

**January 29, 2015**

Mr. Lynn L. Bourdon III  
President and CEO  
Enable Midstream Partners, LP  
One Leadership Square  
211 N Robinson Ave., Suite 950  
Oklahoma City, OK 73102

**Re: CPF No. 4-2013-1018**

Dear Mr. Bourdon:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$118,200, and specifies actions that need to be taken by your subsidiary, Enable Gas Transmission, LLC, to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Southwest Region, OPS, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Rodrick M. Seeley, Director, Southwest Region, OPS  
Mr. Chris Bullock, Director, DOT Compliance, Enable Midstream Partners, LP

**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              | ) |                            |
|                               | ) |                            |
| Enable Gas Transmission, LLC, | ) | <b>CPF No. 4-2013-1018</b> |
|                               | ) |                            |
| Respondent.                   | ) |                            |
|                               | ) |                            |

**FINAL ORDER**

On multiple dates in February and March, 2013, pursuant to 49 U.S.C. § 60117, representatives 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 Centerpoint Energy Gas Transmission Company, LLC (CEGT), in Arkansas, Louisiana, and Oklahoma. Since the date of that inspection, CEGT has been renamed Enable Gas Transmission, LLC (EGT or Respondent).<sup>1</sup> EGT is one of two wholly-owned subsidiaries of Enable Midstream Partners, LP, which operates more than 8,000 miles of interstate pipeline located in Arkansas, Illinois, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas.<sup>2</sup>

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated November 5, 2013, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included warnings pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that EGT had committed various violations of 49 C.F.R. Part 192 and assessing a civil penalty of \$118,200 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violations or face future potential enforcement action.

EGT responded to the Notice by letter dated January 20, 2014 (Response). The company contested some of the allegations, offered additional information in response to the Notice, and requested that the proposed civil penalty be reduced. Respondent did not request a hearing and therefore has waived its right to one.

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<sup>1</sup> Centerpoint Energy Inc., Annual Report (Form 10-K), at 78 (Feb. 26, 2014), available at <http://investors.centerpointenergy.com/annuals.cfm>.

<sup>2</sup> <http://www.centerpointenergy.com/services/pipelines/egt/> (last accessed on July 28, 2014).

### FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 192, as follows:

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 192.467(d), which states:

**§ 192.467 External corrosion control: Electrical isolation.**

(a) Each buried or submerged pipeline must be electrically isolated from other underground metallic structures, unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.

(b) . . . .

(d) Inspection and electrical tests must be made to assure that electrical isolation is adequate.

The Notice alleged that Respondent violated 49 C.F.R. § 192.467(d) by failing to inspect and electrically test each buried pipeline to assure that electrical isolation was adequate. Specifically, the Notice alleged that EGT's corrosion control program procedure required testing of insulating devices at custody-transfer locations on both the foreign side and the EGT side of the line, but that the company had failed to take readings on the foreign side of insulating devices at 11 different locations for a total of 29 times during 2010, 2011, and 2012.

In its Response, EGT stated that the company missed only eight of the required readings, and requested that PHMSA reduce the level of the proposed civil penalty and the scope of the proposed compliance order accordingly. EGT stated that 13 of the readings were at test points "categorized as 'Normal' rather than 'Insulated' and thus no 'foreign side' electric potential reading was required."<sup>3</sup> EGT stated that the eight missing readings were at test points that "had been mistakenly identified as 'Insulated' in EGT's Maintenance Management System," that EGT had already identified and corrected the data error prior to PHMSA's inspection, and that therefore these missing readings should not be considered violations of the regulation. In support of this argument, EGT provided a report listing test-point inspection results.<sup>4</sup>

EGT's Response and attached report, however, do not explicitly identify which test readings the company believes fall into each category. My review of the report shows the following:

| Test Point Location | Dates of tests with test-point type listed as "Insulated" | Dates of tests with test-point type listed as "Normal" |
|---------------------|---|--|
| TP 21250            | 5/6/2010 and 5/11/2011                                    |  |
| TP 24316            | 5/6/2010 and 5/11/2011                                    | 5/15/2012  |
| TP 26318            | 4/28/2010 and 4/18/2011                                   |  |
| TP 27667            | 12/21/2010 and 4/18/2011                                  | 4/10/2012  |
| TP 27668            | 12/21/2010 and 4/18/2011                                  | 4/10/2012  |
| TP 27669            | 12/21/2010  | 4/18/2011 and 4/10/2012                                |

<sup>3</sup> Response at 5.

