

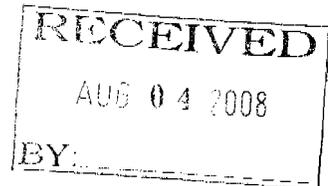
Panhandle Energy

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

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August 1, 2008

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 4-2008-1013M (July 1, 2008 PHMSA Letter) and CPF 4-2008-1014M (July 1, 2008 PHMSA Letter)

Response and Request for in-person Hearing as stipulated in 49 C.F.R §190.211 regarding CPF 4-2008-1013M and CPF 4-2008-1014M

Dear Mr. Seeley:

For purposes of the response to both of these Notice of Amendments (NOAs), the collective companies of Panhandle Eastern Pipeline Company, L.P., Trunkline Gas Company, LLC, Sea Robin Pipeline Company, LLC, Lee 8 Storage Partnership and Florida Gas Transmission Company, LLC will be referred to as Panhandle Energy (PE). All of these companies currently operate under the same OQ Plan that was a combination of the two plans noticed by PHMSA in CPF 4-2008-1013M and CPF 4-2008-1014M.

In correspondence dated July 1, 2008 and received in our office on July 3, 2008, PHMSA alleged that there were deficiencies in the Operator Qualification (OQ) Plan for Panhandle Eastern Pipeline Company, L.P., Trunkline Gas Company, LLC, Sea Robin Pipeline Company, LLC and Lee 8 Storage Partnership, who were collectively referred to as "PEPL" in PHMSA's Notice of Amendment CPF 4-2008-1013M. In a separate correspondence dated July 1, 2008 and received in our office on July 3, 2008, PHMSA alleged that there were deficiencies in the Operator Qualification (OQ) Plan for Florida Gas Transmission Company, LLC (FGT) and Transwestern Pipeline Company, LLC (TW), who were collectively referred to as "FGTW" in PHMSA's Notice of Amendment CPF 4-2008-1014M. Both allegations of inadequacy stem from an inspection conducted on December 11-14, 2006. When PHMSA first scheduled this inspection, PHMSA was informed that there was an ongoing effort to combine the Operator Qualification Plans of all of the relevant companies, but the OQ plans were inspected separately. Subsequent

to the 2006 inspection, the two OQ Plans were consolidated into a single OQ Plan. It should be noted that as of December 1, 2006 TW had no ownership or operating relationship with PE companies or FGT.

PE has previously notified PHMSA that PE has a consolidated Operator Qualification Plan which includes all of the companies mentioned above. PE has also notified PHMSA of the transfer of interests in TW on December 1, 2006 and that TW as of that date was no longer associated with PE. This response does not apply to TW regarding any of the requested amendments. TW is responsible for its own response to Notice of Amendment (NOA) CPF 4-2008-1014M and any future correspondence concerning TW should be addressed to TW.

As stated previously, for purposes of the response to these Notice of Amendments (NOAs), the collective companies of Panhandle Eastern Pipeline Company, L.P., Trunkline Gas Company, LLC, Sea Robin Pipeline Company, LLC, Lee 8 Storage Partnership and Florida Gas Transmission Company, LLC will be referred to as Panhandle Energy (PE). All of these companies currently operate under the same OQ Plan that was a combination of the two plans noticed by PHMSA in CPF 4-2008-1013M and CPF 4-2008-1014M. In order to prevent confusion or conflict regarding any required amendments and in order to address PE's objections to all of the matters set forth herein, PE requests an in-person hearing.

PE includes herein documentation from the combined OQ Plan to address certain Items in both NOAs. PE contends that these sections of the current OQ plan as detailed in **Table 1** meet the regulatory burden noticed in PHMSA's NOA CPF 4-2008-1013M and CPF 4-2008-1014M. If PHMSA disagrees or requires further clarification, then PE requests that these items be added to the agenda of the requested in-person hearing.

PE also contests the proposed amendments as detailed in **Table 2** and requests PHMSA to rescind the notice and terminate these proceedings for these items.

Any items for which PHMSA does not accept the documentation from the consolidated PE OQ Plan provided with this response, PE requests that these items be added to the agenda of the requested in-person hearing.

