NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 20, 2009

Mr. Victor Gaglio
Senior Vice President, Operations
NiSource Gas Transmission and Storage
1700 MacCorkle Ave., SE
Charleston, WV 25301

CPF 3-2009-1017M

Dear Mr. Gaglio:

On July 17-21, 2006 and August 1-3, 2006, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Ohio Public Utilities Commission, New York Department of Public Service, and the West Virginia Public Service Commission pursuant to Chapter 601 of 49 United States Code inspected the NiSource Gas Transmission and Storage (NiSource) integrity management plan and procedures in Charleston, West Virginia. The integrity management (IM) plan and procedures are applicable to the Columbia Gas Transmission, Columbia Gulf Transmission, Crossroads Pipeline and Granite State Gas Transmission operations.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within NiSource's plans or procedures, as described below:

§192.911 What are the elements of an integrity management program?

An operator's initial integrity management program begins with a framework (see §192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When

indicated, refer to ASME/ANSI B31.8S (ibr, see §192.7) for more detailed information on the listed element.)

1. **§192.911(a) An identification of all high consequence areas, in accordance with §192.905.**

   §192.903 … *High consequence area* means an area established by one of the methods described in paragraphs (1) or (2) as follows:…

   §192.905(a) General. To determine which segments of an operator's transmission pipeline system are covered by this subpart, an operator must identify the high consequence areas. An operator must use method (1) or (2) from the definition in §192.903 to identify a high consequence area. An operator may apply one method to its entire pipeline system, or an operator may apply one method to individual portions of the pipeline system. An operator must describe in its integrity management program which method it is applying to each portion of the operator's pipeline system. The description must include the potential impact radius when utilized to establish a high consequence area. (See appendix E.I. for guidance on identifying high consequence areas.)

   - **Item 1A: §192.903**
     A "buffer" must be employed in determining the location of high consequence areas (HCAs) to account for uncertainties in the locations of structures and the pipeline. NiSource has employed a 40-foot buffer to account for uncertainties in the location of structures, but the adequacy of the 40-foot distance has not been established. Furthermore, NiSource did not employ a buffer to account for uncertainties in the pipeline location. For example on line A5EAST, an actual measurement of the location of an identified site showed it to be over 90 feet away from its indicated relative position to the pipeline.

   - **Item 1B: §192.905(a)**
     The process for using field information and for utilizing the results of population density studies to identify HCAs is not documented completely in the IM plan. The description of how information flows from the field into the HCA identification process needs to be improved.

2. **§192.911(b) A baseline assessment plan meeting the requirements of §192.919 and §192.921.**

   § 192.919 What must be in the baseline assessment plan? An operator must include each of the following elements in its written baseline assessment plan: (a) Identification of the potential threats to each covered pipeline segment and the information supporting the threat identification. (*See* §192.917.).

§192.917(e) Actions to address particular threats. If an operator identifies any of the following threats, the operator must take the following actions to address the threat…
(3) ***Manufacturing and construction defects…***
(4) ***ERW pipe…***

§ 192.921 How is the baseline assessment to be conducted?
(a) ***Assessment methods.*** **An operator must assess the integrity of the line pipe in each covered segment by applying one or more of the following methods depending on the threats to which the covered segment is susceptible. An operator must select the method or methods best suited to address the threats identified to the covered segment (*See* §192.917).**
(1) Internal inspection tool or tools capable of detecting corrosion, and any other threats to which the covered segment is susceptible. An operator must follow ASME/ANSI B31.8S (incorporated by reference, *see* §192.7), section 6.2 in selecting the appropriate internal inspection tools for the covered segment.

- **Item 2A: §192.917(e)**
  NiSource has not documented whether HCAs with low-frequency ERW pipe or other pipe with potential manufacturing defects fit the requirements for high risk segments as indicated in §192.917(e)(3) and §192.917(e)(4). NiSource's threat identification process does not address consideration of seam failures or increases in operating pressure beyond the maximum operating pressure reached in the 5 year period prior to HCA identification. Because the threat identification did not include this evaluation, NiSource is unable to demonstrate that the BAP priorities reflect the requirement that segments with these threats be designated as high risk segments.

