



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

233 Peachtree Street Ste. 600
Atlanta, GA 30303

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 17, 2007

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

CPF 2-2007-1017

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 (Centerpoint) 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 probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. **§192.13 What general requirements apply to pipelines regulated under this part?**
 - (c) **Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.**

Centerpoint did not effectively maintain and follow its cathodic protection plans, procedures, and program, as indicated in 1A, 1B, and 1C.

1A. §192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. . . .

Centerpoint did not test cathodically protected pipelines at least once each calendar year, with intervals not exceeding 15 months. Cathodic protection survey records indicate the following:

- Cathodic protection tests were conducted on 7/7/04 and 12/19/05 at Piney Compressor Station and Tates Island Compressor Station, exceeding the 15 month maximum time interval by 2 months, 12 days.
- Cathodic protection tests were not conducted at the Tates Island compressor discharge header test point in calendar years 2004 and 2005.
- The underground piping in the Clarksville compressor yard (includes a 500 hp compressor and a glycol dehydration unit) was not monitored for cathodic protection. No survey test point(s) had been established for these locations.
- The underground heater piping at the Vilonia Town Border Station, the nearby (to Vilonia TBS) buried main line valve, and multiple underground piping locations inside the North Little Rock (Bobbitt Lane) meter station yard (downstream of the inlet side of the station) was not monitored for cathodic protection. No survey test point(s) had been established for these locations.

1B. §192.465 External corrosion control: Monitoring.

. . . (d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

Centerpoint did not take prompt remedial actions to correct indicated deficiencies. Survey records indicate the following Tates Island facilities have not been under cathodic protection. Tates Island is in a remote location.

- Tates Island suction 4" riser (Test point added to survey list in 2004. The 2004 depolarization survey indicated "static" p/s = -0.435v). The below readings do not indicate that the pipeline meets the cathodic protection 100 mv criterion.

- 07/07/04: p/s = -0.509v(on), -0.484v(off). This indicates that the 100mv cathodic protection criterion was not achieved.
- 12/19/05: p/s = -0.61v(on). This reading by itself does not indicate that the 100mv criterion was achieved.
- Tates Island 2" U-shape (2004 depolarization survey indicated "static" p/s = -0.447v)
 - 07/07/04: p/s = -0.544v(on), -0.516v(off). This indicates that the 100mv cathodic protection criterion was not achieved.
 - 12/19/05: p/s = -0.59v(on). This reading by itself does not indicate that the 100mv criterion was achieved.

1C. §192.491 Corrosion control records.

... (c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

Centerpoint did not maintain annual corrosion survey records. Numerous pipeline inspection test point records reviewed at the Malvern Office did not reflect correct survey data. Original survey records had been retained, and, fortunately, were available during the review.

2. §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. . .

... (3) Making construction records, maps, and operating history available to appropriate operating personnel.

Centerpoint did not make adequate maps and operating history available to appropriate operating personnel as required of §192.605(b)(3). The following indicates a lack of maintenance of issued Emergency Plan Books and drawings.

- An Emergency Plan Book issued to one of the employees at Carlisle Station was not up to date. The listed MAOP of Line BM-21 was 500 psig (MAOP had been lowered from 500 psig to 400 psig on 8/17/05).
- There is no pipeline schematic in the Emergency Plan Book for the pipeline facilities at the Conway Town Border station site. There are two meter stations and a pipeline inter-connect (Lines BT-19 and BM-1) at the site.

- The Perla operating schematic was incorrect. A relief valve located on valve A-48 was not indicated, valves A-47 and A-48 were numbered incorrectly, and a relief valve indicated on top of valve S-19 does not exist.

3. §192.625 Odorization of gas.

... (b) After December 31, 1976, a combustible gas in a transmission line in a Class 3 or Class 4 location must comply with the requirements of paragraph (a) of this section unless:

... (1) At least 50 percent of the length of the line downstream from that location is in a Class 1 or Class 2 location;

... (3) In the case of a lateral line which transports gas to a distribution center, at least 50 percent of the length of that line is in a Class 1 or Class 2 location

Combustible gas in the following pipeline segments does not contain a natural odorant, and Centerpoint did not odorize the gas in accordance with 192.625(b)(1) and (b)(3). Class location and pipeline odorization status records indicate the following:

3A. 192.625(b)(1): Less than 50 percent of the length of the line downstream from the following Class 3 transmission line segments is in a Class 1 or Class 2 location.

These lines are not odorized.

- Line BT-14, Sta. 5843+21 to Sta. 6205+42 (~ 36, 221 feet)

- Line BT-14, Sta. 6774+71 to Sta. 6800+22 (~ 2,551 feet)

- Line BT-1, Sta. 4902 +05 to end of line at Sta. 4994+56 (~9,251 feet)

3B. 192.625(b)(3): Less than 50 percent of the length of the following lateral lines which transport gas to a distribution center is in a Class 1 or Class 2 location.

- Line BT-19 (100% Class 3; 1032 feet)

- Line BM-28 (100% Class 3; 4,200 feet)

- Line BM-28A (100% Class 3; 3,846 feet)

4. §192.625 Odorization of gas.

