

SEP 15 2010

Mr. Jim Collingsworth
President
Dixie Pipeline Company
1100 Louisiana Street
Houston, Texas 77002-5227

RE: CPF No. 2-2008-5003

Dear Mr. Collingsworth:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Dixie Pipeline Company to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southern 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. Wayne Lemoi, Director, Southern Region, PHMSA

CERTIFIED MAIL - RETURN RECEIPT REQUESTED[7009 1410 0000 2472 2834]

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

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	)	
DIXIE PIPELINE COMPANY,	)	CPF No. 2-2008-5003
	)	
Respondent.	)	
	)	

FINAL ORDER

On November 1-7, 2007, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), initiated an investigation of an accident and inspection of the records involving the pipeline system of Dixie Pipeline Company (Respondent) in Roswell, Georgia; Carmichael, Mississippi; and Meridian, Mississippi. Dixie Pipeline Company is a subsidiary of Enterprise Products Operating, LLC. Dixie Pipeline Company transports propane to customers in the southeastern United States.

As a result of the investigation, the Director, Southern Region, OPS, issued to Respondent, by letter dated February 19, 2008, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. §190.207, the Notice proposed finding that Respondent violated 49 C.F.R. §§195.402 (a) and 195.406(a)(2-3). The Notice also proposed ordering Respondent to take certain measures to correct the alleged violation.

In a letter dated March 21, 2008, Respondent requested an extension of time to respond to the Notice. Respondent was granted an extension until May 1, 2008 to respond to the Notice. Respondent responded to the Notice by letter dated May 1, 2008 (Response). Respondent contested the allegation of violation, submitted documentation regarding the design pressure rating of the valves and stated that it was reviewing its maximum operating pressure. Respondent did not request a hearing, and therefore has waived its right to one.

FINDING OF VIOLATION

Item 1: The Notice alleged that Respondent violated 49 C.F.R. §§195.402 (a) and 195.406(a) (2-3), which state, in relevant part:

§ 195.402 Procedural manual for operations, maintenance, and Emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

§ 195.406 Maximum operating pressure.

(a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following: . . .

(2) The design pressure of any other component of the pipeline.

(3) Eighty percent of the test pressure for any part of the pipeline which has been pressure tested under Subpart E of this part.

The Notice alleged that Respondent did not follow its procedural manual in establishing Maximum Operating Pressures (MOPs) for several pipeline segments. Specifically, the Notice alleged that Respondent failed to follow Procedure IX-005,¹ which requires that the MOP not exceed the design pressure rating of components, by establishing MOPs above the design pressure rating of installed ANSI-600 valves. The Notice and Violation Report² further alleged that Respondent failed to follow its procedures by establishing Engineering Calculated MOPs that exceeded the design pressure rating of 1,440 psi for installed ANSI-600 valves at the pump stations shown below.

Pump Station or Pipeline Segment	Listed Engineering Calculated MOP	Listed Qualified Section MOP	Component Design Pressure
Oloh Station	1465 psi		1440 psi
Hattiesburg Station	1454 psi		1440 psi
Carmichael Station	1448 psi		1440 psi
8" and 6" Pipeline Segments - Milner to Apex	1480 psi	Between 1445 psi and 1509 psi	1440 psi

¹ Dixie Pipeline Company, Operations & Emergency Manual, Maximum Operating Pressure Procedure, Rev. No:1, Item No: IX-005; Dated 06/02, pages 1-2. (Violation Report, Exhibit A, page 5.)

² Violation Report, Exhibit A, page 5.

In response to the Notice, Respondent argued that the MOPs on its pipeline system were developed in accordance with the MOP procedures from its previous Operations & Emergency (O&E) Manual and complied with the regulatory requirement not to exceed the design pressure rating of a component. Respondent explained that the portion of its “*Maximum Operating Pressure Procedure*” that appeared to be in question was the language stating the MOP will not exceed the “*design pressure rating of a component.*”³ Respondent suggested that the component design pressure noted in the Notice came from discussions between PHMSA and Respondent and acknowledged that the manufacturer’s pressure rating for the original 1963 construction ANSI-600 valves in its pipeline system may have been 1,440 psig. However, Respondent posed that a regulatory interpretation of § 195.406 issued by the Research and Special Programs Administration (RSPA),⁴ dated June 17, 1981, provided operators with the flexibility to use the manufacturer’s pressure rating or 80 percent of its actual or prototype factory test pressure in determining the design pressure rating of a component.

