



Panhandle Eastern Pipe Line
Trunkline Gas
Trunkline LNG
Sea Robin Pipeline
Florida Gas Transmission

5444 Westheimer Road
Houston, TX 77056-5306
P.O. Box 4967
Houston, TX 77210-4967
713.989.7000

July 22, 2008



Mr. R. M. Seeley
Director, Southwest Region
Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety
8701 South Gessner, Suite 1110
Houston, TX 77074

Certified Mail – Return Receipt Requested

RE: CPF 4-2008-1011 (June 20, 2008 PHMSA Letter)

Response to alleged Violations and Compliance Order per 49 C.F.R §190.209

Dear Mr. Seeley:

In correspondence dated June 20, 2008 and received in Panhandle Energy's (PE) office on June 23, 2008 PHMSA has alleged that PE committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. As noted by PHMSA, these allegations stem from an inspection of PE's Procedures for Integrity Management in PE's Houston, TX office on the dates of November 13-17 and November 27-30, 2006.

PE has previously notified PHMSA in correspondence dated June 26, 2008 that Transwestern Pipeline was sold and is no longer associated with PE. This response does not apply to Transwestern Pipeline, regarding either Item 1 or Item 2. Transwestern Pipeline is responsible for its own response to this NOPV and Compliance Order.

PE Response to Item 1

PE offers a response to the alleged violation and the requested data to meet the Compliance Order only for Florida Gas Transmission (FGT), in Item 1. This pertains to the pipelines located in Washington Parish, LA and St. Helena Parish, LA. Specifically this response addresses the LAMEB-9 (30"), LAMEA-9 (24"), LAMEA-8 (20") and LAMEB-8 (30"). As previously stated, Transwestern Pipeline is no longer associated with PE and PE's response will not address Transwestern's pipelines located in Coconino County, AZ nor Mohave, County, AZ, also detailed in Item 1.

The structure location data for the pipelines on the FGT System have been verified by GPS coordinates or high resolution ortho rectified aerial photography. The initial report for the structure data was sent to PE's GIS Group in lat-long coordinates or on red line mark-ups. PE has since plotted the pipeline coordinates with the structure coordinates and corrected the location information and then verified these locations from ortho rectified photography. PE has

included the requested HCA Drawings and Aerials with HCA bounds detailed, as requested in the Compliance Order along with the original screenshots that were provided in 2006 during the Audit.

In response to the allegation that an HCA was not identified on the LAMEB-9 (30") line, the attachments show that the HCA was identified in both the 2006 screenshots and the 2008 screenshots. The HCA has been in the BAP since 2004 and is scheduled for assessment in 2012. As described above, the data verification the GIS Group performed on the FGT System corrected the location information. This explains the difference between the screenshots of the LAMEA-9 (24"). Although the 2006 screenshot does not show the HCA correctly, the line has been in the BAP since 2004 and is scheduled for assessment in 2011.

Aerial photography of the lines in St. Helena Parish, LA, LAMEA-8 (20") and LAMEB-8 (30") are also attached. The allegation on these lines is that the HCA ranges were incorrect. After re-evaluating the structure and pipe data, the HCA boundaries on the LAMEA-8 are correct. The LAMEB-8 HCA boundary extension is due to structures being added within the PIR. The HCA boundaries on the LAMEB line extend further than those on the LAMEA line due to a larger PIR on the LAMEB. The larger PIR is due to a greater pipe diameter -30" for the LAMEB vs. 24" for the LAMEA. Both HCAs have been in the BAP since 2004. The LAMEA-8 line was assessed in 2007 while the LAMEB-8 was assessed in 2005.

PE Response to Item 2

As previously stated, Transwestern Pipeline is no longer associated with PE and PE's response includes no input from Transwestern Pipeline in PE's response to Item 2.

The original waiver request included a waiver for the 180 day notification as the assessment was ongoing and the road could not be excavated per State of Florida DOT. In this particular case, the assessment method required a change, which precluded PE from making a full 180 day notification. PE sees this as an isolated occurrence, but has instructed responsible parties for the pre-assessment function of the possibility for these types of occurrences using PE's bi-weekly meeting and the ICAM process for external communication as the communication methods. PE has provided this instruction to avoid reoccurrence of this issue.

PE trusts that these responses satisfactorily address the issues raised and that this CPF can now be closed.