- **Item 2B: §192.921(a)(1)**
  NiSource has taken action to develop specifications to ensure in-line inspection (ILI) tool reliability. However, the IM plan does not incorporate these requirements and specify how decisions on tool selection should be made.

3. **§192.911(c) An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§192.917) and to evaluate the merits of additional preventive and mitigative measures (§192.935) for each covered segment.**

   §192.917(a) ***Threat identification.*** **An operator must identify and evaluate all potential threats to each covered pipeline segment. Potential threats that an operator must consider include, but are not limited to, the threats listed in ASME/ANSI B31.8S (ibr, see §192.7), section 2…**

   §192.917(b) ***Data gathering and integration.*** **To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the**

covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline…

§192.917(d) *Plastic transmission pipeline.* An operator of a plastic transmission pipeline must assess the threats to each covered segment using the information in sections 4 and 5 of ASME B31.8S, and consider any threats unique to the integrity of plastic pipe.

§192.917(e) *Actions to address particular threats.* If an operator identifies any of the following threats, the operator must take the following actions to address the threat.

(1) *Third party damage.* An operator must utilize the data integration required in paragraph (b) of this section and ASME/ANSI B31.8S, Appendix A7 to determine the susceptibility of each covered segment to the threat of third party damage. If an operator identifies the threat of third party damage, the operator must implement comprehensive additional preventive measures in accordance with §192.935 and monitor the effectiveness of the preventive measures. If, in conducting a baseline assessment under §192.921, or a reassessment under §192.937, an operator uses an internal inspection tool or external corrosion direct assessment, the operator must integrate data from these assessments with data related to any encroachment or foreign line crossing on the covered segment, to define where potential indications of third party damage may exist in the covered segment…

(3) *Manufacturing and construction defects.* If an operator identifies the threat of manufacturing and construction defects (including seam defects) in the covered segment, an operator must analyze the covered segment to determine the risk of failure from these defects. The analysis must consider the results of prior assessments on the covered segment. An operator may consider manufacturing and construction related defects to be stable defects if the operating pressure on the covered segment has not increased over the maximum operating pressure experienced during the five years preceding identification of the high consequence area. If any of the following changes occur in the covered segment, an operator must prioritize the covered segment as a high risk segment for the baseline assessment or a subsequent reassessment…

(4) *ERW pipe.* If a covered pipeline segment contains low frequency electric resistance welded pipe (ERW), lap welded pipe or other pipe that satisfies the conditions specified in ASME/ANSI B31.8S, Appendices A4.3 and A4.4, and any covered or non-covered segment in the pipeline system with such pipe has

experienced seam failure, or operating pressure on the covered segment has increased over the maximum operating pressure experienced during the preceding five years, an operator must select an assessment technology or technologies with a proven application capable of assessing seam integrity and seam corrosion anomalies. The operator must prioritize the covered segment as a high risk segment for the baseline assessment or a subsequent reassessment.

(5) ***Corrosion.*** **If an operator identifies corrosion on a covered pipeline segment that could adversely affect the integrity of the line (conditions specified in §192.933), the operator must evaluate and remediate, as necessary, all pipeline segments (both covered and non-covered) with similar material coating and environmental characteristics. An operator must establish a schedule for evaluating and remediating, as necessary, the similar segments that is consistent with the operator's established operating and maintenance procedures under part 192 for testing and repair.**

- **Item 3A: §192.917(a)**
  NiSource's process for threat identification does not adequately consider all threats. The process for screening threats by comparison of HCA threat risk scores and defining Tier 1, Tier 2, and Primary threats does not capture all threats that apply to each HCA. The process has produced anomalous results where threats are to be assessed on some HCAs that have lower threat risk scores than HCAs where the same threat is not assessed. The effect of NiSource's approach is to screen out threats that are potentially applicable to an HCA. Also, the criteria employed for identifying the stress corrosion cracking threat do not specifically address near-neutral SCC.

  In addition, threats are considered individually. The analysis used to identify applicable threats includes no evaluation of interacting threats as required by ASME/ANSI B31.8S, Section 2.2. Although common data elements are considered in the risk assessment for multiple threats, there is no mechanism in the threat identification process that evaluates how one threat increases the probability of failure due to other threats.

