



NiSource Gas Transmission & Storage®

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Chad Zamarin
Director – Integrity Management

October 29, 2010

Wayne T. Lemoi
Director, Southern Region
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
233 Peachtree Street NE, Suite 600
Atlanta, GA 30303

RE: Response to Notice of Proposed Safety Order, CPF 2-2010-1010S

Dear Mr. Lemoi:

This letter is provided on behalf of NiSource Gas Transmission and Storage (NGT&S) in response to Notice of Proposed Safety Order, CPF 2-2010-1010S, which was dated September 30, 2010, and received by NGT&S on October 5, 2010. This letter is intended to communicate our intent to comply with the terms of the Proposed Safety Order and to provide details regarding our plans for compliance. In accordance with the options described in the Proposed Safety Order regarding "Response to the Notice", we intend to comply with the requirements of the Proposed Safety Order and request the opportunity to engage in informal consultation with the hopes of entering into a written consent agreement that addresses the issues raised in the Proposed Safety Order.

Condition 1 of the Proposed Safety Order requires NGT&S to maintain a pressure reduction of 20% of the operating pressure in place at the time of the incident. After completing several maintenance activities, including the replacement of approximately 1,750 feet of pipe at locations similar to the rupture site, NGT&S returned Line P to restricted service. Line P was returned to service at a maximum pressure of 227 psig, which corresponds to a 20% reduction from the operating pressure at the time of the incident. NGT&S will maintain this pressure reduction until the replacement of the remaining bare pipe along Line P is complete.

Condition 2 of the Proposed Safety Order requires the completion of a root cause analysis to determine the cause of the failure and to assess the adequacy of control center processes as they related to the Line P incident. Attachment 1 provides a copy of the root cause analysis. The root cause analysis finds that external corrosion was the primary cause of the incident. The external corrosion occurred due to bare steel in contact with a corrosive environment without the ability to supply cathodic protection (due to the presence of unbonded couplings). While control center processes and SCADA system capabilities were not the primary cause of the incident, several areas for improvement were identified in these areas.

Condition 3 of the Proposed Safety Order requires the development of a work plan to replace all bare, coupled, cathodically unprotected line pipe along Line P within 12 months. Attachment 2 provides a copy of the work plan. NGT&S has already placed an order for the replacement pipe and is planning to begin clearing the right of way in mid November of 2010.

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Conditions 4 through 10 of the Proposed Safety Order specify various procedural requirements, including the providing of monthly progress reports. NGT&S will fully comply with these requirements.

If you have any questions regarding our commitment to comply with the Proposed Safety Order, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, reading "Chad Zamarin". The signature is fluid and cursive, with the first name "Chad" and last name "Zamarin" clearly distinguishable.

Chad Zamarin
Director – Integrity Management
NiSource Gas Transmission & Storage