Table 1
Items That Already Meet the Regulatory Burden

CPF #	Item #	Issue	Basis
<u>CPF 4-2008-1013M</u>	1	<u>Holiday Detection</u>	Covered in PLOQ 402 - Application of above or below ground coatings
<u>CPF 4-2008-1013M</u>	1	<u>Close Interval Survey</u>	Covered in PLOQ 407 - Conduct Close Interval Survey
<u>CPF 4-2008-1013M</u>	1	<u>Stress Corrosion Cracking Inspection</u>	Covered in task PLOQ 205 - Utilize wet magnetic particle inspection to identify cracks
<u>CPF 4-2008-1013M</u>	1	<u>Direct Current Voltage Gradient (DCVG)</u>	Covered in PLOQ071 - Coating fault surveys
<u>CPF 4-2008-1013M</u>	1	<u>Ultrasonic Thickness Testing</u>	Covered in PLPQ 008 - Demonstrate proper use of pipe thickness gauge. (Ultrasonic)
<u>CPF 4-2008-1013M</u>	1	<u>Maintenance of Rectifiers</u>	Covered by the following tasks PLOQ 408 - Inspect Rectifier and Obtain Readings; PLOQ 1801A - Commission and maintain Cathodic Protection Systems with AC power sources; PLOQ1081B - Commission and maintain Cathodic Protection Systems with alternate power sources
<u>CPF 4-2008-1013M</u>	2a	Contractor performing task consistent with operator requirement	Covered in Section 7.6.1 and Appendix G
<u>CPF 4-2008-1013M</u>	2b first paragraph	Detail of Evaluation Methods	Covered in Section 7.3.1 and Appendix D
<u>CPF 4-2008-1013M and CPF 4-2008-1014M</u>	2b / 1a	Merger/Acquisition	Covered in Section 5.2, under Governance
<u>CPF 4-2008-1013M and CPF 4-2008-1014M</u>	2c / 1b	AOC review after an Incident	Covered in Section 4 and 5.3
<u>CPF 4-2008-1013M and CPF 4-2008-1014M</u>	3/ 3	Contractor suspension	Covered in Section 7.6.1 and 5.3.3
<u>CPF 4-2008-1013M</u>	4	Changes from all sources & change communication	Covered in 5.4 and SOP A.03 Management of Change, Sections 3.0, 5 and 7.1.1
<u>CPF 4-2008-1013M</u>	6	Training	Covered in Appendix B, C &F and Section 7.6.1
<u>CPF 4-2008-1013M and CPF 4-2008-1014M</u>	7 /5	Communication of change to PHMSA/States	Covered in Section 7.5

Table 2
Items That Should be Rescinded and Proceedings Terminated

CPF #	Item #	Issue	Basis
<u>CPF 4-2008-1013M</u>	1	<u>Pipe Fitting (Fittings, gaskets, tubing, threaded fittings)</u>	This does not meet the 4 part criteria
<u>CPF 4-2008-1013M</u>	1	<u>Loading and Unloading ILI Tools</u>	This is a process, not a task. Although it may incorporate one or more covered tasks, such as valve operation, it by itself is not a task. It also does not meet the 4 part criteria
<u>CPF 4-2008-1013M</u>	1	<u>Moving in-service pipelines</u>	This is a process, not a task. It also does not meet the 4 part criteria.
<u>CPF 4-2008-1013M</u>	5	<u>Plastic Pipe - Butt Fusion</u>	Task re-evaluation interval proposed by PHMSA not based on known process vs. PE DIF Analysis
<u>CPF 4-2008-1013M and CPF 4-2008-1014M</u>	8 / 6	<u>Record Back-up & Off-Site Storage</u>	No Regulatory Requirement

Additional details follow.

This letter serves as formal contest and notice within 30 days by PE of a request for an in-person hearing on all issues and proposed amendments presented in the July 1, 2008 PHMSA letter(s) noted above and attached hereto for reference. PE anticipates being represented by counsel.

CPF 4-2008-1013M - Item #1 - At the time of the inspection, PEPL did not identify all applicable covered tasks as required by the OQ rule and PHMSA position. PEPL must amend its OQ plan to include the following covered tasks – holiday detection, pipefitting (fittings, gaskets, tubing, threaded fittings) Close interval survey, stress corrosion cracking inspection, direct current voltage gradient, loading and unloading ILI tools, ultrasonic thickness testing, moving in-service pipeline (line lowering etc.), and maintenance of rectifiers.

PE Response to CPF 4-2008-1013M - Item #1

PHMSA's requirement for an Amendment is in error. 192.805 (g) gives responsibility to the operator to identify covered tasks and evaluation intervals. PHMSA is overstepping its bounds in making a decision to circumvent PE's Subject Matter Expert (SME) review. PE's SME's reviewed each task applying the 4 part test as stipulated in the regulations. PE contests the following tasks as not meeting the 4 part test or as being a process that may incorporate covered tasks.

