Midstream Pipeline Safety
525 Milam St.
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January 20, 2014

R. M. Seeley, Director Southwest Region
PHMSA Pipeline Safety
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Houston, TX 77074
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Re: Response of EGT
CPF 4-2013-1018

Dear Mr. Seeley,

This letter, along with the attachments to this letter, constitutes the response of Enable Gas Transmission, LLC ("EGT"), formerly known as CenterPoint Energy Gas Transmission Company, LLC ("CEGT"), to the Notice of Proposed Violation ("NOPV"), Proposed Civil Penalty, and Proposed Compliance Order (collectively, the "Notice") issued by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") on November 5, 2013, in Docket No. CPF 4-2013-1018. On December 3, 2013, EGT submitted a letter requesting a 60-day extension of time (to January 20, 2014) to submit their response to the Notice. In a letter dated December 5, 2013, PHMSA granted the EGT's request for an extension of time to respond.

On multiple dates in February and March, 2013, representatives of PHMSA's Office of Pipeline Safety ("OPS"), inspected portions of the EGT pipeline system located in Arkansas, Louisiana, and Oklahoma. In the Notice, PHMSA issued ten NOPVs to EGT, along with associated Warnings, Proposed Civil Penalties, and Proposed Compliance Orders.

General Response

EGT has always stressed, and will continue to stress, the importance of pipeline safety. EGT works continually to improve the effectiveness of its Pipeline Safety Program. In recent years, one way EGT has demonstrated its commitment to safety is to proactively review the accuracy of various internal pipeline safety records. If EGT finds inaccuracies in its records, EGT then corrects those records on a going forward basis, and bases its pipeline safety program on the corrected information.

EGT is concerned because the Notice fails to expressly consider EGT's internal data verification efforts when it evaluated EGT's compliance with pipeline safety requirements. For example, in NOPV Item 6, PHMSA found that EGT had failed to inspect EGT valve BV82309 as required by EGT's Procedure No. 232, *Emergency Valve Operation and Maintenance*. However, this matter was identified because EGT discovered in mid-2011 that valve BV82309 had not been properly designated as an emergency valve in EGT's Maintenance Management System (EGT's computer system for tracking the operations and maintenance requirements applicable to its facilities). EGT corrected its tracking system, which then ensured that the requirements of EGT Procedure No. 232, *Emergency Valve Operation and Maintenance*, were applied to valve BV82309 on a going forward basis. Thus, with respect to valve BV82309, EGT did not create and retain records of compliance with Procedure No. 232, *Emergency Valve Operation and Maintenance* in 2010 and 2011 because EGT's records had not properly identified this valve; but EGT did have such records for 2012 and 2103 because EGT had corrected its records. EGT identified the data error, and corrected it, prior to, and independent of, PHMSA's audit.

PHMSA should take such internal data correction efforts into account as a positive or mitigating factor that reduces a proposed violation, proposed civil penalty or proposed

compliance order requirement. Treating EGT's actions as a violation of the safety rules sends the wrong signal to pipeline operators. Pipeline operators should be encouraged to review records to verify and correct them. Such a record verification review enhances pipeline safety. Pipelines operators should not be subject to NOPVs or further enforcement actions unless PHMSA first expressly considers the mitigating circumstances associated with a pipelines' internal data review and correction efforts.

Response to Specific Findings

The following chart summarizes the position of EGT with respect to each of the ten NOPVs:

NOPV Item	PHMSA Action	EGT Response
1	NOPV and Warning	Not contesting.
2	NOPV, Proposed Civil Penalty of $72,700 and Proposed Compliance Order	Contesting the NOPV, the Proposed Civil Penalty, and the Proposed Compliance Order.
3	NOPV and Warning	Not contesting.
4	NOPV and Warning	Not contesting.
5	NOPV and Warning	Not contesting
6	NOPV and Warning	Contesting the NOPV and Warning.
7	NOPV, and Proposed Compliance Order	Contesting the NOPV and the Proposed Compliance Order.
8	NOPV, and Warning	Not contesting.
9	NOPV and Warning	Not contesting.
10	NOPV, and Proposed Civil Penalty of $41,500	Not contesting.

NOPV Item 2 – PHMSA's Findings

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 100 mv 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.

NOPV Item 2 – EGT's Response

In NOPV Item 2, PHMSA identifies 29 readings of electrical potential that it believes EGT failed to take. In fact, as discussed below, the evidence available during the audit shows that EGT missed only eight required readings. Because EGT missed far fewer electrical potential readings than PHMSA believed, EGT requests that PHMSA (i) reduce the level of the proposed civil penalty, and (ii) find that no further compliance requirements are needed to address this matter.

Of the 29 readings identified in the audit as being missed, 13 of them are associated with points where an insulation device was needed and was so indicated by Test Point (TP) Type being listed as "Normal." Attachment 2-1 includes information provided during the audit that shows that 13 test points are categorized as "Normal" rather than "Insulated" and thus a no "foreign side" electric potential reading was required.

