



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 5, 2013

Mr. Pete Kirsch
Sr. VP - Pipeline Operations and Engineering
Enable Gas Transmission, LLC
1111 Louisiana Street
Houston, TX 77002

CPF 4-2013-1018

Dear Mr. Kirsch:

On multiple dates in February and March, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected portions of Centerpoint Energy Gas Transmission Co (CEGT) pipeline system located in Arkansas, Louisiana, and Oklahoma. PHMSA understands that CEGT is now known as Enable Gas Transmission, LLC.

As a result of the inspections, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §192.303 Compliance with specifications or standards.
Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.**

§192.476 Internal corrosion control: Design and construction of transmission line.

- (d) Records. An operator must maintain records demonstrating compliance with this section. Provided the records show why incorporating design features addressing paragraph (a)(1), (a)(2), or (a)(3) of this section is impracticable or unnecessary, an

operator may fulfill this requirement through written procedures supported by as-built drawings or other construction records.

Centerpoint Energy Gas Transmission Co. (CEGT) failed to demonstrate compliance with their procedure and did not complete Form PS8256 (9-2009) or file the form in the design and line files.

CEGT Corrosion Control Program Procedure PS-06-01-205 *Design and Construction of New Pipeline or Replacement Sections - to Reduce the Risk of Internal Corrosion*, section 2.7 *Record Keeping* states,

“The design for new gas transmission and/or new gas transmission pipeline segments shall be documented on Form PS8256 Design and Construction of New Pipeline or Replacement Sections - to reduce the risk of internal corrosion, including at least one selection under each of the following parts -...”

It further states,

“This documentation will be filed in the design file and line file...”

While reviewing CEGT project AFE #11583, Line F-625, the PHMSA inspector learned that CEGT did not complete the Form PS8256 (9-2009). CEGT completed and provided this document on 2/6/2013 only after the PHMSA inspector requested a copy at the time of the inspection.

2. §192.467 External corrosion control: Electrical isolation.

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

CEGT failed to conduct electrical tests on the foreign pipeline side at custody transfer points to assure adequate electrical isolation.

According to the CEGT Corrosion Control Program, Procedure PS-03-02-232 *Installation of Insulating Devices*, section 2.2 *Locations* states,

“Typical locations where electrical insulating devices may be installed include the following:

...

Point at which facilities change ownership, such as meter stations and well heads.

...”

Section 2.4 *Compressor Station Piping, Insulating flanges and Solid State Decouplers (SSD)*: states,

"... The required monitoring of cathodic protection systems and the evaluation of test data is sufficient to ensure that electrical isolation is adequate and the SSD are functioning properly...

... If the potentials are more than 100 mv apart, this is generally an indication that the device is functioning properly. If the potentials are within 100mv of each other, additional evaluations are required to determine the condition of the insulation and for possible repair."

The CEGT Corrosion Control Program Procedure PS-03-02-230 *Pipe-to-Soil Potential Survey*, revised date 02/02/2011, section 2.5 *Electrode Placement* states,

"... Insulating devices: (See Figure 4)

- *Place the electrode in a position where both the foreign-side and the pipeline side of the insulating fittings can be reached to ensure isolation. Do not move the electrode during this test. Take and document the potential readings for storage in the MMS...."*

During the inspection, the PHMSA inspector noted CEGT failed to take potential readings on the foreign-side of insulating devices at the following sites during the calendar years 2010, 2011, and 2012:

TP 21250 on 5/6/2010 and 5/11/2011 - STEEL SCAPE.

TP 24316 on 5/6/2010, 5/11/2011, 5/15/2012 - PRAT.

TP 26318 on 4/28/2010, 4/18/2011 - REGENCY.

TP 27667 on 12/21/2010, 4/18/2011, 4/10/2012 - SWEPCO POWER PLANT.

TP 27668 on 12/21/2010, 4/18/2011, 4/10/2012 - SWEPCO POWER PLANT.

TP 27669 on 12/21/2010, 4/18/2011, 4/10/2012 - SWEPCO POWER PLANT.

TP 27671 on 12/21/2010, 4/18/2011, 4/10/2012 - SWEPCO POWER PLANT.

TP 27672 on 12/21/2010, 4/18/2011, 4/10/2012 - SWEPCO POWER PLANT.

TP 27673 on 12/21/2010, 4/18/2011, 4/10/2012 - SWEPCO POWER PLANT.