- Pipe Fitting (Fittings, gaskets, tubing, threaded fittings)
- Loading and Unloading ILI Tools
- Moving in-service pipelines

PE has provided the OQ Documentation for the following specific tasks from the Training Evaluation Guide (TEG) located in the Employee Qualification Database:

- **Holiday Detection** – This task is one of the items covered in **PLOQ 402 - Application of above or below ground coatings**
- **Close Interval Survey** – This Task is covered in **PLOQ 407 - Conduct Close Interval Survey**
- **Stress Corrosion Cracking Inspection** - Inspection for crack like indications is covered in task **PLOQ 205 - Utilize wet magnetic particle inspection to identify cracks**
- **Direct Current Voltage Gradient (DCVG)** – This task is covered in **PLOQ071 - Coating fault surveys**
- **Ultrasonic Thickness Testing** – This task is covered in **PLPQ 008 - Demonstrate proper use of pipe thickness gauge. (Ultrasonic)**
- **Maintenance of Rectifiers** - Maintenance of rectifiers is covered by the following tasks **PLOQ 408 - Inspect Rectifier and Obtain Readings; PLOQ 1801A - Commission and maintain Cathodic Protection Systems with AC power sources; PLOQ1081B - Commission and maintain Cathodic Protection Systems with alternate power sources**

CPF 4-2008-1013M - Item #2a - At the time of the inspection, PEPL did not have provisions in their written program to ensure contractors perform covered tasks consistent with the operator's requirements. PEPL must amend its OQ plan to clarify who is responsible to verify that the contractor individuals are qualified for the covered task and that the task is being performed consistent to the OQ Plan. The plan should name the document or form where the verification is recorded.

PE Response to CPF 4-2008-1013M - Item #2a

PHMSA's requirement for an Amendment is in error. Section 7.6.1 and Appendix G adequately address these issues.

CPF 4-2008-1013M - Item #2b (1st paragraph) - At the time of the inspection, PEPL did not consistently define which evaluation methods are required for each covered task when an evaluation is performed. PEPL must amend its OQ plan to define what evaluation methods are required for each covered task on initial and subsequent evaluations.

PE Response to CPF 4-2008-1013M - Item #2b (1st paragraph)

Initial evaluation methods – The detailed requirements for Knowledge, Skills and Abilities (KSA) are carefully outlined in each OQ task defined by the company. The method of evaluation will be a combination of what is required to accurately and consistently determine that the employee has the KSAs required to complete the task in a safe and acceptable manner consistent with the requirements of the task. It is considered critical by the company to have latitude in the evaluation method to accurately perform these evaluations.

Subsequent evaluation manner – (Section 7.3.1 – page 9 of 32 and Appendix - D) The method of subsequent evaluation is based on a Computer Based Testing (CBT) program that is configured by the company for each OQ task to ask a series of task-specific questions developed by company SME's. Those questions are designed to determine the person's ability to continue to perform the covered task. A second evaluation method is accomplished by an annual performance appraisal (performed by the persons Operations Manager) of the person's past years performance of their OQ tasks. Part of the review process is dedicated to identifying methods to improve the persons OQ task KSAs by whatever method is required.

CPF 4-2008-1013M - Item #2b (2nd paragraph) - At the time of the inspection, PEPL did not address program integration following a merger or acquisition. PEPL must amend its OQ plan to address program integration following merger or acquisition and it needs to apply to qualified employees and contractor individuals. Specifically the program integration needs to include the following: review the acquired company's 'qualification and evaluation methods' for each covered task; where qualification and or evaluation method is inadequate, provide necessary training and or evaluation, and disallow an individual from performing the covered task until the training and or evaluation is complete; it needs to be clear that it applies to both contractors and employees; and it must address OQ training for operating acquired equipment not previously used by the Operator.

CPF 4-2008-1014M - Item #1a - At the time of the inspection, FGTW did not address program integration following a merger or acquisition. FGTW must amend its OQ Plan to address program integration following a merger or acquisition and it needs to apply to qualified employees and contractor individuals. Specifically the program integration needs to include the following; review the acquired company's qualifications and evaluation methods' for each covered task; where the qualifications and or evaluation method is inadequate, provide necessary training and or evaluation, and disallow an individual from performing the covered task until the training and or evaluation is complete; it needs to be clear that it applies to both contractors and employees; and it must address OQ training for operating acquired equipment not previously used by the Operator.