- **Item 3B: §192.917(b)**
  All data elements from ASME/ANSI B31.8S Appendix A are not captured and applied in NiSource's threat identification and risk assessment. All required data elements must be used if applicable. If not used, the reason must be documented. This resulted in data for non-covered segments to be inconsistently assembled, analyzed, and applied in threat identification and risk assessment. Paragraph §192.917(b) explicitly requires that data be collected and evaluated for the entire pipeline, including covered and non-covered segments.

  The NiSource IM plan does not require that data sources listed in ASME/ANSI B31.8S Table 2 be used. Information from these sources may be used in answering the questions used to populate the risk model but there is no assurance of consistency in approach. Also, the IM plan does not include a documented process for verifying the accuracy of data collected from field personnel through the risk model questions or other methods.

- **Item 3C: §192.917(d)**
  The threat identification process did not address threats unique to plastic pipe for the one HCA that includes plastic pipe.

- **Item 3D: §192.917(e)**
  NiSource's threat identification criteria for evaluating manufacturing defects (including seam threats) are not consistent with the criteria specified in §192.917(e)(3) and §192.917(e)(4). Manufacturing defects or seam threats are not being assessed for any HCA, although no technical justification has been prepared to show that the screening required by the rule has been performed.

- **Item 3E: §192.917(e)(1)**
  The IM plan does not require data integration in which foreign line crossing and encroachment location data are integrated with ILI results. Data elements are required to be represented in a common spatial reference system to allow this integration.

- **Item 3F: §192.917(e)(5)**
  The process for evaluating all pipeline segments (covered *and* non-covered) with similar material coating and environmental conditions when significant corrosion is identified during integrity assessments is not adequately described. In addition, NiSource has not documented the technical basis for the definition of "actionable external corrosion" in section 9.4.1 of the IM plan.

4. §192.911(e) Provisions meeting the requirements of §192.933 for remediating conditions found during an integrity assessment.

§192.933(a) What actions must be taken to address integrity issues? *General requirements*. An operator must take prompt action to address all anomalous conditions that the operator discovers through the integrity assessment. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure that the condition is unlikely to pose a threat to the integrity of the pipeline until the next reassessment of the covered segment. If an operator is unable to respond within the time limits for certain conditions specified in this section, the operator must temporarily reduce the operating pressure of the pipeline or take other action that ensures the safety of the covered segment. If the pressure is reduced, an operator must determine the temporary reduction in operating pressure using ASME/ANSI B31G (ibr, *see* §192.7) or AGA Pipeline Research Committee Project PR–3–805 ("RSTRENG"; ibr, *see* §192.7)…

§192.933(b) *Discovery of condition.* Discovery of a condition occurs when an operator has adequate information about a condition to determine that the

condition presents a potential threat to the integrity of the pipeline. A condition that presents a potential threat includes, but is not limited to, those conditions that require remediation or monitoring listed under paragraphs (d)(1) through (d)(3) of this section. An operator must promptly, but no later than 180 days after conducting an integrity assessment, obtain sufficient information about a condition to make that determination, unless the operator demonstrates that the 180-day period is impracticable.

§192.933(c) ***Schedule for evaluation and remediation*****. An operator must complete remediation of a condition according to a schedule prioritizing the conditions for evaluation and remediation. Unless a special requirement for remediating certain conditions applies, as provided in paragraph (d) of this section, an operator must follow the schedule in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 7, Figure 4. If an operator cannot meet the schedule for any condition, the operator must explain the reasons why it cannot meet the schedule and how the changed schedule will not jeopardize public safety.**

§192.933(d) ***Special requirements for scheduling remediation.*** **(1)** ***Immediate repair conditions.*** **An operator's evaluation and remediation schedule must follow ASME/ANSI B31.8S, section 7 in providing for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure in accordance with paragraph (a) of this section or shut down the pipeline until the operator completes the repair of these conditions. An operator must treat the following conditions as immediate repair conditions:...**

(3) ***Monitored conditions.*** **An operator does not have to schedule the following conditions for remediation, but must record and monitor the conditions during subsequent risk assessments and integrity assessments for any change that may require remediation:…**

- **Item 4A: §192.933(a)**
  NiSource has used RSTRENG to calculate allowable pressure reduction for dents with metal loss. RSTRENG is not applicable to defects other than corrosion anomalies. It is not applicable, for example, to dents or dents with metal loss.

