



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

409 3rd Street, SW, Suite 300
Washington, DC 20024

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 22, 2007

John F. Haran
Sr. Vice President
KeySpan LNG, L.P.
Asset Management and Chief Engineering Officer
One Metrotech Center
Brooklyn, New York 11201

CPF 1-2007-3006

Dear Mr. Haran:

During October 2006 and December 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your liquefied natural gas plant in Providence, Rhode Island.

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. The items inspected and the probable violations are:

1. §193.2605 Maintenance procedures.

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedure must include:

- (1) The details of the inspections or tests determined under paragraph (a) of this section and their frequency of performance; and**
- (2) A description of other actions necessary to maintain the LNG plant according to the requirements of this subpart.**

KeySpan failed to follow their operations and maintenance procedures. KeySpan has written procedures (LIM 7.6 Water Glycol System) to follow in the protection of the water/glycol system from internal corrosion. The procedure requires that a maintenance plan shall be prepared and executed based on the results of an inspection report. Part of that maintenance plan includes addressing the laboratory results and recommendations for glycol samples sent to the supplier or other laboratory for analysis. KeySpan failed to prepare that maintenance plan, and delayed adding inhibitor to KeySpan's water glycol system as recommended by laboratory analysis. KeySpan sent samples to the laboratory on June 10, 2005. In a letter, dated September 2, 2005, Ashland Specialty Chemical (Ashland) recommended the addition of one drum of Drewgard 2808 (inhibitor) or equivalent to its gas reheat glycol system at some point in the next year. KeySpan failed to add the inhibitor. On March 24, 2006, another water sample was collected and sent to Ashland. Ashland responded in a June 2, 2006 letter with the same recommendation that the inhibitor be added at some point in the next year. It was not until October 17, 2006 that the operator added the chemicals to the glycol system. The duration of the violation was 1 month and 15 days, given the maximum exterior limit of one year from the September 2, 2005 letter.

During the inspection, the following evidence was gathered:

1. Procedure LIM 7.6 Water Glycol System;
2. Ashland letter, dated September 2, 2005;
3. Ashland letter, dated June 2, 2006;
4. Extract from Plant Log Book, October 17, 2006, showing the chemical addition.

2. § 193.2711 Personnel health.

Each operator shall follow a written plan to verify that personnel assigned operating, maintenance, security, or fire protection duties at the LNG plant do not have any physical condition that would impair performance of their assigned duties. The plan must be designed to detect both readily observable disorders, such as physical handicaps or injury, and conditions requiring professional examination for discovery.

The section requires the operator to follow a written plan to verify that personnel assigned operating, maintenance, security, or fire protection duties at the LNG plant do not have any physical condition that would impair performance of their assigned duties. KeySpan has a written plan requiring all relevant personnel to pass a biennial physical from the date of employment, and any bidder to a regular position at the plant will be required to pass a physical examination before being offered the job. On October 6, 2006, KeySpan contracted Reliable Security to take over the security duties of the LNG plant in lieu of the plant personnel. Reliable personnel did not receive pre-employment physicals, nor had they been given physicals through the completion of the PHMSA inspection on December 19, 2006. KeySpan conducted physicals on the Reliable Security staff during January, completing the function on January 19, 2007.

During the inspection, the following evidence was gathered:

1. Operator list of 17 Reliable Security Employees assigned to KeySpan LNG, Providence.
2. KeySpan LNG Personnel Health procedures (Plant Facility Response Plan, Sec. 6.5).
3. Operator records documenting that individuals were administered physicals on January 11 and 19, 2007.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$55,000 as follows:

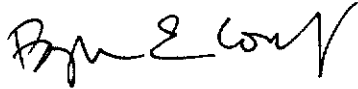
<u>Item number</u>	<u>PENALTY</u>
1	\$14,000
2	\$41,000

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. Be advised that all material you submit in response to this enforcement action is subject to being 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). 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.

In your correspondence on this matter, please refer to **CPF 1-2007-3006** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Byron Coy", with a stylized flourish at the end.

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*