First, Respondent argued that it was in compliance because it established MOPs in accordance with its MOP procedures from its previous O&E Manual and an agency interpretation. Respondent cited the interpretation to support its position that operators had the flexibility to utilize the manufacturer’s pressure rating or 80 percent of its actual or prototype factory test pressure in determining the design pressure rating of a component. Respondent cited the text from two answers in the regulatory interpretation to assert that OPS determined that the operator could use the manufacturer’s pressure rating or 80 percent of the test pressure as the design pressure of the valves.

The Notice did not allege, however, that the procedure failed to comply with the regulations. The issue is whether the Respondent followed the procedure that was in place at the time of the inspection. The regulatory interpretation Respondent refers to does clarify the requirement that operators not exceed the design pressures of pipeline components in order to satisfy §195.406. The interpretation also clarifies that operators are allowed to establish the design pressure for components using the manufacturer’s pressure rating and consensus standards or their own independent design pressure using equally sound principles and for these individually added or replaced valves, they may be operated at 80 percent of the actual or factory test pressure, provided the pressure does not exceed any of the other three criteria in § 195.406, which includes the design pressure of the component.

Second, Respondent’s Procedure IX-005⁵ requires that the MOP not exceed the design pressure rating of components. The ANSI-600 valve 1,440 psi design pressure cited in the Notice is

³ Dixie Pipeline Company, Operations & Emergency Manual, Maximum Operating Pressure Procedure, Rev. No:1, Item No: IX-005; Dated 06/02, pages 1-2. (Violation Report, Exhibit A, page 5.)

⁴ The Research and Special Programs Administration is a predecessor agency. Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) was created to further the highest degree of safety in pipeline transportation and hazardous materials transportation. See, section 108 of the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-426, 118 Stat. 2423-2429 (November 30, 2004)). See also, 70 Fed. Reg. 8299 (February 18, 2005) re delegating the pipeline safety functions to the Administrator, PHMSA.

⁵ Dixie Pipeline Company, Operations & Emergency Manual, Maximum Operating Pressure Procedure, Rev. No:1,

based on information relating to established valve design pressures⁶ submitted by Respondent to PHMSA, prior to issuance of the Notice. At the time of the inspection, Respondent advised PHMSA that the design pressure for the subject valves was 1,440 psig.⁷ In its Response, Respondent acknowledged that the manufacturer's pressure rating for the subject valves was 1,440 psig. According to OPS, Respondent established Engineering Calculated MOPs that exceeded the design pressure rating of 1,440 psi for installed ANSI-600 valves at three pump stations and one pipeline segment.

After considering all the evidence, I find that Respondent violated 49 C.F.R. § 195.402 (a) and 195.406(a)(2-3) by failing to follow its procedures for establishing MOPs that do not exceed the design pressure rating of components and by establishing MOPs that exceeded the design pressure rating of 1,440 psi for installed ANSI-600 valves at the three cited pump stations and one pipeline segment. Pursuant to 49 C.F.R. § 195.402(a), operators are required to follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. Improper determination of the MOP could impact safety by pressuring the line beyond the limits established by pipeline safety regulations.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to the violation of 49 C.F.R. §§ 195.402(a) and 195.406(a)(2-3).

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids 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 §§ 195.402(a) and 195.406(a)(2-3), Respondent must submit the design pressure rating for the ANSI-600 valves and the method used to establish the design pressure rating.
2. Within 30 days after receipt of this Final Order, submit procedures and documentation to demonstrate completion of Item 1, to the Director, OPS, Southern

Item No: IX-005; Dated 06/02, pages 1-2. (Violation Report, Exhibit A, page 5.)

⁶ See Violation Report at Exhibit C, copies of related e-mails dated December 20, 2007; January 3, 2008; January 18, 2008; January 21, 2008; and January 22, 2008.

⁷ Violation Report, Exhibit C, Email from Respondent to PHMSA dated January 3, 2008.

Region, Pipeline and Hazardous Materials Safety Administration, 233 Peachtree Street, Suite 600, Atlanta, GA 30303.

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 demonstrating good cause for an extension.

Failure to comply with this Order may result in 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.

Under 49 C.F.R. §190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, 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