U.S. Department
of Transportation
**Pipeline and
Hazardous Materials Safety
Administration**

233 Peachtree Street Ste. 600
Atlanta, GA 30303

NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 13, 2008

Mr. Richard Craig
Vice President, Operations
Florida Gas Transmission
5444 Westheimer Road
Houston, TX 77056

CPF 2-2008-1003

Dear Mr. Craig:

Between September 18, 2006 and December 8, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Florida Gas Transmission (FGT) pipeline facilities in the Central and South Florida Areas, and FGT records in your Maitland, FL office.

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 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. . . .

FGT did not follow written procedures for conducting operations activities.

Written operating procedures were not followed in determining the quarterly average odorant injection rate at the Lecanto 30" West Leg odorant injection station. Procedure 80.402 requires, on a quarterly frequency, determination of the odorant injection rate by dividing the quantity of odorant injected by the totalized odorized gas flow.

Odorant level records indicate the totalized gas flow between April 4 and July 4, 2006 at the referenced station was unknown. It was determined that the total gas transported through the odorizer exceeded the capacity of the flow totalizer, resulting in the totalizer "re-zeroing" during the time period. Because of this and the lack of an alternate method to determine the gas volume, procedures could not be (and were not) followed in determining the referenced injection rate.

2. §192.619 What is the maximum allowable operating pressure for steel or plastic pipelines?

> **(a) Except as provided in paragraph (c) of this section, no person may operate a segment of steel or plastic pipeline at a pressure that exceeds the lowest of the following . . .**
> **. . . *[Effective prior to April 14, 2006]* (c) Notwithstanding the other requirements of this section, an operator may operate a segment of pipeline . . . subject to the requirements of §192.611.**
> **. . . *[Effective April 14, 2006]* (c) The requirements on pressure restrictions in this section do not apply in the following instance . . . . An operator must still comply with §192.611.**

FGT operated a 1.9 mile segment of 20" Mainline pipe (segment) located immediately upstream of Compressor Station 20 (station) at pressures exceeding the maximum allowable operating pressure (MAOP) of 780 psig. Segment MAOP was established in accordance with §192.611.

Abnormal operations records indicate FGT operated above 780 psig MAOP as follows:

A. On October 23, 2004, the segment MAOP was exceeded due to a leaking valve subsequent to station shut down. Gas Control did not notify field personnel. The pressure was not reduced below MAOP until field personnel discovered the situation (when bringing the station back on line) and vented gas to atmosphere. The segment pressure exceeded MAOP for between two (2) and four (4) consecutive hours. Maximum pressure during the event was 789 psig.

B. On August 31, 2005, the segment MAOP was exceeded due to a leaking valve subsequent to station shut down. It was decided that no action would be taken to reduce segment pressure unless the pressure exceeded MAOP by 10%. Segment pressure exceeded MAOP during seven (7) consecutive one-hour periods. Archived pressure data indicate the maximum pressure during the event was 792 psig.

C. On September 4, 2005, the segment MAOP was exceeded due to a leaking valve. The decision was made to not immediately reduce the segment pressure, and to wait for a power plant in Fort Pierce to come on line which would reduce the segment pressure below MAOP. Segment pressure exceeded MAOP during nine (9) consecutive one-hour periods. Archived pressure data indicate the maximum pressure during the event was 799 psig.

D. On April 28, 2006, Gas Control reported segment over-pressure to the on-call field operator at 6:20 a.m.; the operator reduced pressure by relieving gas to atmosphere. Archived pressure data indicate a segment pressure of 800.7 psig (maximum) during the 2:00 a.m. hour, with increasing maximum hourly pressures through the 6:00 a.m. hour (842.3 psig maximum during the 6:00 a.m. hour). Segment pressure exceeded MAOP during five (5) consecutive one-hour periods.

3. §192.709 Transmission lines: Record keeping.

> **Each operator shall maintain the following records for transmission lines for the periods specified:**
> **. . . (c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.**

FGT did not maintain records as required of §192.709(c). Records of patrols, surveys, inspections, and tests required of subpart M are inadequate or incomplete, as follows.

> **§192.706 Transmission lines: Leakage surveys.**
> **Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year. However, in the case of a transmission line which transports gas in conformity with §192.625 without an odor or odorant, leakage surveys using leak detector equipment must be conducted–**
> **(a) In Class 3 locations, at intervals not exceeding 7½ months, but at least twice each calendar year . . . .**

A. Records of the Lake City and Gainesville Laterals Class 3 leak detector surveys are not adequate in that they do not convey the type of leak detection equipment used in performing the surveys. Also, the referenced Lake City Lateral records do not indicate the beginning and ending locations of the Class 3 pipe surveyed. Dates of the referenced surveys are listed below (§192.706(a)).

- Lake City Lateral survey dates: 05/30/05, 10/31/05, and 05/25/06.
- Gainesville Lateral survey dates: 05/12/04, 05/09/05, and 11/08/05.

§192.731 Compressor stations: Inspection and testing of relief devices.
(a) Except for rupture discs, each pressure relieving device in a compressor station must be inspected and tested in accordance with §§192.739 and 192.743, and must be operated periodically to determine that it opens at the correct set pressure.

B. Records of the 2005 and 2006 Compressor Station 21 (West Palm Beach) high discharge pressure shutdown tests are not adequate in that they do not convey the pressure observed during the test (setpoint pressure). The tests were conducted on 03/23/06 and 03/14/05 (192.731).

§192.736 Compressor stations: Gas detection.
. . . (c) Each gas detection and alarm system required by this section must be maintained to function properly. The maintenance must include performance tests.

C. Records of the following compressor station gas detection visual and/or audible alarm device tests are not adequate in that performance of the end devices (lights and/or horns) are not documented (192.736(c)).

- Lecanto Compressor Station, 01/10/06 test
- Silver Springs Compressor Station, 01/13/06 test
- Orlando Compressor Station, 08/30/06 test

§192.739 Pressure limiting and regulating stations: Inspection and testing.
(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is–
. . . (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a)
. . . .

D. Records of the following pressure limiting equipment inspections and tests are not adequate in that they do not convey "as found" and "as left" device setpoints (192.739(a)(3)).

- Starke Meter regulator, 1/18/06 inspection
- PGS- Jacksonville Meter Station Relief Valve #1, 11/02/05 inspection
- Compressor Station 20 (Fort Pierce) annual Station Control Panel test reports do not convey the high pressure and low pressure setpoint values for opening and closing Valve 2001. Valve 2001 closes on high suction pressure to prevent the 20" Mainline from exceeding MAOP; 03/28/05 and 01/24/06 inspections.

§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.

E. Records of the following emergency valve inspection/tests are not adequate in that they do not convey the valves were operated (§192.745(a)).

- Brooker Team, 2004, 2005, 2006 reports (typical)
- Silver Springs Team, 2004, 2005, 2006 reports (typical)

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. 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 $50,000 as follows:

Item number	PENALTY
2	$40,000
3	$10,000

Warning Items

With respect to item 1 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 these items. Be advised that failure to do so may result in Florida Gas Transmission being subject to additional enforcement action.

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 2-2008-1003** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mohammed Shoaib
Acting Director, Southern Region
Pipeline and Hazardous Materials Safety Administration

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