Finally, eight of the missing readings are associated with TP Types that had been mistakenly identified as "Insulated" in EGT's Maintenance Management System (EGT's computer system for tracking the operations and maintenance requirements applicable to its facilities). An internal EGT review during 2011-2012 identified that eight points (five in 2011 and three in 2012) should have been designated as "Normal." See Attachment 2-1, which shows the five TP Types changed to "Normal" in 2011 and the three TP Types changed to "Normal" in 2012. EGT identified and corrected the data error prior to, and independent of, PHMSA's audit. In a situation such as this one, where a pipeline reviews its records, and then takes corrective

steps when a data error is identified, PHMSA should not consider the pipeline's actions to violate the pipeline safety rules.

Because the total number of missed readings was substantially smaller than PHMSA found, EGT requests that the level of any civil penalty be reduced as well.

Besides the internal review of our TP Type in 2011-2012, EGT also made a software change in 2012 to our computerized Maintenance Management System which does not allow closing the data entry for a TP Type "Insulated" without a second reading being entered. Because EGT took proactive steps to correct its internal records and made the enhance software change, EGT believes that its approach to compliance, and the internal steps EGT has taken, do not support PHMSA's conclusion that an independent compliance requirement is appropriate in this situation. Therefore, EGT requests that PHMSA withdraw Proposed Compliance Order 2.

NOPV Item 6 – PHMSA's Findings

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.

NOPV Item 6 – EGT's Response

NPOV Item 6 is discussed in EGT's General Response, provided above. EGT asks that PHMSA expressly consider EGT's internal data correction effort as a mitigating factor when evaluating whether an NOPV or a Warning is appropriate.

NOPV Item 7– PHMSA's Findings

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.

(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 Mora 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.

NOPV Item 7 — EGT's Response

EGT has complied with its procedures for evaluating the risk of corrosion in the dead legs identified in the NOPV. The EGT employee interviewed about this matter during the audit interpreted the auditor's question as asking whether EGT had done inspections of the physical facilities within these specific dead legs. He explained that EGT had not done inspections within these dead legs. However, EGT's Corrosion Control Program Procedure PS-03-02-001 *Corrosion Control Program*, does not require that EGT inspect each dead leg. See Attachment 7-1 (Procedure PS-03-02-001, Version 3, which was in effect at the time PHMSA conducted its headquarters audit in October 2012) and Attachment 7-2 (Procedure PS-03-02-001, Version 5, which was placed into effect on December 19, 2012, so that it was in effect at the time of the

field audit). Both versions of Procedure PS-03-02-001 require that EGT evaluate the risk of internal corrosion based on multiple factors and the presence of corrosive gas. One of those factors is a recognition that certain facility configurations—such as dead legs—are at increased risk of internal corrosion. Applying these procedures, EGT "evaluates" its entire system, of which the dead legs addressed in the NOPV would be a part of, based on these factors.

In addition, Procedure PS-03-02-001 states the company, through its Integrity Management Program, "uses internal corrosion assessment methods and if internal corrosion is found by those methods and meets certain requirements in that program, then pipeline segments (both covered and non-covered) with similar characteristics will be evaluated." *See* Attachments 7-1 and 7-2. Under its Integrity Management Program, EGT conducts a "Dead Leg Inspection" program. See Attachment 7-3. Under the supervision of the Internal Corrosion Program Manager, a set of dead legs representing the types of dead legs and differences in regional conditions throughout the system are excavated and examined each year. Attachment 7-4 is the 2009 Dead Leg Inspection Program Final Summary Report showing only two of 18 locations evaluated needing pipe replacement. If EGT finds greater than 10 percent wall loss from nominal, the Pipeline Safety Team is consulted for possible remediation.

EGT has complied with Procedure PS-03-02-001 and continues to do so by performing system-wide evaluations to determine what parts of the system need further evaluation or inspection. Procedure PS-03-02-001 does not require EGT to inspect all dead legs individually.

EGT's systematic evaluations showed no corrosive gas conditions upstream of the dead leg locations addressed in NOPV Item 7, so no further evaluation within those dead leg locations was required by EGT's procedures

EGT requests that PHMSA withdraw Proposed Compliance Order 3, which requires that EGT:

- Develop a plan to locate and evaluate dead legs within the CEGT pipeline system to identify all dead leg 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 dead leg 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.

As discussed above, Procedure PS-03-02-001 requires that EGT evaluate the risk of internal corrosion throughout its system based on multiple factors, and EGT has complied with that requirement. In addition, Procedure PS-03-02-001 requires that EGT take into account additional evaluations that take place as part of EGT's Integrity Management Program.

EGT's current procedures represent a sound approach to evaluating the risks posed by internal corrosion at various facilities on the EGT system. Requiring a separate evaluation focusing solely on dead leg locations has the effect of treating dead legs as the highest priority internal corrosion risk among a range of potential types of facilities. The presence of any one factor, such as the existence of a dead leg, does not capture the comprehensive approach EGT uses to evaluate internal corrosion. For these reasons, EGT requests that it be permitted to continue to implement its current procedures as described above.

Conclusion

EGT has always stressed, and will continue to stress, the importance of pipeline safety. Our actions specified in this letter show our commitment to addressing safety issues. We are continually working to improve the effectiveness of our Pipeline Safety Program.

If you have any questions, please feel free to give me a call.

Sincerely,

Chris Bullock
Director, DOT Compliance

Enclosures 5

CC: Walter Ferguson
Paul Brewer
Royce Brown
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