<sup>4</sup> Response Attachment 2-1.

|          |            |                         |
|----------|------------|-------------------------|
| TP 27671 | 12/21/2010 | 4/18/2011 and 4/10/2012 |
| TP 27672 | 12/21/2010 | 4/18/2011 and 4/10/2012 |
| TP 27673 | 12/21/2010 | 4/18/2011 and 4/10/2012 |
| TP 4085  | 6/18/2010  | 6/13/2011 and 6/14/2012 |
| TP 8242  | 8/7/2010   |                         |

This review does show eight locations where the test-point type was changed from “Insulated” to “Normal.” However, EGT did not provide an explanation as to why the test points that had been mistakenly identified as “Insulated” were later changed to “Normal” and why they were not corrected on the report at the time of the inspections if they were not, in fact, insulated. If EGT discovered during a test that a test point was identified incorrectly, the test record should have made a note of this data error.

At least one test was conducted at each of the 11 test-point locations that had been identified as “Insulated,” but EGT neither conducted a “foreign-side” test at these sites nor corrected the identification of the test point. In each of these 11 locations, the company’s records fail to demonstrate that EGT was able to assure that electrical isolation was indeed adequate. Accordingly, based upon a review of all of the evidence and the legal issues presented, I find that Respondent violated 49 C.F.R. § 192.467(d) by failing to inspect and electrically test each buried pipeline to assure that electrical isolation was adequate.

**Item 7:** The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states:

**§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow its own manual of written procedures for conducting operations and maintenance activities. Specifically, the Notice alleged that EGT’s procedures required it to periodically evaluate pipeline “dead legs” for corrosivity through gas sampling, coupons, and liquid sampling, but that the company failed to conduct evaluations at five such locations, at facilities with piping that was defined as “U-shaped” or “L-shaped.”

In its Response, EGT stated that it had “complied with its procedures for evaluating the risk of corrosion in dead legs identified” in the Notice.<sup>5</sup> EGT explained that its *Corrosion Control*

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<sup>5</sup> Response at 8.

*Program Procedure PS-03-02-002* did not require that the company inspect each dead leg. Rather, it argued that its procedure required that EGT “evaluate the risk of internal corrosion based on multiple factors and the presence of corrosive gas.... Applying these procedures, EGT ‘evaluates’ its entire system, of which the dead legs addressed in the [Notice] would be a part of [sic], based on these factors.”<sup>6</sup> EGT went on to explain that the procedure also referenced the company’s Integrity Management Program to assess and evaluate the risk of internal corrosion. Finally, EGT stated that its “systematic evaluations showed no corrosive gas conditions upstream of the dead leg locations addressed in [the Notice], so no further evaluation within those dead leg locations was required by EGT’s procedures.”<sup>7</sup>

I disagree, for two reasons. First, EGT did not provide a copy of its evaluation or analysis of upstream conditions that supposedly determined there were no corrosive conditions and that the dead legs in question here did not need to be evaluated for internal corrosion. In fact, the procedure that was available during the OPS inspection and the version that EGT provided in its Response could readily support the opposite conclusion. It identified several factors that influence the formation of internal corrosion, including dead legs, and stated: “Because of the above factors, the Company will periodically evaluate gas pipelines for corrosivity through gas sampling, coupons, and liquid sampling as required.”

Second, EGT stated that it complied with its procedure by performing system-wide evaluations, but did not identify how the company evaluated the “U-shaped” and “L-shaped” dead legs identified in the Notice. In its Response, EGT provided a copy of its *2009 Dead Leg Inspection Program – Final Summary Report*, which states: “The typical dead leg configuration we are trying to evaluate is one of the following where a section of pipe has been stubbed or capped such that there is no/low flow gas conditions.” The report goes on: “Five or 6 representative dead legs were selected from each region with the intention of developing a diversified sampling of the dead legs across the company pipeline system. The location of these dead legs was identified based on feedback from personnel from each region.”<sup>8</sup>

While such a systematic approach is commendable, EGT still failed to follow its own procedures for evaluating each type of dead leg that existed on its system. Notably, the dead legs that were identified in the Notice were all oriented in the vertical plane, and there is no indication that EGT evaluated other dead legs with similar characteristics or considered the orientation of the dead legs as a factor to be considered in its inspection program

As a consequence, EGT failed to demonstrate that it had evaluated all types of dead legs in its system, including “U-shaped” and “L-shaped” dead legs and those oriented in the vertical plane, for internal corrosion through gas sampling, coupons, and liquid sampling as required by its *Corrosion Control Program Procedure PS-03-02-001*. Accordingly, after considering all of the evidence and the legal issues presented, I find that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow its manual of written procedures for conducting operations and maintenance

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<sup>6</sup> *Response* at 9.

<sup>7</sup> *Id.*

<sup>8</sup> *Response*, Attachment 7-4, at 1.

activities.

**Item 10:** The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a), which states:

**§ 192.739 Pressure limiting and regulating stations: Inspection and testing.**

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—

- (1) In good mechanical condition;
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a); and
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a) by failing to inspect and test each pressure regulating station at least once each calendar year to determine that it is set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a). Specifically, the Notice alleged that from 2007 to 2011, EGT failed to inspect regulating station MSM11007 to ensure it was set to control or relieve pressure consistent with the pressure limits of the downstream plastic pipeline RM-5.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.739(a) by failing to inspect and test each pressure regulating station to determine that it is set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a).

