



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 1, 2008

Mr. Jeryl Mohn
Sr. Vice President
Panhandle Eastern Pipeline Company
5444 Westheimer Rd
Houston, TX 77056-5306

CPF 4-2008-1013M

Dear Mr. Mohn:

On December 11-14, 2006, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your procedures and records for Operator Qualification (OQ) in Houston, Texas for the OQ Plan used by; Panhandle Eastern Pipeline Company, Trunkline Gas Company, Sea Robin Pipeline Company, and Lee 8 Storage Partnership, all designated by PEPL.

As a result of the inspections, it appears that your written procedures are inadequate to assure safe operation of the pipeline as follows:

1. §192.805 Qualification Program

Each operator shall have and follow a written qualification program.

The program shall include provisions to:

(a) Identify covered tasks;

At the time of the inspection, PEPL did not identify all applicable covered tasks as required by the OQ rule and PHMSA position. PEPL must amend its OQ Plan to include the following covered tasks - holiday detection, pipefitting (fittings, gaskets, tubing, threaded fittings) Close interval survey, stress corrosion cracking

inspection, direct current voltage gradient, loading and unloading ILI tools, ultrasonic thickness testing, moving inservice pipeline (line lowering etc), and maintenance of rectifiers.

2. §192.805 Qualification Program

Each operator shall have and follow a written qualification program.

- a. The program shall include provisions to:**
(b) Ensure through evaluation that individuals performing covered tasks are qualified;

At the time of the inspection, PEPL did not have provisions in their written program to ensure contractors perform covered tasks consistent with the operator's requirements. PEPL must amend its OQ Plan to clarify who is responsible to verify that contractor individuals are qualified for the covered task and that the task is being performed consistent to the OQ Plan. The plan should name the document or form where the verification is recorded.

b. §192.803 Definitions.

Evaluation means a process, established and documented by the operator, to determine an individual's ability to perform a covered task by any of the following:

- (a) written examination;**
- (b) oral examination;**
- (c) work performance history review;**
- (d) observation during:**
 - (1) performance on the job,**
 - (2) on the job training, or**
 - (3) simulations; or**
- (e) other forms of assessment.**

Qualified means that an individual has been evaluated and can:

- (a) perform assigned covered tasks and**
- (b) recognize and react to abnormal operating conditions.**

At the time of the inspection, PEPL did not consistently define which evaluation methods are required for each covered task when an evaluation is performed. PEPL must amend its OQ Plan to define what evaluation methods are required for each covered task on initial and subsequent evaluations.

At the time of the inspection, PEPL did not address program integration following a merger or acquisition. PEPL must amend its OQ Plan to address program integration following a merger or acquisition, and it needs to apply to qualified employees and contractor individuals. Specifically the program integration needs to include the following: review the acquired company's 'qualification and

evaluation methods' for each covered task; where the qualification and or evaluation method is inadequate, provide necessary training and or evaluation, and disallow an individual from performing the covered task until the training and or evaluation is complete; it needs to be clear that it applies to both contractors and employees; and it must address OQ training for operating acquired equipment not previously used by the Operator.

c. §192.803 Definitions.

Abnormal operating condition means a condition identified by the operator that may indicate a malfunction of a component or deviation from normal operations that may:

- (a) indicate a condition exceeding design limits; or**
- (b) result in a hazard(s) to persons, property, or the environment.**

Qualified means that an individual has been evaluated and can:

- (a) perform assigned covered tasks and**
- (b) recognize and react to abnormal operating conditions.**

At the time of the inspection, PEPL did not require a periodic review to assure Abnormal Operating Conditions (AOC) are representative of those that can be anticipated based on operational experience of AOC, and provisions were not provided to incorporate additional AOC identified during incident review. PEPL must amend its OQ Plan to show a formal documented process to assure AOC are representative of those that can be anticipated based on operational experience of AOC, and show a formal documented process to incorporate additional AOCs that are identified during incident review.

3. §192.805 Qualification Program

Each operator shall have and follow a written qualification program.

The program shall include provisions to:

- (d) Evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an incident as defined in Part 191;**

At the time of the inspection, PEPL was not clear on what will occur regarding a contractor individual being suspended pending an incident investigation. Additionally, the plan needed to state that a review of the operating procedure for the covered task will be conducted during the incident investigation. PEPL must amend its OQ Plan to ensure that any individual the operator has reason to believe whose performance of a covered task contributed to an incident is evaluated prior to performing the covered task(s) post accident. The OQ Plan must also show that a review of the operating procedure for the covered task will be conducted during the incident investigation.

4. §192.805 Qualification Program

Each operator shall have and follow a written qualification program.

The program shall include provisions to:

(f) Communicate changes that affect covered tasks to individuals performing those covered tasks;

At the time of the inspection, PEPL was not clear that changes can be recommended from all sources. The plan did not address how the operator will communicate changes in the plan to contractors and Veriforce. The plan did not adequately define "impact" for degrees of change. PEPL must amend its OQ Plan to address feedback from all sources. The OQ Plan must show a formal documented process to communicate changes in the plan to contractors, Veriforce, or another third party provider. "Impact" for degrees of change must be defined well enough such that multiple individuals will arrive at the same 'impact' based on the same degree of change.

5. §192.805 Qualification program.

The program shall include provisions to:

(g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.

At the time of the inspection, the plan's re-evaluation interval for covered task PEOQC208 Plastic Pipe - Butt Fusion needed to be changed to show one year instead of four, and covered task PEOQW611 Hot Tap needed to be changed to show three years or less, instead of 5 years. PEPL must amend its OQ Plan to show a one year re-evaluation interval for covered task PEOQC208 Plastic Pipe - Butt Fusion, and a three year re-evaluation interval for covered task PEOQW611 Hot Tap.

6. §192.805 Qualification Program

Each operator shall have and follow a written qualification program.

The program shall include provisions to:

h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities;

At the time of the inspection, PEPL did not state what is required of contractors for training of their personnel in Appendix C.1 Section 3 and did not make reference to Veriforce in a manner consistent with how you are utilizing Veriforce. Your OQ Plan was silent regarding remedial training of contractors. PEPL must amend its

OQ Plan to show a formal documented process for contractor training of their personnel in Appendix C.1 Section 3 and document the use of Veriforce and other third party training resources in a manner consistent with how they are utilized.

7. §192.805 Qualification Program

Each operator shall have and follow a written qualification program.

The program shall include provisions to:

(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.

At the time of the inspection, PEPL did not address significant change notification to PHMSA or the appropriate State agency. PEPL must amend its OQ Plan to show a documented process for notification to PHMSA and appropriate State agencies when the OQ Plan has been significantly modified.

8. §192.807 Recordkeeping.

Each operator shall maintain records that demonstrate compliance with this subpart.

(a) Qualification records shall include:

- (1) Identification of qualified individual(s);**
- (2) Identification of the covered tasks the individual is qualified to perform;**
- (3) Date(s) of current qualification; and**
- (4) Qualification method(s).**

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

At the time of the inspection, PEPL did not state that the database is backed-up and stored off-site. PEPL must amend its OQ Plan to state how the records are actually backed-up and stored.

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 4-2008-1013M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

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