TP 4085 on 6/18/2010, 6/13/2011, 6/14/2012 - LIEBERMAN POWER PLANT.

TP 8242 on 8/7/2010 - IP DOMINO.

3. §192.491 Corrosion control records.

- (a) Each operator shall maintain records or maps to show the location of cathodically protected piping, cathodic protection facilities, galvanic anodes, and neighboring structures bonded to the cathodic protection system. Records or maps showing a stated number of anodes, installed in a stated manner or spacing, need not show specific distances to each buried anode.**

CEGT did not maintain maps or records showing the anode locations or note the number of anodes and the spacing used to provide cathodic protection to an isolated section of Line 634-2.

CEGT's Line 634-2 has a section of 2 inch steel pipeline that is isolated from the impressed current cathodic protection system by a section of 2 inch plastic pipe. The isolated section of Line 634-2 is protected by galvanic anodes. CP records for 2009, 2010, 2011, and 2012 verified that the isolated section of pipeline had adequate cathodic protection. Per §192.491(a), CEGT records and/or maps should state the number of anodes installed in a stated manner or spacing.

4. **§192.731 Compressor stations: Inspection and testing of relief devices.**
 - (c) **Each remote control shutdown device must be inspected and tested at intervals not exceeding 15 months, but at least once each calendar year, to determine that it functions properly.**

CEGT personnel failed to inspect and test at intervals not exceeding 15 months, but at least once each calendar year, the Remote Control Shutdown devices (ESD) at the Allen Compressor Station in calendar year 2010.

PHMSA reviewed the ESD maintenance and testing records for Allen Compressor Station for the years 2008 through 2012 during this inspection of the Ada Team area. The 2008 and 2009 ESD maintenance was performed in December of each year. The 2010 ESD maintenance should have been completed by December 31, 2010. No maintenance was performed in the calendar year 2010 for the 9 ESD activation locations at the compressor station. The 2011 ESD maintenance was performed in January and the 2012 ESD maintenance was performed in February.

5. **§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 one 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.**

CEGT failed to follow their procedure and ensure that no permanent structure will be allowed on the Company's pipeline right-of-ways that may obstruct maintenance or immediate access to the pipeline. There are two (2) permanent structures on the pipeline right-of-way placed directly over Line JM-19.

CEGT Operating and Maintenance Plan Procedure No.: 244 *Encroachment*, section A. *Permanent Structures* states,

"No permanent structure will be allowed on the Company's pipeline right-of-ways that may obstruct maintenance or immediate access to the

pipeline. These structures include (but are not limited to) houses, trailer houses, mobile homes, camp houses, camping structures, patios, carports, sheds, barns, silos, chicken houses, water wells and non-skidded auxiliary buildings.”

Furthermore section J. *Reimbursement*, 3. states,

“The following form shall be completed where applicable: Form PS-7989 – Report of Encroachment on Pipeline Right of Way.”

During the Wynne Team area inspection, PHMSA visited a small commercial/industrial area along Line JM-19, a 12 inch pipeline. At 334 Phillips Road 311, the pipeline traverses the parking lot in front of NORAC, one of the businesses in the area. The pipeline is approximately 15 feet to the east side of Phillips Road 311. Situated on NORAC property along each side property line (perpendicular to Phillips Rd 311) and directly over Line JM-19, there are two enclosed structures housing water metering facilities.

On March 11, 2013, the PHMSA inspector checked with the CEGT Compliance Specialist for the Northern Business area to see if past patrolling records would have noted the sheds. CEGT personnel stated that the structures were in place for approximately 8 years. Patrolling records from 2004 to the present date were checked and did not note the structures over the pipeline. Also, CEGT was unable to locate completed forms 7989, *Report of Encroachment on Pipeline Right of Way*, for these locations. Report of Encroachment on Pipeline Right of Way forms were initiated for the two encroachments along Phillips Road 311 on March 4, 2013 following this inspection.

6. §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 one 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.**

§192.745 Valve maintenance: Transmission lines.

- (a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

CEGT failed to follow their procedures and maintain valve BV82309 as required by §192.745(a). According to CEGT, this valve is an essential valve that would be necessary in an emergency situation.

CEGT Operations and Maintenance Plan Procedure No. 232, *Emergency Valve Operation and Maintenance, A. Requirement*, states

"1. The following are designated as emergency valves:

...

d. Valves at branches or intracompany pipeline connections.