- **Item 4B: §192.933(b)**
  The IM plan requirements for reporting of conditions identified during ILI do not assure prompt identification of immediate repair conditions, but instead allow communication of immediate repair conditions to wait until the final vendor report, which may not be received for 12 weeks after the conclusion of the ILI. Information on immediate repair conditions must be communicated by the vendor to the operator as soon as sufficient information is available to characterize these conditions, which may be much sooner than the deadline for the vendor final report.

- **Item 4C: §192.933(c)**
  The IM plan does not specify a requirement to develop a prioritized repair schedule other than identifying which anomalies must be repaired in one year. There is no requirement to prioritize among the anomalies. No prioritized repair schedule was developed for the completed ILI assessments that were reviewed. NiSource's schedule for dealing with anomalies scheduled per Figure 4 of ASME/ANSI B31.8S consists only of dates listed in the assessment summary. There is no requirement to identify or schedule those Figure 4 anomalies for which repair would be required prior to the next assessment to assure that timely action is taken.

  The process flow chart in IM Figure 6.2 appears to indicate that identification of any immediate repair conditions that do not involve corrosion greater than 50% wall loss (e.g., dent with metal loss) will not be made and that response to any immediate repair conditions will not occur until after the vendor's final report is received. The flow chart should otherwise be examined for logic (e.g., if there is an indication of wall loss greater than 50% the flow chart would imply that no final report is ever received).

  IM Section 6.3.1 specifies that immediate repair conditions will be examined within 5 business days. B31.8S requires such conditions to be examined within 5 days and does not specify business days.

  The NiSource IM plan allows for use of ILI results from successive assessments to determine allowable repair times different from B31.8S Figure 4. The standard does not allow such an option.

- **Item 4D: §192.933(d)(1)**
  NiSource's IM plan requires that temporary pressure reduction be calculated using B31.G or RSTRENG or that pressure be reduced to 80% of its value at the time an anomaly is discovered, but the IM plan does not include any process description that would ensure that the required pressure reduction will actually be taken.

  The IM plan limits immediate repair conditions to dents "within the reasonable accuracy of the inspection tool" that have metal loss. There is no such limitation in the rule.

  The agreement with the ILI vendor (PII) specifies that a preliminary report will be issued within 15 days that "will contain a maximum of five (5) features in need of correlation and/or defects that may need immediate attention." There is no correlation between the defects referred to in this agreement and the immediate conditions specified in §192.933 and, hence, no assurance that immediate repair conditions will be reported in the preliminary report. In addition, the limitation to 5 reported features could result in immediate repair conditions not being identified in the preliminary report if more than 5 such features are found during an assessment.

- **Item 4E: §192.933(d)(3)**
  The IM plan specifies that monitored corrosion conditions and monitored dents be evaluated during future assessments, but there is no defined process for performing this evaluation.

5. **§192.911(f) A process for continual evaluation and assessment meeting the requirements of §192.937.**

   §192.937(b) *Evaluation.* An operator must conduct a periodic evaluation as frequently as needed to assure the integrity of each covered segment. The periodic evaluation must be based on a data integration and risk assessment of the entire pipeline as specified in §192.917. For plastic transmission pipelines, the periodic evaluation is based on the threat analysis specified in §192.917(d). For all other transmission pipelines, the evaluation must consider the past and present integrity assessment results, data integration and risk assessment information (§192.917), and decisions about remediation (§192.933) and additional preventive and mitigative actions (§192.935). An operator must use the results from this evaluation to identify the threats specific to each covered segment and the risk represented by these threats.

