

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

VIA ELECTRONIC MAIL TO: stanley_chapman_III@tcenergy.com

July 28, 2023

Mr. Stanley Chapman III
President and Chief Executive Officer
Columbia Gas Transmission, LLC
700 Louisiana Street
Houston, Texas 77002

CPF 1-2023-043-NOPV

Dear Mr. Chapman:

On November 14, 2008, pursuant to 49 United States Code (U.S.C.) § 60118(c) and 49 Code of Federal Regulations (CFR) § 190.341, Columbia Gas Transmission LLC (TCO) filed a special permit request with the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), for a waiver from certain provisions of 49 CFR § 192.611. PHMSA issues special permits to pipeline operators if the agency determines that a waiver of a particular regulation or standard is not inconsistent with pipeline safety. On April 13, 2010, PHMSA issued an order granting TCO a special permit with certain conditions and limitations (Order)^{1,2}.

From November 2, 2021, through July 22, 2022, representatives of PHMSA pursuant to Chapter 601 of 49 U.S.C. inspected TCO's procedures and records associated with pipeline inspection systems IS 1750, IS 1753 and IS 15900, covering Pennsylvania (PA), West Virginia (WV) and Kentucky (KY) respectively. The specialized inspection focused primarily on the Natural Gas Integrity rule of 2019.

As a result of the inspection, it is alleged that TCO committed probable violations of the Pipeline Safety Regulations, Title 49 CFR and the Order. As stated in § 190.203(f), when information

¹ See PHMSA-2008-0331

² PHMSA renewed the special permit on September 1, 2015, and March 31, 2022, with amendments modifying the special permit segment definitions, special permit conditions, and special permit limitations.

obtained from an inspection indicates that further OPS action is warranted, OPS may initiate one or more enforcement proceedings prescribed in §§ 190.207 through 190.235. The items inspected and the probable violations are:

1. PHMSA-2008-0331 - - Condition 20.

- *Anomaly Investigation, Evaluation, and Repair:*

a) ...

e) Response Time for ILI Results: The following guidelines provide the required timing for excavation, investigation, and remediation of anomalies based on ILI data results in accordance with §§ 192.485 and 192.933, and incorporate appropriate class location design factors in the anomaly repair criteria for *special permit segments* and *special permit inspection area* including all HCAs. Reassessment by ILI will reset the timing for anomalies not already investigated and/or repaired. CGTC must evaluate ILI data by using either the ASME Standard B31G, "*Manual for Determining the Remaining Strength of Corroded Pipelines*" (ASME B31G), the modified B31G (0.85dL) or R-STRENG for calculating the predicted FPR to determine anomaly responses.

...

• Special permit inspection areas:

- Immediate response: Any anomaly within a *special permit inspection area* operating up to 72% SMYS that meets either: (1) an FPR equal to or less than 1.1; (2) an anomaly depth equal to or greater than 80% wall thickness loss.

...

TCO failed to follow the requirements of Condition 20 regarding response time following the performance of an ILI tool run in a special permit inspection area. Specifically, TCO failed to immediately correct an anomaly on the 30-inch SM80LOOP Lanham to Kenova pipeline after the documentation showed an anomaly with a failure pressure ratio (FPR) of 0.55.

During the inspection, PHMSA inquired on assessments utilizing predicted failure pressure analysis, such as cracking assessments subject to 49 CFR § 192.712. In response, TCO produced Final Report – ROCD Inspection Service – EMAT C dated October 27, 2021 (Final Report) which entailed the results of a recent EMAT-C ILI performed on the 30-inch SM80LOOP Lanham to Kenova pipeline segment located in West Virginia³. The pipeline operates at 71.92% SMYS. The segment is approximately 58 miles in length and the tool was deployed to detect and determine the size of axial oriented cracks and/or crack colony features.