...

Each of these valves shall be partially operated at intervals not exceeding 15 months, but at least once each calendar year."

During this inspection, PHMSA noted that CEGT failed to maintain valve BV82309 (4" tie-in for Line 1-F-7) and could not provide the records indicating the valve was inspected prior to 2011. According to the documents provided, the valve was first inspected on 3/1/2011. CEGT advised the PHMSA inspector that the valve was operated numerous times since the valve was installed, but could not provide any documentation to indicate that it was inspected.

7. §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 one 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.

§192.605 Procedural manual for operations, maintenance, and emergencies

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

CEGT failed to follow their procedures and periodically evaluate gas pipelines for corrosivity through gas sampling, coupons, and liquid sampling as required where deadlegs occur in the pipeline system.

The CEGT Corrosion Control Program Procedure PS-03-02-001 *Corrosion Control Program*, section *Internal Corrosion Control* states,

"Factors that influence the formation of internal corrosion include the following:

... Pipeline locations (especially drips, deadlegs, and sags) which are on-line segments that are not cleaned by pigging or other methods

... Because of the above factors, the Company will periodically evaluate gas pipelines for corrosivity through gas sampling, coupons, and liquid sampling as required... ”

During the field inspections in both the Ada Team and the Wynne Team areas, the PHMSA inspector observed regulation/metering facilities that were defined as ‘U’ shaped and ‘L’ shaped. The facilities are used as Residential Extension (RE) or Town Border (TB) facilities. These facilities serve several customers as an RE station to a small community/town as a TB station. In the Ada Team area, the Bowlegs TB station, a ‘U’ shaped facility was observed. In the Wynne Team area the following facilities were observed: RE 559 (MS 180700) ‘U’ shaped; Palestine TB station ‘U’ shaped; Arby Moro TB station ‘U’ shaped; and RE 597 Extension ‘L’ shaped. In the design of these facilities there are 2 deadlegs in the ‘U’ shaped facility and one deadleg in the ‘L’ shaped facility. The deadlegs are of the same pipe size as the regulation/meter/relief valve runs and serve as supports. The supports provide stability to the facility. The deadlegs are gassed and pressurized. CEGT was asked whether periodic evaluations for identifying the possible presence of internal corrosion and/or the accumulation of liquids were performed on these deadlegs. CEGT personnel stated that they do not transport corrosive gas and have not evaluated the noted deadlegs for corrosivity through gas sampling, coupons, and liquid sampling.

8. §192.709 Transmission lines: Record keeping.

(b) The date, location, and description of each repair made to parts of the pipeline system other than pipe must be retained for at least 5 years. However, repairs generated by patrols, surveys, inspections, or tests required by subparts L and M of this part must be retained in accordance with paragraph (c) of this section.

CEGT failed to maintain records associated with the replacement of a safety valve located at the Ruston Storage facility.

The CEGT Operations and Maintenance Plan Procedure No. 102 *General (Ref. 192.605(a))*, section B. *Requirement, 2. Recordkeeping* states,

“... The Company will maintain the following records for transmission lines for the periods specified:

*...
b. The date, location and description of each repair made to parts of the pipeline system other than pipe must be retained for at least 5 years. However, repairs generated by patrols, surveys, inspections, or tests required by subparts L and M of Part 192 must be retained in accordance with paragraph (c) below. ... ”*

While reviewing records, CEGT informed the PHMSA inspector that the safety valve located at station 20+30 on Well line 1-F-5 was replaced in September or October of 2012 due to a leak. When the PHMSA inspector requested the associated records for review, CEGT was unable to provide them. Also, a work order to replace this valve was not found.

9. §192.719 Transmission lines: Testing of repairs.

(a) Testing of replacement pipe. If a segment of transmission line is repaired by cutting out the damaged portion of the pipe as a cylinder, the replacement pipe must be tested to the pressure required for a new line installed in the same location. This test may be made on the pipe before it is installed.

CEGT failed to ensure that the section of emergency stock 12 inch pipe used to make a repair to Line NT-1 was properly tested and documented.

On January 11, 2011, CEGT had an incident with a release of gas from Line NT-1 in DeBerry, TX. A pipe replacement was performed on January 12, 2011 using 26 feet of pipe from Joint 2 of the 12 inch emergency stock pipe. PHMSA conducted an incident inspection to review records and to visit the pipe yard in November 2011.