... (f) To assure the proper concentration of odorant in accordance with this section, each operator must conduct periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable.

Periodic sampling of odorized gas is not adequate to assure proper concentration of odorant in accordance with §192.625(f), as follows:

Periodic sampling of odorized gas transported in line AM-145 (Pine Bluff area) is not adequate to assure odorant concentration. Odorant intensity level tests are performed by an affiliate company at a downstream distribution company warehouse location. Because Centerpoint delivers gas to the distribution system from multiple odorized (required of 192.625) pipelines including Line AM-145, the gas being sampled at the distribution company warehouse is not necessarily indicative of the odorant concentration in Line AM-145.

5. **§192.736 Compressor stations: Gas detection.**

... (b) Except when shutdown of the system is necessary for maintenance under paragraph (c) of this section, each gas detection and alarm system required by this section must—

... (2) If that concentration of gas is detected, warn persons about to enter the building and persons inside the building of the danger.

The gas detection and alarm system does not warn persons inside the building of the danger.

A person wearing ear protection inside the Round Mountain Compressor building would not likely hear the audible gas detector alarm if the person were near a running unit. The gas detector alarm does not have lights inside the compressor building to warn of gas detected in the building.

6. **§192.743 Pressure limiting and regulating stations: Testing of relief devices.**

... (b) If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

Centerpoint did not correctly determine if a relief device has sufficient capacity, as required of §192.743(b). PHMSA review and calculation, performed during the inspection using correct information, revealed that the capacities of the existing relief valves were adequate.

- Centerpoint used an incorrect upstream pressure in the 08/19/06 regulator failure capacity calculations for the Line B to Line BM-21 mainline regulator station. The upstream pressure used was 400 psig, indicating a regulator failure capacity of zero (0) mcfh. The correct upstream pressure is 500 psig.

- Centerpoint used an incorrect relief valve inlet pressure of 550 psig in the 05/13/06 relief valve calculation for the Line J to Line BM-21 mainline regulator station. The correct pressure was 440 psig.
- Centerpoint used an incorrect upstream pressure in the 08/09/06 regulator failure capacity calculations for the Carlisle compressor station fuel gas regulator station. The upstream pressure used was 450 psig. The correct upstream pressure was 720 psig. Also, the capacity calculation review sheet indicates an unprotected (from overpressure) 300 psig-rated meter exists in the station. PHMSA determined during the inspection that the meter is rated for 720 psig, and additional pressure relief was not required.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Centerpoint Energy Gas Transmission. Please refer to the *Proposed Compliance Order* that is enclosed and made a part of this Notice.

Warning Items

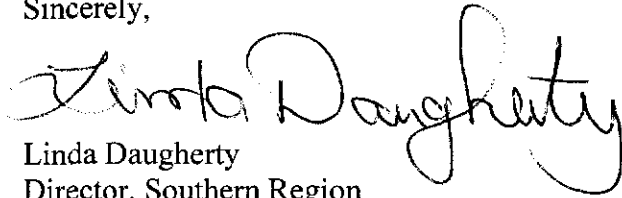
With respect to items 2, 4, 5, and 6, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Be advised that failure to do so may result in Centerpoint Energy Gas Transmission being subject to additional enforcement action.

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. 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). 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 2-2007-1017** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink that reads "Linda Daugherty". The signature is written in a cursive style with a large, prominent initial "L".

Linda Daugherty
Director, Southern 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 (Centerpoint) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Centerpoint Energy Gas Transmission with the pipeline safety regulations:

1. In regard to Item Numbers 1A and 1B of the Notice, the record of delayed or missed cathodic protection monitoring indicate Centerpoint's management of its cathodic protection program, procedures and process is not effective to assure compliance with §192.465. In CPF 2-2003-1006, PHMSA cited Centerpoint for similar corrosion control problems. We are concerned with Centerpoint's failure to correct a previously identified problem. In regard to Item Number 1C, corrosion control survey records were found to be incorrect.

We propose to require Centerpoint to provide an improvement and correction plan (Plan) which will address the cause of these probable violations (1A, 1B, and 1C), and will assure future compliance. The plan should address program management oversight and accountability as well as any needed procedural and process changes.

2. In regard to Item Number 3 of the Notice pertaining to odorization of gas, odorize the gas in the following pipeline segments in accordance with the requirements of §192.625.
 - Line BT-14, Sta. 5843+21 to Sta. 6205+42, and from Sta. 6774+71 to Sta. 6800+22 (effectively from Sta. 5843+21 to the end of the line)
 - Line BT-1, Sta. 4902 +05 to end of line
 - Line BT-19
 - Line BM-28
 - Line BM-28A
3. Perform the actions as described in Items 1 and 2 above and submit a report describing the actions taken within 30 days following receipt of the Final Order. Submit the report to Linda Daugherty, Director, Southern Region, Pipeline and Hazardous Materials Safety Administration.
4. Centerpoint Energy Gas Transmission shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Linda Daugherty, Director, Southern Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.