

OCTOBER 26, 2012

Mr. Larry Hjalmarson
Vice President Safety, Environment & Integrity
Transcontinental Gas Pipe Line Company, LLC
2800 Post Oak Blvd
Houston, TX 77056

Re: CPF No. 1-2012-3002

Dear Mr. Hjalmarson:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$74,300, and specifies actions that need to be taken by Transcontinental Gas Pipe Line Company, LLC, to comply with the pipeline safety regulations. This letter acknowledges receipt of payment of the full penalty amount, by wire transfer, dated July 3, 2012. When the terms of the compliance order have been completed, as determined by the Director, Eastern Region, this enforcement action will be 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. Byron Coy, Director, Eastern Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Mr. Alan S. Armstrong, President, The Williams Companies, Inc., 2800 Post Oak Blvd,
Houston, TX 77056
Ms. Marie G. Sotak, Manager, Pipeline Safety, Transcontinental Gas Pipe Line
Company, LLC

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	)	
	)	
Transcontinental Gas Pipe Line	)	CPF No. 1-2012-3002
Company, LLC,	)	
	)	
Respondent.	)	
	)	

FINAL ORDER

During the week of December 6, 2010, 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 Transcontinental Gas Pipeline Company, LLC (Transco or Respondent), a subsidiary of The Williams Companies, Inc., at its liquefied natural gas (LNG) facility in Carlstadt, New Jersey. The Carlstadt facility is part of the Transco Pipeline, which transports natural gas through a 10,200-mile pipeline system extending from South Texas to New York City.¹

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Williams Gas Pipeline - Transco, by letter dated June 11, 2012, 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 Transco had committed various violations of 49 C.F.R. Part 193, proposed assessing a civil penalty of \$74,300 for the alleged violations, and 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 enforcement action.

Transco responded to the Notice by letter dated September 5, 2012 (Response). The company did not contest the allegations of violation or the proposed compliance order and paid the proposed civil penalty of \$74,300, as provided in 49 C.F.R. § 190.227. The company also provided information concerning the corrective actions it had taken and submitted copies of its revised procedures. Payment of the penalty serves to close the penalty Items with prejudice to Respondent.

¹ See <http://co.williams.com/williams/operations/gas-pipeline/transco/> (last accessed September 27, 2012).

FINDINGS OF VIOLATION

In its Response, Transco did not contest the allegations in the Notice that it violated 49 C.F.R. Part 193, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 193.2801, which states, in relevant part:

§ 193.2801 Fire protection.

Each operator must provide and maintain fire protection at LNG plants according to sections 9.1 through 9.7 and section 9.9 of [National Fire Protection Association (NFPA) Standard] 59A (incorporated by reference, *see* § 193.2013). . . .

The Notice alleged that Respondent violated 49 C.F.R. § 193.2801 by failing to provide and maintain fire protection at its LNG facility at Carlstadt, New Jersey (Facility), in accordance with sections 9.1 through 9.7 and 9.9 of NFPA 59A. Specifically, the Notice alleged that Transco used methane gas at a concentration of 50% of the lower explosive limit when calibrating its propane and ethylene gas detectors at the Facility, resulting in improperly calibrated detectors and alarm systems. As a result, Transco allegedly could not demonstrate that the Facility maintained fire protection in accordance with NFPA 59A section 9.3.2, which states that “[f]lammable gas detection systems shall activate an audible and visual alarm at not more than 25 percent of the lower flammable limit of the gas or vapor being monitored.”

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. § 193.2801 by failing to provide and maintain fire protection in accordance with sections 9.1 through 9.7 and 9.9 of NFPA 59A.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 193.2635(d), which states:

§ 193.2635 Monitoring corrosion control.

Corrosion protection provided as required by this subpart must be periodically monitored to give early recognition of ineffective corrosion protection, including the following, as applicable:

(a) . . .

(d) Each component that is protected from atmospheric corrosion must be inspected at intervals not exceeding 3 years.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2365(d) by failing to inspect each component protected from atmospheric corrosion at intervals not exceeding 3 years. Specifically, the Notice alleged that Transco failed to remove insulation on its carbon steel pipeline during atmospheric corrosion surveys, thereby preventing its staff from performing visual inspections of all pipe surfaces that were protected from atmospheric corrosion.

Respondent did not contest this allegation of violation but provided a copy of its new “Atmospheric Corrosion Control (LNG)” procedure and stated that it had begun a full plant

atmospheric corrosion survey in accordance with the revised procedure and the proposed Compliance Order.² Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2635(d) by failing to inspect each component protected from atmospheric corrosion at intervals not exceeding 3 years.

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 \$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 \$74,300 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$25,900 for Respondent's violation of 49 C.F.R. § 193.2801, for failing to provide and maintain fire protection in accordance with sections 9.1 through 9.7 and 9.9 of NFPA 59A. Transco paid the proposed penalty, which serves to close this Item with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,900 for violation of 49 C.F.R. § 193.2801.

Item 2: The Notice proposed a civil penalty of \$48,400 for Respondent's violation of 49 C.F.R. § 193.2365(d) for failing to inspect each component protected from atmospheric corrosion at intervals not exceeding 3 years. Transco paid the proposed penalty, which serves to close this Item with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$48,400 for violation of 49 C.F.R. § 193.2365(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 **\$74,300**, which has already been paid by Respondent.

² Response at 1.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 2 in the Notice for violation of 49 C.F.R. § 193.2635. 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. 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 operations:

1. With respect to the violation of § 193.2635(d) (**Item 2**), Respondent must:
 - a. Rewrite its operations and maintenance procedures to provide more detail and guidance to the corrosion technicians responsible for atmospheric corrosion surveys at the Carlstadt LNG Facility. The revision must require a listing of the insulated piping sections and other insulated components subject to § 193.2625 within the Facility. Transco must develop a methodology to examine each identified insulated item to reliably categorize its corrosion status in accordance with the requirements of § 193.2635(d). This item must be completed within 90 days of receipt of the Final Order.
 - b. Conduct a full plant atmospheric corrosion survey in accordance with the revised procedures within 15 months after receipt of the Final Order.
2. PHMSA requests that Transco maintain documentation of the safety improvement and compliance costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. 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 physical changes to the pipeline infrastructure.

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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$100,000 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

The Notice alleged a probable violation of Part 193 but did not propose a civil penalty or compliance order. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 193.2503 — Respondent's alleged failure to follow its written procedures providing for safety in normal operation. Specifically, the Notice alleged that Transco failed to document its fire drills, which are required by 49 C.F.R. § 193.2717, and as required by Transco's Procedure Manual, Appendix H, Section D.2.

If OPS finds a violation of this item 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