The PHMSA inspector requested to review the pressure test records for Joint 2 of the 12 inch emergency stock pipe. CEGT personnel were unable to provide pressure test documentation to verify that the emergency stock pipe that was used in the repair had been properly tested. The hydrostatic test charts provided by CEGT did not have any numbers, labels, or references to link the hydrostatic test to Joint 2 of the emergency stock pipe.

As a result of the PHMSA investigation, CEGT developed a process of labeling and tracking emergency pipe. The emergency pipe will be stenciled and labeled with the pipe size, grade, wall thickness, hydrostatic test date and the tested pressures, length, inventory number, and heat number. Each emergency pipe size folder will include separate sub-folders of joints and documenting the pipe usage. Once the pipe is no longer classified as an emergency pipe, it will be documented and placed in the junk pipe folder.

This failure to have the proper test documentation for the replacement prompted CEGT to remove the section of 12 inch pipe installed on January 12, 2011, and replace it with 38 feet of 12 inch pipe that was properly tested and documented on June 26, 2012.

10. §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-

(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)

CEGT failed to ensure that the regulation/metering station, MSM11007, is set to control or relieve at the correct pressure consistent with the pressure limits of the downstream plastic pipeline RM-5 at least once each calendar year, but at intervals not exceeding 15 months.

CEGT Measurement and Control Procedure 1400: *Interconnect Policy*, section 1 states,

“The Company will be notified at least 2 weeks before any testing is done, and has the right to witness all foreign measurement tests”.

During the Buckley Team inspection, PHMSA requested maintenance records for the regulation/metering station, MSM11007. The facility regulates and meters the gas flow from Line R (steel), 300 psig MAOP, through a pair of Fisher 627 regulators into Line RM-5 (plastic). The first and second cuts are to 70 psig and 5 psig respectively. CEGT stated that the regulation/metering station, MSM11007, and downstream pipeline, RM-5, were owned by Centerpoint Energy Gas Distribution (SGO). CEGT had transferred ownership to SGO in 2006. PHMSA requested that CEGT provide the transfer documentation for review. CEGT provided a copy of the Transfer Documentation listing the referenced regulation/metering station, MSM11007, in the Bill of Sale to SGO on 6/30/2006. Upon review of this document, it was discovered that the downstream piping was not transferred. The PHMSA inspector confirmed that pipeline RM-5 is owned and operated by CEGT.

CEGT was unable to provide records demonstrating that the regulation/metering station, MSM11007, was set to control or relieve at the correct pressure consistent with the pressure limits of the downstream plastic pipeline RM-5 for the calendar years 2007 – 2011. The facility, MSM11007, was inspected on 6/17/2006 and not again until 4/13/2012. The PHMSA inspector visited this site during the field portion of the audit and found proper setting and functionality.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of **\$118,200** as follows:

<u>Item number</u>	<u>PENALTY</u>
2	\$72,700
10	\$45,500

Warning Items

With respect to items 1, 3, 4, 5, 6, 8, 9, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 2, and 7 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to CEGT. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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.

In your correspondence on this matter, please refer to **CPF 4-2013-1018** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Centerpoint Energy Gas Transmission Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of CEGT with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to CEGT's failure to conduct electrical tests on the foreign pipeline side at custody transfer electrical isolation points, CEGT must:
 - Evaluate their pipeline system and locate all custody transfer electrical isolation points, and determine whether the electrical isolation is adequate;
 - If electrical isolation is deficient, CEGT must take prompt action to remediate the situation;
 - If not otherwise noted, this item shall be completed and a report to PHMSA SW Region listing each location where the electrical isolation was inadequate within **180 days** after receipt of the Final Order.
2. In regard to Item Number 7 of the Notice pertaining to the failure to follow Procedure PS-03-02-001 *Internal Corrosion Control* and perform periodic evaluation of deadlegs for identifying the possible presence of internal corrosion and/or the accumulation of liquids, CEGT must:
 - Develop a plan to locate and evaluate deadlegs within the CEGT pipeline system to identify all deadleg locations. Submit this plan to PHMSA - SW Region for review within **90 days** after the receipt of the Final Order;
 - Document each evaluation of each deadleg location. Provide PHMSA the inspection documentation and any corrective actions taken as a result of these evaluations;
 - If not otherwise noted, this item shall be completed within **one year** after receipt of the Final Order.
3. It is requested (not mandated) that CEGT maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.