



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Avenue SE
Washington DC 20590

JUN 19 2019

Mr. Alan S. Armstrong
President and Chief Executive Officer
Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172

Re: CPF No. 1-2018-1005

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$718,700. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated December 12, 2018. When the terms of the compliance order are completed, as determined by the Director, Eastern 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: Mr. Robert Burrough, Director, Eastern Region, Office of Pipeline Safety, PHMSA
Mr. Clint Ratke, Manager – Pipeline Safety, Williams – Transcontinental Gas Pipeline
Company, 2800 Post Oak Blvd, Houston, Texas 77056

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 Company, LLC,
a subsidiary of The Williams Companies, Inc.**

Respondent.

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) **CPF No. 1-2018-1005**
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FINAL ORDER

From December 13 through 15, 2016, 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 investigation of an incident that occurred on November 24, 2015 (2015 Incident)¹, and a failure that occurred on December 12, 2016 (2016 Failure)², at Transcontinental Gas Pipe Line Company's (Transco or Respondent) compressor station 535 in Austin, Potter County, Pennsylvania (Station 535). Transco is a subsidiary of The Williams Companies, Inc.³ Transco is a natural gas transmission operator with natural gas storage facilities, and approximately 10,000 miles of interstate transmission pipeline extending from South Texas to New York City.⁴

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated November 16, 2018, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Transco had violated 49 C.F.R. §§ 192.475(a) and 192.605(a), and proposed assessing a civil penalty of \$718,700 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

Transco responded to the Notice by letter dated December 14, 2018 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$718,700. In 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.

¹ See Notice, at 2 (describing the 2015 Incident).

² See *id* (describing the 2016 Failure).

³ <https://co.williams.com/operations/atlantic-gulf-operating-area/transco/> (last visited on May 14, 2019)

⁴ *Id*.

FINDINGS OF VIOLATION

In its Response, Transco 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. § 192.475(a), which states:

§ 192.475 Internal corrosion control: General.

(a) Corrosive gas may not be transported by pipeline, unless the corrosive effect of the gas on the pipeline has been investigated and steps have been taken to minimize internal corrosion.

The Notice alleged that Respondent violated 49 C.F.R. § 192.475(a) by transporting corrosive gas by pipeline without investigating the possibility of corrosive effect of the gas on its pipeline and taking steps to minimize internal corrosion. Specifically, the Notice alleged that Transco failed to investigate the corrosive effects of the natural gas withdrawn from the Wharton Storage Field on its Station 535 and failed to take steps to minimize internal corrosion.

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. § 192.475(a) by failing to investigate the corrosive effects of the natural gas withdrawn from the Wharton Storage Field on its Station 535 and failing to take steps to minimize internal corrosion.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states:

§ 192.605 Procedural manual for operations, maintenance, and emergencies.

(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.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow its manual of written procedures for conducting normal operations and maintenance activities. Specifically, the Notice alleged that Transco failed to follow its procedures for taking appropriate steps within one year of the date of the 2015 Incident to minimize internal corrosion when internal corrosion is found in its pipeline system, in accordance with § 192.475(b)(3).

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. § 192.605(a) by failing to follow its manual of written procedures for conducting normal operations and maintenance activities.

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.⁵ 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 \$718,700 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$276,400 for Respondent's violation of 49 C.F.R. § 192.475(a), for failing to investigate the corrosive effects of the natural gas withdrawn from the Wharton Storage Field on its Station 535 and failing to take steps to minimize internal corrosion. Transco neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty.

Item 2: The Notice proposed a civil penalty of \$442,300 for Respondent's violation of 49 C.F.R. § 192.605(a), for failing to follow its manual of written procedures for conducting normal operations and maintenance activities. Transco neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty.

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 **\$718,700**, which amount was paid in full by wire transfer on December 12, 2018.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for a violation of 49 C.F.R. § 192.475(a). 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

⁵ 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).

ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 192.475(a) (**Item 1**), Respondent must:
 - a. Investigate the corrosive effects of gas on all compressor stations and piping associated with storage field operations within 90 days of receipt of the Final Order.
 - b. Based on the results of the investigations conducted pursuant to Item 1(a) of this Compliance Order, Transco must determine what steps, if any, are necessary to minimize internal corrosion on the pipelines between the compressor station and the storage caverns or storage field piping, within 120 days of receipt of the Final Order. These steps could include, but are not limited to, developing site specific internal corrosion programs for minimizing and monitoring of internal corrosion.
 - c. Implement the steps determined to be necessary pursuant to Item 1(b) of this Compliance Order within 180 days of receipt of the Final Order.
2. Transco must submit to PHMSA documentation demonstrating the completion of the Items outlined above within 210 days of 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.

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



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

JUN 19 2019

Date Issued