the fenced area around the Grant Compressor Station.

Respondent acknowledged these probable violations in its letters dated November 5, 2005, and September 30, 2005.¹¹

I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. § 192.605(a) (Notice Item 2), 49 C.F.R. § 192.739(a) (Notice Item 3), 49 C.F.R. § 192.163(e) (Notice Item 5), and 49 C.F.R. § 192.163(d) (Notice Item 6) have occurred and Respondent is hereby advised to correct such conditions. In the event that OPS finds a violation for any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

¹¹ Violation Report, Exhibit A.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. However if Respondent submits payment for the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived. The terms and conditions of this Final Order shall be effective upon receipt.

Acting for


Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

12/17/09

Date Issued