



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

June 20, 2016

Mr. Paul M. Blanch
Energy Consultant
135 Hyde Road
West Hartford, CT 06117

Dear Mr. Blanch:

Thank you for your e-mail message of April 18, 2016, and attached letter regarding your continued concern and questions related to the Algonquin Incremental Market (AIM) Project.

In March 2015, the Federal Energy Regulatory Commission (FERC) issued a Certificate of Public Convenience and Necessity for the AIM Project, authorizing Algonquin to construct and operate the AIM Project in accordance with the conditions set forth by FERC. These conditions include the requirements for the pipeline and aboveground facilities associated with the AIM project to be designed, constructed, operated, and maintained to meet or exceed the Pipeline and Hazardous Materials Safety Administration's (PHMSA) minimum federal pipeline safety standards in Title 49 Code of Federal Regulations (C.F.R.) Part 192 and other applicable federal and state regulations.

To ensure that the AIM Project would meet operational objectives while meeting or exceeding federal pipeline safety design, construction, and testing requirements, Algonquin identified class locations and high consequence areas (HCAs), as well as conducted a risk assessment, for the AIM Project. The class locations along the 3,935 feet running by Indian Point Energy Center (IPEC) include Class 1-3 locations, as defined by the federal pipeline safety regulations. Algonquin has classified this section of pipeline as being in an HCA, requiring Algonquin to comply with the additional requirements contained in Part 192, Subpart O – Gas Transmission Pipeline Integrity Management, when the line becomes operational. Algonquin has committed to incorporating the AIM Project into the overall Spectra Energy Transmission Integrity Management Program, Integrity Management Program Manual, as soon as the AIM project facilities go into service.

Algonquin has designed the 3,935 feet of pipeline by IPEC for the highest, most stringent class location, Class 4, and has committed to implementing additional design enhancements and construction techniques for this portion of pipeline. These enhancements, which exceed the minimum federal pipelines safety standards, include using thicker wall steel pipe (X-70 grade pipe with a 0.720 wall thickness), adding additional corrosion protection, performing nondestructive testing of 100 percent of butt/girth welds, placing valves at closer intervals, installing remotely controlled valves at Station 138+46.5 (MP 2.62) and Station 285+62.9 (MP 5.41), and installing the pipe with additional cover plus a physical reinforced concrete protective

barrier above the pipeline. Algonquin has committed to use an experienced construction inspection staff that will provide 100 percent inspection of all welding, coating, and backfilling activities.

Additionally, Algonquin will run an in-line-inspection tool (caliper smart pig) following construction to identify any denting that exceeds the pipeline safety code requirements. These additional measures provide enhanced safety, over and above the federal pipeline safety regulations, to further limit the potential for a pipeline incident on the 42-inch AIM pipeline running near the IPEC. Enclosed are two maps for the area near the IPEC. One map illustrates the pipeline route for the 42-inch AIM Project with identified high consequence areas (enclosure 1) and the other map highlights the 3,935 feet of enhanced pipeline (enclosure 2).

Before the AIM Pipeline can be put into service, the pipeline will be hydrostatically pressure tested in accordance with Part 192, Subpart J – Test Requirements, to verify the integrity and strength of the pipeline at pressures exceeding the maximum allowable operating pressure. In the vicinity of IPEC, Algonquin will perform a pressure test for a minimum duration of eight hours at a test pressure of 1.8 times the maximum allowable operating pressure in accordance with the federal pipeline safety regulations. This pressure testing satisfies the integrity management requirement for a baseline assessment. The records of this testing must be retained by the pipeline operator for the life of the pipeline.

PHMSA and our state pipeline safety program partners take pipeline safety very seriously. We maintain a rigorous and comprehensive program covering pipeline operator inspections and enforcement, in addition to setting pipeline safety standards. While PHMSA does not issue permits or certifications of compliance, PHMSA inspectors or agents authorized by the Associate Administrator for the Office of Pipeline Safety, upon presenting appropriate credentials, are authorized to enter upon, inspect, and examine regulated natural gas pipeline operator's facilities, documentation, and records required by the federal pipeline safety regulations. If issues or problems related to non-compliance are found, PHMSA issues compliance actions to achieve and maintain pipeline safety and to insure the pipeline is in compliance with regulations. PHMSA's Office of Pipeline Safety website maintains pipeline operator information, and includes information on federal inspections and enforcement. www.phmsa.dot.gov/pipeline.

As mentioned in our last correspondence, PHMSA works closely with state pipeline safety programs to carry out our mission. For this project, PHMSA works with the New York Department of Public Service (NY DPS) to regulate interstate natural gas pipelines in New York. The NY DPS performs inspections on interstate natural gas pipelines in New York for PHMSA, including the Spectra Energy Algonquin pipeline facilities. If and when any violations of federal regulations are identified, PHMSA will take enforcement action.

Construction activities for the AIM Project are underway and both PHMSA and NY DPS personnel, along with other state pipeline safety personnel, are engaged in the AIM Project. NY DPS maintains regulatory oversight over new pipeline construction activities in New York and has already conducted several inspections related to the AIM Project. NY DPS began their inspections of the AIM project back in May 2015 and continue through the present. NY DPS conducted their most recent inspection on May 10, 2016. After startup of a pipeline, NY DPS personnel will continue inspections of the operation and maintenance of all jurisdictional

pipelines in New York, to verify sustained compliance with the federal pipeline safety regulations. If future inspections reveal violations, PHMSA will take enforcement action.

If you have further questions or need clarification on specific sections of the federal pipeline safety regulations, you are welcome to submit a formal request for interpretation, pursuant to 49 C.F.R. §190.11. The request should be submitted to John Gale, Director, Standards and Rulemaking Division, with a carbon copy to Tewabe Asebe, Transportation Specialist, Standards and Rulemaking Division. Any questions you have related to the Federal Energy Regulatory Commission (FERC) Environmental Impact Statement should be referred to the FERC project manager for the AIM Project, Magdalene Suter, at (202) 502-6463 or via email at Magdalene.Suter@ferc.com.

I hope that this information provides you with assurance that PHMSA and our state partners are closely monitoring the AIM project and will continue regulatory oversight throughout its operation. Thank you again for your continued concern and involvement with pipeline safety and I appreciate you bringing your concerns to our attention. If we can be of further assistance, please do not hesitate to contact Karen Gentile, one of our Eastern Region Community Assistance and Technical Services representatives, at 609-433-6650, or via email at Karen.Gentile@dot.gov.

Sincerely,

*Nancy White for
Alan Mayberry*

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

cc: Kevin Speicher, NYSDPS
Magdalene Suter, FERC

2 Enclosures