U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue SE
Washington, DC 20590

MAR 3 0 2017

Mr. David Devine
President and Chief Executive Officer
Natural Gas Pipeline Company of America LLC
1001 Louisiana Street
Houston, TX 77002

Re: CPF No. 3-2015-1002

Dear Mr. Devine:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws the allegation of violation that was included in the Notice of Probable Violation issued April 30, 2015. This enforcement action is now closed. Service of the Final Order by certified mail is effective as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Allan Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA
Ms. Jessica Toll, Assistant General Counsel, Kinder Morgan
370 Van Gordon St., Lakewood, CO 80228

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

In the Matter of	)	
Natural Gas Pipeline Co. of America, a subsidiary of Kinder Morgan, Inc.,	)	**CPF No. 3-2015-1002**
Respondent.	)	

FINAL ORDER

On August 20-22 and November 5-7, 2013, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Natural Gas Pipeline Company of America (NGPL or Respondent) in Joilet, Illinois. NGPL, a subsidiary of Kinder Morgan, Inc., operates approximately 9,200 miles of pipeline transporting natural gas in the South and Midwest.[1]

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated April 30, 2015, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that NGPL had violated 49 C.F.R. § 192.933(d)(1)(ii) and proposed a civil penalty of $47,500.

NGPL responded to the Notice by letter dated May 29, 2015, contested the allegation, and requested a hearing. NGPL submitted a pre-hearing brief on February 22, 2016 (Brief). In accordance with 49 C.F.R. § 190.211, a hearing was held in Kansas City, Missouri on March 3, 2016, before a Presiding Official from the Office of Chief Counsel, PHMSA. After the hearing, Respondent submitted additional written materials dated April 8, 2016, and August 9, 2016. Pursuant to § 190.209(b)(7), the Director submitted a written evaluation of Respondent's response material on July 12, 2016.

[1] This information is reported by Respondent for calendar year 2015 pursuant to 49 C.F.R. § 191.17.

WITHDRAWAL OF ALLEGATION

The Notice alleged that Respondent violated 49 C.F.R. § 192.933(d)(1)(ii), as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.933(d)(1)(ii), which states in relevant part:

> **§ 192.933 What actions must be taken to address integrity issues?**
> (a) *General requirements.* An operator must take prompt action to address all anomalous conditions 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 . . . .
> (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.
> (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 . . . .
> (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 . . .
> (ii) A dent that has any indication of metal loss, cracking or a stress riser.

The Notice alleged that Respondent violated 49 C.F.R. § 192.933(d)(1)(ii) by failing to temporarily reduce operating pressure after receiving information of six pipeline dents with metal loss, which are classified by the regulation as "immediate repair conditions." Specifically, the Notice alleged that NGPL received a tool vendor final report on May 6, 2010, for an inline inspection (ILI) assessment of a pipeline segment from Compressor Station 13 to Brainard Road and the report identified six immediate repair conditions. The Notice alleged that Respondent did not temporarily reduce pressure on the pipeline until May 13, 2010, seven days after the conditions were discovered.

In its written submissions and at the hearing, Respondent argued that it did not have adequate information to discover the immediate repair conditions on May 6, 2010. Pursuant to § 192.933(b), Respondent contended, "discovery" of an immediate repair condition occurs when an operator has adequate information about a condition to determine that it presents a potential integrity threat. Respondent explained that it discovered the immediate conditions on May 13, 2010, after the Company had aligned "the data from the ILI vendor's Final Report with existing company data, including data on the locations of HCAs [high consequence areas] and prior repairs."[2] Within two business hours of completing the alignment, Respondent discovered the conditions and initiated and completed a pressure reduction.

Respondent explained that until it had completed alignment of the data, it did not have adequate information to determine if immediate repair conditions were present. In particular, Respondent claimed that the ILI vendor's final report did not provide adequate information on its own, because it did not indicate whether the dents with metal loss were located in HCAs or whether they had been previously evaluated and repaired. Respondent stated that its data alignment process was necessary in order to: (1) establish the location of each anomaly; (2) determine if the location was within an HCA; and (3) determine whether an anomaly had previously been evaluated or repaired.[3]

At the hearing, OPS argued that Respondent discovered the immediate conditions on May 6, 2010, when the Company received the ILI vendor's final report that identified dents with metal loss. The report included latitude and longitude coordinates, as well as above ground markers that had been placed along the pipeline for the ILI tool run. OPS claimed this information was enough for Respondent to cross index the location of the dents with HCAs on other maps to determine an immediate pressure reduction was required.

Analysis

Section 192.933(d) requires a pipeline operator to temporarily reduce pressure or shut down a pipeline upon discovery of an immediate repair condition, including any dent with metal loss. 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."[4] Discovery is not tied "solely to the date of the tool run but to the fact that at the completion of a tool run there are assessment results from which an operator can obtain sufficient information about the condition to determine that condition presents a potential threat to the integrity of the pipeline."[5]

PHMSA has found that "the type of information contained in a vendor report is generally sufficient to enable the operator to determine whether there are immediate repair conditions on

---

[2] Brief at 2.

[3] Brief at 7-8.

[4] 49 C.F.R. § 192.933(b).

[5] *BP Pipelines (North America), Inc.*, Decision on Petition for Reconsideration, CPF No. 3-2005-5030, at 6, 2006 WL 7129217 (Sept. 6, 2006).

the pipeline."[6] An operator, therefore, will normally have sufficient information to enable discovery of an immediate repair condition upon receipt of the vendor's report. PHMSA has also acknowledged, however, "there may be specific instances when discovery is delayed in order for an operator to gather and integrate additional information from other sources."[7] In those instances "discovery sometimes requires the gathering and integration of information from other sources," but an operator must be able to demonstrate there was a need to gather and integrate information from sources other than the ILI reports.[8]

Having reviewed the evidence in the record, I find adequate support for Respondent's argument that the ILI report did not provide enough data on its own and that integration of additional information was necessary to determine if conditions presented a potential threat to the integrity of the pipeline. Specifically, Respondent demonstrated that integration of information was necessary to determine if the conditions were in fact located in an HCA and were not previously repaired. While OPS argued this information could have been determined more quickly based on above-ground markers, Respondent explained at the hearing why the above-ground markers were only intended to be used for the pig run and were not accurate enough to be used for HCA identification.[9] In addition, I note that Respondent completed its data integration, declared discovery of the conditions, and implemented a pressure reduction only 70 days into the 180-day regulatory deadline for discovering conditions following an assessment.

Accordingly, after considering the record, I find there is insufficient evidence in the record to prove Respondent violated 49 C.F.R. § 192.933(d)(1)(ii) in the manner alleged by the Notice. This allegation is therefore withdrawn and the proposed penalty is not assessed. The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

MAR 3 0 2017

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued

[6] *Sunoco Pipeline L.P.*, Order Directing Amendment, CPF No. 4-2007-5007M, at 3, 2009 WL 5538651 (Dec. 1, 2009); *Magellan Pipeline Co.*, Final Order, CPF No. 4-2004-5006, at 1-2, 2005 WL 6956543 (Aug. 18, 2005).

[7] *Sunoco Pipeline L.P.*, CPF No. 4-2007-5007M, at 3.

[8] *ConocoPhillips Pipe Line Co.*, Final Order, CPF No. 4-2005-5037, at 4, 2007 WL 1202565 (Jan. 9, 2007).

[9] Transcript at 65.