



Florida Gas Transmission Company

A Southern Union/El Paso Affiliate

Correction CPF 2-2008-1003

5444 Westheimer Road
Houston, TX 77056-5306

P.O. Box 4967
Houston, TX 77210-4967
713.989.7000

March 20, 2008

Mohamed Shoaib
Acting Director, Southern Region
Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety
233 Peachtree Street (Suite 600)
Atlanta, GA 30303

Certified Mail – Return Receipt Requested

RE: CPF 4-2008-1003 (February 13, 2008 PHMSA Letter)

Response and Request for Consideration of Mitigating Circumstances per 49 C.F.R §190.209

Dear Mr. Shoaib:

In correspondence dated February 13, 2008 and received in our office on February 20, 2008 you have alleged that Florida Gas Transmission (“FGT”) committed probable violations of the Pipeline Safety Regulations, Title 49, and Code of Federal Regulations. As noted by PHMSA, these allegations stem from an inspection of FGT’s Records in our Maitland, FL office and FGT’s facilities in South and Central Florida between the dates of September 18 and December 8, 2006.

FGT offers response and mitigating circumstances for the alleged violations for Item #1, Item #2, and Item #3 as detailed herein and requests PHMSA to take these explanations into account when reviewing the extent and severity of these allegations and offer relief relative to those items. In allegation 1, PHMSA is citing FGT for not following Procedures for monitoring odorant flow rate. FGT has implemented new Procedures and a new record system, which should prevent a reoccurrence of this issue. In allegation 2, PHMSA is citing FGT for operating above MAOP. Although FGT feels that the pipelines integrity was never threatened, since the pressure never exceeded the MAOP by 10%, FGT does not condone or accept operation above MAOP. FGT has instituted instructions and counseling to the appropriate personnel reinforcing FGT’s Policy to not operate above MAOP. In allegation 3, PHMSA is citing FGT for Records not being complete. FGT disagrees, since Procedures were followed. FGT contends that the problem was inconsistency seen in the old record keeping system due to the use of text based comment boxes. Current implementation of a new record keeping system will improve the process by implementing a new more structured system that allows less

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individual license on how forms are completed and will not allow the completion until all requirements are met.

FGT Response to Item #1

The procedure in force at the time of the Inspection (80.402 Odorization of Gas) required an odorant injection inspection needing a total quantity of odorant injected and the total gas odorized for that quarter. FGT maintained the information in a daily log, but according to PHMSA failed to properly summarize this information on the quarterly log. FGT has reviewed the requirements with the appropriate personnel and counseled them to make sure that procedures are properly followed. Since the inspection, a replacement SOP (G.11 Odorization) calls for an injection rate and flow rate (per day at a point in time) as it was found the day of the inspection/test.

FGT also is in the process of implementing an Enterprise Asset Management (EAM) system to replace the existing MP2 System. The EAM system is more structured and has specific requirements that must be verified, before the record can be closed, which FGT feels will improve the monitoring and record keeping for odorant injection.

FGT feels that it has taken the appropriate steps to improve its process for monitoring odorization.

FGT Response to Item #2

FGT is a one of the Gas Transmission Lines that comprise Panhandle Energy. Panhandle Energy has a Web Page on its Internal Company Intranet, which deals with Regulatory Issues called Dr. Dave's Corner. An Article (PE MAOP Review Oct 2006) was published in October of 2006, which Panhandle Energy feels clarifies the issue regarding MAOP. An excerpt from the article is included below, which FGT believes removes any confusion that may exist about MAOP and emphasizes FGT's commitment to operate at or below MAOP.

“MAOP on DOT-Regulated Facilities

Who establishes it? What's it mean? What about the 10%, or is it 4%, overage? It's worthwhile to provide a recap and refresher on Maximum Allowable Operating Pressure.

MAOP is really a pretty straightforward operational and regulatory concept. It's the maximum pressure at which a pipeline or segment thereof may be operated. The Pipeline Safety Regulations are pretty clear on this point, stating “. . . **no person may operate a steel or plastic pipeline at a pressure that exceeds . . .**” The regulations go on, in several sections, to specify for us how we may establish this MAOP. Some of the factors that go into this determination include the pipe specifications and age; whether there was a hydrostatic test performed, when and to what pressure; and the initial class location and

any changes that have occurred. Generally, project, pipeline, pipeline safety and/or pipeline integrity engineers will use the data and the appropriate SOPs to determine this limit.

OK, so what does this mean operationally – can the MAOP ever be exceeded? Again, we need to refer back to the regulations. There is recognition that during malfunctions and even normal operations, situations can occur in which the pressure in a line segment exceeds its MAOP. When that occurs, we cannot continue to operate normally, but must initiate actions to bring the pressure back down to or below the MAOP. One illustration of this is the auto shutdown logic... “

FGT admits a breakdown in communication on Company Policy. FGT feels that it has taken the appropriate steps to reinforce to appropriate personnel that FGT does not condone or accept operation above MAOP. FGT requests that PHMSA take the steps that FGT has instituted into consideration and reduce or eliminate the fine for this offense.

FGT Response to Item #3

The MP2 record system in place at the time of the Audit incorporated text fields, which allowed inconsistency on how the form was filled out. FGT employees performed the work per the referenced Procedure, but were inconsistent on what should be included as “Comments”, which is how the text field on the MP2 forms was labeled. FGT is currently in the process of implementing an Enterprise Asset Management (EAM) system to replace the existing MP2 System. The EAM system is more structured and has specific requirements that must be verified, before the record can be closed.

FGT feels that Procedures were followed but that inconsistency resulted from the inadequacies seen in the old record keeping system. FGT is in the process of implementing an entirely new record keeping system that will eliminate the shortcomings of the old system. FGT requests that PHMSA take the steps that FGT has instituted into consideration and reduce or eliminate the fine for this offense.

Sincerely,



Jerry Rau
Director of Pipeline Integrity

Attachment:
February 13, 2008 PHMSA Letter (CPF 4-2008-1003)



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