



U.S. Department
Of Transportation
Pipeline and
Hazardous Materials
Safety Administration

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

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

UPS OVERNIGHT DELIVERY

January 8, 2013

Mr. Theopolis Holeman
Texas Eastern Transmission LP
Group VP, US Operations & Services
5400 Westheimer Court
Houston, TX 77056

CPF 1-2013-1001

Dear Mr. Holeman.:

During the week of August 22, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Texas Eastern Transmission Company's (TETCO) transmission system in Armagh/Lilly area of Pennsylvania.

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 violation(s) are:

- 1. 192.605 Procedural manual for operations, maintenance, and emergency response.**
 - (a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.**

TETCO failed to follow its procedures for monitoring atmospheric corrosion for acoustically insulated pipe to satisfy §192.481(a). The operator's procedure 2-5020, Atmospheric Pipe Inspection, page 1, states that operator personnel shall give particular attention to piping under acoustic or thermal insulation. The insulated piping is located at the Armagh and Lilly compressor stations where some piping has been covered with noise suppression insulation since 2007, and it has not been removed nor are there inspection ports installed (recommended per the operators procedures) to permit inspection of the pipe.

The probable violation is based upon a review of TETCO's Atmospheric Corrosion Procedures, Proc. 2_5020; TETCO's atmospheric corrosion records for Armagh and Lilly compressor stations from 2007 to present; and photos of the facilities at the Armagh and Lilly compressor stations. TETCO admitted to its failure to inspect for atmospheric corrosion on the piping under the acoustic insulation.

2. §192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

TETCO failed to partially operate eleven transmission line valves during valve inspections that might be required during any emergency. The probable violation is based upon a review of Valve Maintenance Records for the period 2007 to 2010 and discussions with the operator during the inspection related to the identification of emergency valves.

After the inspection the operator stated that it had been ultra-conservative in its classification of emergency valves. In a reclassification after the inspection, 6 of the 11 valves described in this violation, were reclassified to non-emergency valves.

3. §192.465 External corrosion control: Monitoring.

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

TETCO failed to take prompt remedial action to correct a deficiency indicated by their cathodic protection (CP) monitoring. In 2008, the operator recorded a low pipe to soil reading in the compressor room of the Lilly Compressor Station. The test station is on a valve emerging from the ground, designated as test point 34. For the period beginning July 14, 2008 (date of the first low CP reading), there was no action taken by the operator to remediate the low voltage readings in its annual pipe to-soil tests until an acceptable test reading was obtained on August 8, 2011.

The PHMSA inspector reviewed annual pipe-to-soil test readings from 2008 to 2011. The records showed that TETCO had not initiated any remedial action for approximately 3 years after the initial low reading was discovered on July 14, 2008, despite its procedures which require remedial action to be initiated prior to the next scheduled survey which was on July 27, 2009. During this 3 year period, an acceptable CP reading was recorded in 2010, followed by a low CP reading in 2011. However, there is no record of remedial action contributing to an acceptable CP reading in 2010. The only remedial action record available was dated August 8, 2012.

The probable violation is based upon TETCO's external corrosion pipe-to-soil readings, TETCO Corrosion Procedure 2_2180; and a review of TETCO's Remedial Action Reports.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 3, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. 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 \$ 95,500 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 12,500
2	\$ 49,300
3	\$ 33,700

Proposed Compliance Order

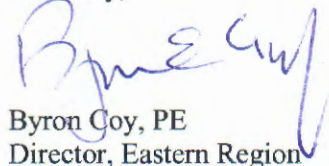
With respect to item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to TETCO. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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.

Please submit all correspondence in this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2013-1001** on each document you submit, and please whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,



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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Texas Eastern Transmission Company (TETCO), a Compliance Order incorporating the following remedial requirements to ensure the compliance of TETCO with the pipeline safety regulations:

1. With respect to Item Number 1 of the Notice pertaining to TETCO's failure to monitor acoustically insulated piping for atmospheric corrosion at the Armagh and Lilly compressor stations, TETCO shall perform an atmospheric corrosion inspection of a representative sampling of the insulated piping at both the Armagh and Lilly compressor stations to determine the condition of the pipe beneath the insulation.
2. TETCO must provide documentation of completion of the above compliance item to the Director within 90 days of receipt of the Final Order.
3. It is requested (not mandated) that TETCO maintain documentation of the safety improvement 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 changes to pipeline infrastructure.