Sincerely,



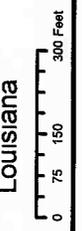
Jerry F. Rau *by RW*
Director of Pipeline Integrity

Attachment: June 20, 2008 PHMSA Letter (CPF 4-2008-1011)
Aerial views detailing HCA's for the subject pipelines in
Washington Parish, LA and St. Helena Parish, LA (2008)



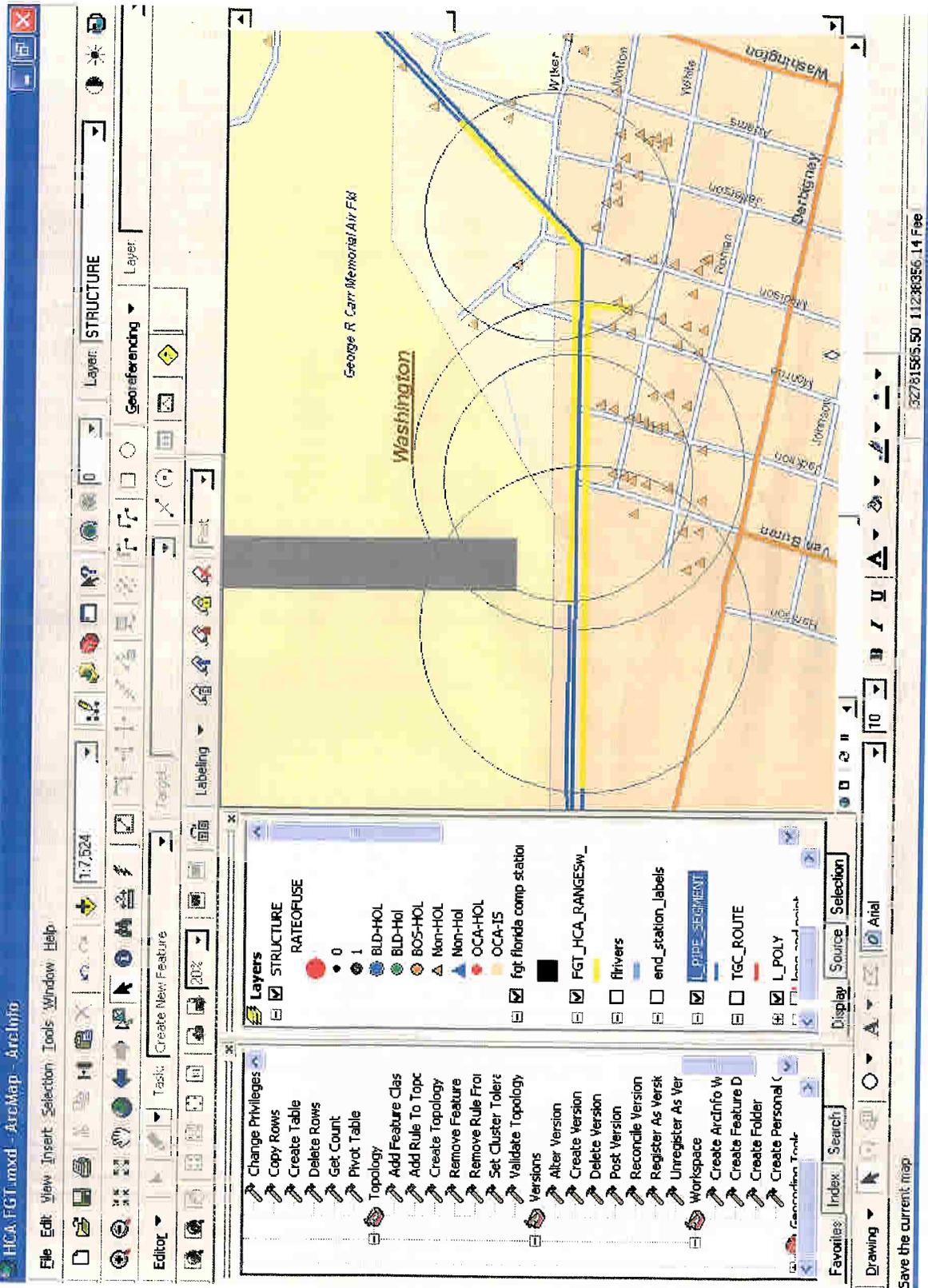
**Florida Gas Transmission Company**
A Southern Union/ETI Paso Affiliates

Station 8 - Station 9
HCA / #9196 & #9208
100 Line 686+85 to 699+27
200 Line 683+01 to 716+42
E. Baton Rouge/St. Helena Parish
Louisiana



2006

FGT-Louisiana Station 9
062LAMEA-9_062LAMEB-9_062LAMED0910





679+69

679+37

645+61

LAMEB - 200 Line

LAMEA - 100 Line

632+53


Florida Gas Transmission Company
A Southern Union/El Paso Affiliate

Station 9 - Station 10
HCA / #9199 - #9211
100 Line 632+53 to 679+37
200 Line 645+61 to 679+69
Washington Parish, Louisiana