   §192.937(c) *Assessment methods.* In conducting the integrity reassessment, an operator must assess the integrity of the line pipe in the covered segment by any of the following methods as appropriate for the threats to which the covered segment is susceptible (*see* §192.917), or by confirmatory direct assessment under the conditions specified in §192.931…

- **Item 5A: §192.937(b)**
  The process for periodic integrity evaluations is not documented in sufficient detail. The process documented in the framework IM plan does not include details of how process inputs (e.g., threats, risk assessment results, integrity assessment results, preventive and mitigative measures) are to be evaluated to determine integrity reassessment intervals and methods. In addition, the process documented in the current framework does not meet the requirements of §192.917(b) and §192.937(b) to consider data from the entire pipeline (both covered and non-covered segments) in the data integration performed as part of the periodic evaluation.

- **Item 5B: §192.937(c)**
  Procedures did not assure that segments meeting the B31.8S criteria for stress corrosion cracking were assigned reassessment methods that address SCC. ILI is indicated as the reassessment method for these lines, but this method does not address the SCC threat.

6. **§192.911(h) Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.**

§192.935(a) General requirements. An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See §192.917) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (ibr, see §192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety…

§192.935(b)(1) *Third party damage.* An operator must enhance its damage prevention program, as required under §192.614 of this part, with respect to a covered segment to prevent and minimize the consequences of a release due to third party damage. Enhanced measures to an existing damage prevention program include, at a minimum—

§192.935(b)(2) *Outside force damage.* If an operator determines that outside force (*e.g.*, earth movement, floods, unstable suspension bridge) is a threat to the integrity of a covered segment, the operator must take measures to minimize the consequences to the covered segment from outside force damage. These measures include, but are not limited to, increasing the frequency of aerial, foot or other methods of patrols, adding external protection, reducing external stress, and relocating the line.

§192.935(d) *Pipelines operating below 30% SMYS.* An operator of a transmission pipeline operating below 30% SMYS located in a high consequence area must follow the requirements in paragraphs (d)(1) and (d)(2) of this section. An operator of a transmission pipeline operating below 30% SMYS located in a Class 3 or Class 4 area but not in a high consequence area must follow the requirements in paragraphs (d)(1), (d)(2) and (d)(3) of this section.

- **Item 6A: §192.935(a)**
  The process description for identifying, evaluating, choosing, and implementing additional preventive and mitigative measures is inadequate. It is at a framework level only, consisting just of a flow chart (with the exception of the additional procedure for determining if ASV/RCVs are needed). Also, consequences are not considered in the evaluation of preventive and mitigative measures, except in the evaluation of ASV/RCVs.

  Limiting consideration of preventive and mitigative measures to the top highest-risk threats for an HCA could result in failing to consider measures that address other significant threats (e.g., risk score for the third most important threat for some segments may be higher than the two top scores on other segments). For example, for HCA 1711-15:23954 the threat with the third highest score is internal corrosion (0.3354). That score is higher than the second-highest score for HCA K170-30:213531, which is also internal corrosion (0.26370). The limitation to the two highest threats means that preventive and mitigative measures will be considered for the latter HCA, but not for the former where its contribution to likelihood of failure is higher. It is likely that more such examples exist.

- **Item 6B: §192.935(b)(1)**
  The IM plan does not require monitoring shallow excavations (less than 6 inches deep) or excavation of areas with evidence of past encroachment if the previously unmonitored excavation was shallow. No such exclusion is allowed by the rule. This issue was also identified for separate requirements related to pipe operating at less than 30% SMYS and for plastic pipelines.

  The IM plan states that data on third-party damage is collected in a central database, but use of this information is not addressed in the IM plan. For example, there is no requirement to perform root cause analysis to support identification of additional preventive and mitigative measures for high consequence areas.

- **Item 6C: §192.935(b)(2)**
  The IM plan addresses preventive and mitigative measures for the threat of outside force. None have been implemented for any segment, however, because this threat did not show up as first or second most important threat for a covered segment. It appears unlikely that this threat would be the first or second most important on any covered segment, and thus it is unlikely that additional P&M measures would be required for this threat by the program as now written.