PHMSA reviewed the Final Report which noted four anomalies, one of which referenced a calculated FPR of 1.40 taking tool tolerance into account and a Charpy v-notch (CVN) value attained from a Master Materials Database (MMD) used for comparable pipe.⁴ However, the

³ Per the Order, Page 3, "The *special permit inspection area(s)* are located in Cabell, Putnam, Kanawha, and Wayne Counties, West Virginia." The Lanham to Kenova pipeline segment runs through Putnam and Wayne counties.

⁴ TCO scheduled a time to repair date of October 31, 2022, for this pipeline based on TCO's procedures and the Order affording the operator a year to respond to FPR of equal or less than 1.67 in a class 2 location.

documented comparative pipe data used by TCO, specifically the CVN toughness value used in rendering the FPR, was erroneous. This is because, in the absence of documented comparative pipe data, specifically material toughness properties, § 192.712(d)(2)(i) requires an operator to follow § 192.712(e)(2)(i) and company procedures in effect at time of discovery when calculating FPR. Since the SM80LOOP pipeline had no history of reportable incidents caused by cracking or crack like defects, § 192.712(e)(2)(i)(C) required TCO to utilize the conservative default CVN toughness value of 4 ft-lbs. or notify PHMSA of other appropriate values pertinent to the SM80LOOP pipeline segment.

Based on the information obtained at the time of inspection, PHMSA requested TCO provide a recalculated FPR for pipeline SM80LOOP, utilizing the conservative CVN value of 4 ft-lb in place of the value used, which rendered an FPR of 0.55. As such, TCO was required to pursue an immediate repair as prescribed in Condition 20 of the Order at the time of the results in the Final Report⁵.

Therefore, TCO failed to follow the requirements of Condition 20 of the Order by not immediately responding to an anomaly on SM80LOOP pipeline with an FPR of less than 1.1.

2. § 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 once 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.

TCO failed to follow its manual of written procedures. Specifically, TCO failed to follow its TEP-IN-MAOP-G MAOP Verification Procedure (US), dated July 16, 2021, Section 8.6 Quality Check Data and Section 9 MAOP Determination Method (Verification Procedure), when designating pipeline attributes utilized in determining pipeline segment applicability under § 192.624(a). TCO's Verification Procedure required a quality check be performed of pipeline segment MAOP data prior to MAOP verification and determination of the applicability of § 192.624(a). However, TCO failed in several instances to properly designate how the segment's Maximum Allowable Operating Pressure (MAOP) was established in accordance with § 192.619 for determination of applicability under § 192.624(a), as required by the procedure.

During the inspection, PHMSA reviewed a preselected random sampling of MAOP reconfirmation records. Upon reviewing the records, PHMSA found discrepancies in the MAOP data used for conducting the individual verifications. While the MAOP for each of the pipeline segments reviewed was ultimately correct, the data recorded and used for each of the selected pipeline

⁵ The recalculation requested by PHMSA on April 20, 2022 was received on May 4, 2022, and the repair was completed on June 17, 2022.

segments within the MAOP PipeData listing was inaccurate for nine of the 20 pipeline segments reviewed. Specifically, PHMSA found inappropriate MAOP determination methods listed for three of the pipeline segments, while another six pipeline segments depicted incorrect information as part of the data set including incorrectly recorded pressure test dates, pipe wall thicknesses, pipe grades, and other incongruities.

TCO did not properly verify the MAOP for applicability under § 192.624(a) for nearly half of the sampled pipeline segments in a manner required by its Verification Procedure as the verifications were conducted with either incomplete or inaccurate information or by utilizing an incorrect determination method.

Therefore, TCO failed to follow applicable portions of its Verification Procedure regarding the quality check of data utilized in establishing § 192.619 MAOP determination methods, as required by § 192.605(a).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documentation involved for the above probable violation and recommend that you be preliminarily assessed a civil penalty of \$68,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$68,800

Warning Item

With respect to Item 2, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 1-2023-043-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

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

Cc: Daniel Cerkoney <dan_cerkoney@tcenergy.com>
Amy Willis <amy_willis@tcenergy.com>