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

**ASSESSMENT OF PENALTY**

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.<sup>9</sup> In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect

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<sup>9</sup> The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Pub. L. No. 112-90, § 2(a)(1), 125 Stat. 1904, January 3, 2012, increased the civil penalty liability for violating a pipeline safety standard to \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.

that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$118,200 for the violations cited above.

**Item 2:** The Notice proposed a civil penalty of \$72,700 for Respondent's violation of 49 C.F.R. § 192.467(d), for failing to inspect and electrically test each buried pipeline to assure that electrical isolation was adequate. The Notice alleged that Respondent failed to take readings on the foreign side of insulating devices at 11 different locations a total of 29 times, and accordingly proposed a civil penalty based on 11 violations of the regulation.

In its Response, EGT stated that the company missed only eight of the required readings and requested that the civil penalty be reduced accordingly. However, as discussed above, I found that at all 11 test point locations, at least one test was conducted during a time when it was identified as "Insulated," yet neither a "foreign-side" test was conducted nor was the identification of the test point corrected. I have reviewed the original penalty that was proposed and find that it was reasonably based on the 11 test sites in question, not the total number of tests that were allegedly missed.

Electrical isolation is necessary to protect against external corrosion, which can cause pipeline failure if left unchecked. Respondent was fully culpable for its failure to conduct the tests according to its own procedures and records. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$72,700 for violation of 49 C.F.R. § 192.467(d).

**Item 10:** The Notice proposed a civil penalty of \$45,500 for Respondent's violation of 49 C.F.R. § 192.739(a), for failing to inspect and test each pressure regulating station to determine that it is set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a). Respondent did not contest either the allegation or the proposed penalty. Pressure limiting devices are necessary to prevent over-pressurization, which can cause a pipeline failure. Respondent's failure to inspect this pressure regulating station for five years could have resulted in a serious pipeline accident. Respondent was fully aware of the requirement and fully culpable for the violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$45,500 for violation of 49 C.F.R. § 192.739(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$118,200**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, P. O. Box 269039, Oklahoma City, Oklahoma 73125. The

Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$118,200 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

### **COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Items 2 and 7 in the Notice for violations of 49 C.F.R. §§ 192.467(d) and 192.605(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 192.467(d) (**Item 2**), Respondent must evaluate its pipeline system and locate all custody-transfer electrical isolation points. At each such location, Respondent must confirm that electrical isolation is adequate and take prompt action to correct any deficiencies. Respondent must complete this item and provide a report detailing any deficiencies and remediation to the Director within 180 days after receipt of this Final Order.
2. With respect to the violation of § 192.605(a) (**Item 7**), Respondent must develop a plan to locate and evaluate all types of dead legs within its pipeline system for internal corrosion, and must submit this plan to the Director within 90 days after receipt of this Final Order. Respondent must document the evaluation of each dead leg location and any corrective actions taken as a result of these evaluations, and submit the results to the Director within one year after receipt of this Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.



### WARNING ITEMS

With respect to Items 1, 3, 4, 5, 6, 8, and 9, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 192.476(d) (**Item 1**) — Respondent's alleged failure to maintain records demonstrating compliance with § 192.476(d) regarding internal corrosion control in the design and construction of transmission lines; and

49 C.F.R. § 192.491(a) (**Item 3**) — Respondent's alleged failure to maintain records or maps showing the location of anodes used to provide cathodic protection to an isolated section of its pipeline; and

49 C.F.R. § 192.731(c) (**Item 4**) — Respondent's alleged failure to inspect and test each remote control shutdown device at intervals not exceeding 15 months, but at least once each calendar year; and

49 C.F.R. § 192.605(a) (**Items 5 and 6**) — Respondent's alleged failure to follow its manual of written procedures for conducting operations and maintenance activities;<sup>10</sup>

49 C.F.R. § 192.709(b) (**Item 8**) — Respondent's alleged failure to maintain records associated with the replacement of a safety valve for at least five years; and

49 C.F.R. § 192.719(a) (**Item 9**) — Respondent's alleged failure to test replacement pipe used to repair a segment of transmission line, to the pressure required for a new line installed in the same location.

EGT presented information in its Response showing that it had taken certain actions to address the cited items. If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request, grants a stay, all

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<sup>10</sup> In its Response to Item 6, EGT noted that it had identified and corrected this violation prior to the OPS inspection, and requested that PHMSA take such efforts into account as a mitigating factor to reduce a proposed civil penalty or proposed compliance order requirement. The NOPV did not propose a civil penalty or compliance order for this alleged violation, so no mitigation or revision is needed. See Response at 2-3.

other terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued