

**NOV 6 2009**

Mr. Walter Ferguson  
Senior Vice President of Operations and Engineering  
CenterPoint Energy Gas Transmission Company  
1111 Louisiana, Suite 1100  
Houston, TX 77002

**Re: CPF 4-2009-1001**

Dear Mr. Ferguson:

Enclosed is the Final Order issued in the above-referenced case. It makes a finding of violation and assesses a civil penalty. I acknowledge receipt of and accept your wire transfer for \$18,800 as payment in full of the civil penalty assessed in the Final Order. The Final Order also acknowledges your completion of the actions necessary to comply with the pipeline safety regulations. This case is now closed. Your receipt of the Final Order constitutes service of that document 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. R. M. Seeley, Director, Southwest Region, PHMSA

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7009 1410 0000 2464 5676]**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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<b>In the Matter of</b>	)	
	)	
<b>CenterPoint Energy Gas</b>	)	<b>CPF No. 4-2009-1001</b>
<b>Transmission Company,</b>	)	
	)	
<b>Respondent.</b>	)	
_____	)	

**FINAL ORDER**

During the months of January through December 2008, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS) reviewed incident reports filed by CenterPoint Energy Gas Transmission Company (CenterPoint or Respondent) related to certain pipeline incidents, including an incident that occurred on December 28, 2007, near Mountainburg, Arkansas. As a result of that review, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated January 26, 2009, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 191.15 and proposed assessing a civil penalty of \$18,800 for the alleged violation. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violation.

CenterPoint operates over 6,000 miles of natural gas pipelines located primarily in Arkansas, Oklahoma, and Louisiana. The company responded to the Notice on March 10, 2009, by submitting a wire transfer in the amount of the proposed civil penalty (\$18,800), waiving further right to respond and authorizing the entry of this Final Order.

**FINDING OF VIOLATION**

**Item 1** in the Notice alleged that Respondent violated 49 C.F.R. § 191.15, which states:

**§ 191.15 Transmission and gathering systems: Incident report.**

(a) Except as provided in paragraph (c) of this section, each operator of a transmission or a gathering pipeline system shall submit Department of Transportation Form RSPA F 7100.2 as soon as practicable but not more than 30 days after detection of an incident required to be reported under §191.5.

(b) Where additional related information is obtained after a report is submitted under paragraph (a) of this section, the operator shall make a supplemental report as soon as practicable with a clear reference by date and subject to the original report.

(c) The incident report required by paragraph (a) of this section need not be submitted with respect to LNG facilities.

The Notice alleged that Respondent violated § 191.15(b) by failing to make a supplemental report as soon as practicable after obtaining additional information related to a pipeline incident for which it had filed an incident report. Specifically, the Notice alleged that CenterPoint filed an incident report for the Mountainburg incident on January 28, 2008, listing the apparent cause of the failure as “Unknown” pending the results of a metallurgical analysis. PHMSA received a copy of the final metallurgical analysis in April 2008, and the Agency made several requests in May, June, and October 2008 that CenterPoint file a supplemental report. PHMSA also notified the company that it needed to update and finalize four other incident reports dating back to 2004. As of December 2008, Respondent had not submitted supplemental reports for these incidents.

Accordingly, I find Respondent violated 49 C.F.R. § 191.15(b), by failing to make a supplemental report as soon as practicable after obtaining additional information related to a pipeline incident for which it had filed an incident report.

This finding of violation will be considered a prior offense 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 \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I 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; the Respondent’s ability to pay the penalty and any effect 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.

Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$18,800, already paid by Respondent.

**COMPLIANCE ORDER**

The Notice proposed a Compliance Order with respect to the violation of 49 C.F.R. § 191.15.

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a gas pipeline facility is required to comply with the applicable safety standards established under chapter 601.

The Director has indicated that Respondent satisfactorily completed the actions specified in the Proposed Compliance Order by filing supplemental reports for the five incidents dating back to 2004, including the pipeline incident on December 28, 2007, near Mountainburg, Arkansas. Accordingly, since compliance has been achieved with respect to this violation, there is no need to include compliance terms in this Order.

The terms and conditions of this Final Order shall be effective upon receipt.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued