



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

233 Peachtree Street Ste. 600
Atlanta, GA 30303

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 6, 2007

Mr. Walter Ferguson
Sr. Vice President and Chief Operating Officer
Centerpoint Energy Gas Transmission
1111 Louisiana, Suite 1120
Houston, TX 77002

CPF 2-2007-1012W

Dear Mr. Ferguson:

Between August 21, 2006 and November 3, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Centerpoint Energy Gas Transmission pipeline facilities and records in the Malvern, Russellville, and Carlisle Team areas in Arkansas.

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

- 1. §192.805 Qualification program.**
Each operator shall have and follow a written qualification program. The program shall include provisions to:
(a) Identify covered tasks . . .

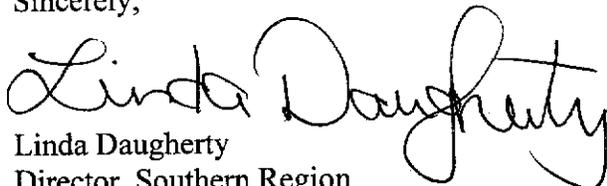
Your written operator qualification program (OQ program) is not adequate in that an activity being performed by maintenance employees that meets the four part test requirements of §192.801(b)(1-4) has not been identified as a covered task.

The activity of conducting performance tests on compressor station gas detection and alarm systems required of §192.736(e) is not included in your *DOT Operator Qualification Activities Summary* document, which lists the covered tasks included in your OQ program. This activity meets the four part test in that it (1) is performed on a pipeline facility, (2) is an operations or maintenance task, (3) is performed as a requirement of this part, and (4) affects the operation or integrity of the pipeline. PHMSA understands that the referenced activity is included in your Mechanical Skill Level qualification program, and that it is to be added to your OQ program later this year.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 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 2-2007-1012W**. 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,



Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*