

**WARNING LETTER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

April 25, 2013

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

**CPF 4-2013-1009W**

Dear Mr. Kirsch:

During August - October 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Centerpoint Energy Gas Transmission Co. (CEGT) Construction Project for pipeline AM-204 located in Saratoga, AR and the surrounding area.

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 violation(s) are:

- 1. §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.**

§192.225 Welding Procedures

- (a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104 (incorporated by reference, see §192.7) or section IX of the ASME Boiler and Pressure Vessel Code "Welding and Brazing Qualifications" (incorporated by reference, see §192.7) to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify welding procedures shall be determined by destructive testing in accordance with the applicable welding standard(s).

CEGT failed to follow their welding procedures, Specification Nos. 102, 139, 200 and 201B when qualifying welders for the Line AM-204 construction project.

CEGT Construction Specification No. 102, *Welder Qualification*, dated 6/01/2011, section D.1 states:

*"Normally, welders qualifying under ASME Section IX shall be qualified by performing butt weld tests. Depending upon the scope of the work, a welder may be required to take and pass two to five weld tests as described below. Welder Qualification Tests numbers 1 and 2 are the basic test given for most welding situations. Welder Qualifications Test number 3, 4, and 5 are test given to qualify welders for low-hydrogen electrode or heavy wall thickness welding. Welder Qualification Test Number 6 is given to those welders who will weld on API 5LX-80 pipe on the SESH Joint Venture Pipeline. Welder Qualification Test Number 7 is given to any welder who will be performing in-service welding."*

For this construction project, 13 welders were qualified to ASME Section IX using *Welder Qualification Tests 1 and 2*. These qualification tests did not meet the requirements of either Specification No. 102 or Specification No. 200. Two of the welders also qualified using *Welder Qualification Tests 3, 5 and 7*. Tests 3 and 5 reference Specification No. 201B and Test 7 references Specification No. 139. The qualification tests for 3 and 7 did not meet the requirements of Specification No. 201B and Specification No. 139 respectively. In all the testing, CEGT did not document the travel speed, voltage and amperage used for each weld pass.

PHMSA informed CEGT of the welder qualification issues and the operator stated that the electrode sizes and classifications used during the welder qualification testing are allowed by ASME Section IX Boiler and Pressure Vessel Code. PHMSA agreed and stated that the integrity of the welds were not in question. CEGT had failed to follow their written procedures when qualifying the welders

**2. §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.**

§192.461 External corrosion control: Protective coating.

- (c) Each external protective coating must be inspected just prior to lowering the pipe into the ditch and backfilling, and any damage detrimental to effective corrosion control must be repaired.

CEGT failed to follow their procedure Construction Specification No. 53 while conducting detailed inspection of the coating of the pipe preceding the lowering of the pipe into the trench.

The CEGT Construction Specification No. 53, *Field Coating of Below Ground Field Joints and Short Sections*, dated 7/31/2010, section G: *Inspection* states:

*“Contractor shall electronic holiday detector capable of adjusting voltage to permit 150 volts/mil coating thickness inspection. Contractor shall furnish one man per pipeline crew to operate the detector as directed by the Inspector. In addition, Contractor shall furnish other labor and equipment that, in the opinion of the Inspector, is needed to operate and move the holiday detector along the line.”*

On two occasions, the PHMSA inspector observed contract personnel performing the ‘jeeping’ process using a holiday detector. In both instances the holiday detector settings were checked and found to be incorrect for the coating thickness being inspected. The holiday detector settings were immediately corrected once the settings were identified as incorrect.

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. 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 correct the item(s) identified in this letter. Failure to do so will result in Centerpoint Energy Gas Transmission Co. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2013-1009W**. 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).

Sincerely,

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