- **Item 6D: §192.935(d)**
  NiSource has not developed a process to evaluate Class 3 and 4 areas of its pipelines outside of HCAs to determine whether measures required by 192.935(d) for such pipelines operating below 30% of SMYS (e.g., additional leak surveys for unprotected pipelines or cathodically protected pipe where electrical surveys are impractical) must be implemented.

7. §192.911(k) A management of change process as outlined in ASME/ANSI B31.8S, section 11.
ASME/ANSI B31.8S Section 11 (a) Formal management of change procedures shall be developed in order to identify and consider the impact of changes to pipeline systems and their integrity. These procedures should be flexible enough to accommodate both major and minor changes, and must be understood by the personnel that use them. Management of change shall address technical, physical, procedural and organizational changes to the system whether permanent or temporary. The process should incorporate planning for each of these situations and consider the unique circumstances of each.

A management of change process includes the following:
(1) Reason for change
(2) Authority for approving changes
(3) Analysis of implications
(4) Acquisition of required work permits
(5) Documentation
(6) Communication of change to affected parties
(7) Time limitations
(8) Qualification of staff

§ 192.909 How can an operator change its integrity management program?
(a) *General.* An operator must document any change to its program and the reasons for the change before implementing the change.

- **Item 7A: §192.909**
  The IM plan lacks sufficient definition of what changes need to be documented in the MOC process. "Significant changes" that need to be tracked through MOC are not delineated clearly.

- **Item 7B: §192.911(k)**
  The documented MOC process does not assure that the effects on the IM program of physical changes to the pipeline (e.g., MAOP changes) will be analyzed before the changes are made.

  Changes originating within the IM group that are managed through the MOC process are defined too broadly. Numerous individual changes have been rolled up into a single MOC item. In addition, changes that are managed internally by the IM team need to be tracked.

8. §192.911(l) A quality assurance process as outlined in ASME/ANSI B31.8S, section 12.

ASME/ANSI B31.8S Section 12.2 (b) - Specifically, activities that should be included in the quality control program are as follows:

(3) Results of the integrity management program and the quality control program shall be reviewed at predetermined intervals, making recommendations for improvement.

ASME/ANSI B31.8S Section 12.2 (c) - When an operator chooses to use outside resources to conduct any process, for example pigging, that affects the quality of the integrity management program, the operator shall ensure control of such processes and document them within the quality program.

§ 192.7 What documents are incorporated by reference partly or wholly in this part?

(a) Any documents or portions thereof incorporated by reference in this part are included in this part as though set out in full. When only a portion of a document is referenced, the remainder is not incorporated in this part.

§ 192.915 What knowledge and training must personnel have to carry out an integrity management program?
(a) *Supervisory personnel.* The integrity management program must provide that each supervisor whose responsibilities relate to the integrity management program possesses and maintains a thorough knowledge of the integrity management program and of the elements for which the supervisor is responsible. The program must provide that any person who qualifies as a supervisor for the integrity management program has appropriate training or experience in the area for which the person is responsible.

§ 192.915 What knowledge and training must personnel have to carry out an integrity management program?
(b) *Persons who carry out assessments and evaluate assessment results.* The integrity management program must provide criteria for the qualification of any person—
(1) Who conducts an integrity assessment allowed under this subpart; or
(2) Who reviews and analyzes the results from an integrity assessment and evaluation; or
(3) Who makes decisions on actions to be taken based on these assessments.

- **Item 8A: §192.7**
  The IM plan does not state the policy for implementing non-mandatory (i.e., "should") requirements from referenced standards (e.g., ASME B31.8S).

- **Item 8B: §192.911(l)**
  The IM plan does not include the required quality control elements specified in ASME/B31.8S, Section 12.2(b) as referenced by the rule.

  The IM plan and the ILI vendor contract language provided for review do not require that ILI vendors implement quality assurance programs consistent with ASME/B31.8S, Section 12.2(c) as referenced by the rule.

- **Item 8C: §192.915(a)**
  The IM plan does not include or reference the required qualifications for IM supervisory personnel.

- **Item 8D: §192.915(b)**
  The IM plan and the contract language provided for review do not specify qualification requirements for vendor personnel who carry out assessments or evaluate results.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 3-2009-1017M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

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