PE Response to CPF 4-2008-1013M - Item #2b (2nd paragraph) and CPF 4-2008-1014M - Item #1a

PHMSA's requirement for an Amendment is in error in two respects. Nothing in the Rule requires that operators have provisions for program integration following a merger or acquisition. Despite not being required to address mergers and acquisitions, PE does so in section 5.2, under Governance. In this section, it details that the V.P. of Technical Services is assigned the responsibility to develop and institute a transition plan subsequent to a merger or acquisition. PE contends that this meets or exceeds the regulatory requirements. In addition, FGT was not acquired by or merged with Panhandle Eastern Pipeline Company, L.P., Trunkline Gas Company, LLC, Sea Robin Pipeline Company, LLC, or Lee 8 Storage Partnership. The terms "merger" and "acquisition" have specific meanings under the law. The overall operations of FGT have been consolidated with these other entities but there was no merger of FGT or acquisition of FGT by these entities.

CPF 4-2008-1013M - Item #2c - At the time of the inspection, PEPL did not require a periodic review to assure Abnormal Operating Conditions (AOC) are representative of those that can be anticipated based on operational experience of AOC, and provisions were not provided to incorporate additional AOC identified during incident review. PEPL must amend its OQ plan to show a formal documented process to assure AOC are representative of those that can be anticipated based on operational experience of AOC, and show a formal documented process to incorporate additional AOCs that are identified during incident review.

CPF 4-2008-1014M - Item #1b - At the time of the inspection, FGTW did not address an investigation path that goes from an accident investigation back to the OQ plan to Address Abnormal Operating Condition (AOC) evaluations for those covered tasks that were associated with the accident. FGTW must amend its plan to address an investigation path that goes from an accident investigation back to the OQ plan to address AOC evaluations for those covered tasks that were associated with the accident. Specifically the evaluation should include evaluation of the appropriate reaction to an AOC and ensure that the AOC's listed for a covered task are those that could be reasonably anticipated during performance of that task.

PE Response to CPF 4-2008-1013M - Item #2c and CPF 4-2008-1014M - Item #1b

Section 4.0 states the following – “Annually: Review of OQ Tasks including recognizing and reacting to abnormal operating conditions is conducted by the Operator Qualification Committee.” and “As required: Accident/Incident Related Qualification including recognizing and reacting to Abnormal Operating Conditions”.

Also section 5.3 also states – which also covers the subject of maintaining and changing the OQ tasks and AOC based on incidents as well as annually.

5.3 Operator Qualification Committee

- Provide OQ Plan technical oversight.
- Present the OQ Plan to inspecting agencies for audit as appropriate.
- Incorporate feedback from regulatory agencies and other sources as appropriate.
- Maintain the lists of OQ Tasks.
- Incorporate changes as appropriate.
- Review and modify (as needed) Standard Operating Procedures and Abnormal Operating Conditions and reactions following an incident.

CPF 4-2008-1013M - Item #3 – At the time of the inspection, PEPL was not clear on what will occur regarding a contractor individual being suspended pending an incident investigation. Additionally, the plan needed to state that a review of the operating procedure for the covered task will be conducted during the incident investigation. PEPL

must amend its OQ Plan to ensure that any individual the operator has reason to believe whose performance of a covered task contributed to an incident is evaluated prior to performing the covered task(s) post accident. The OQ plan must also show that a review of the operating procedure for the covered task will be conducted during the incident investigation.

CPF 4-2008-1014M Item #3 - At the time of inspection, FGTW did not clarify what will occur regarding a contractor individual being suspended pending an incident investigation. FGTW must amend its OQ Plan to show how it will track a contractor individual that is suspended from a covered task and report it 'company wide' until the accident investigation is complete or the person has been re-qualified.

PE Response to CPF 4-2008-1013M - Item #3 and CPF 4-2008-1014M Item #3

The following is found in section 7.6.1 (page 13 of 32) under contractor qualification-

Any incident involving an OQ Task performed by a Veriforce qualified contractor will result in immediate contact by the Training Department with Veriforce informing them of an immediate suspension of the employee from the Panhandle Energy approved contractor list.

- Follow-up with Veriforce after an incident review by the Training group will re-establish the requirements for either the re-establishment of the employee to perform work for the company or a permanent block of the employee from performing OQ work.

Section 7.3.3 also states the following –

- Review and modify (as needed) Standard Operating Procedures and Abnormal Operating Conditions and reactions following an incident.

CPF 4-2008-1013M - Item #4 – At the time of the inspection, PEPL was not clear that changes can be recommended from all sources. The plan did not address how the operator will communicate changes in the plan to contractors and Veriforce. The plan did not adequately define “impact” for degrees of change. PEPL must amend its OQ Plan to address feedback from all sources. The OQ Plan must show a formal documented process to communicate changes in the plan to contractors, Veriforce, or another third party provider. “Impact” for degrees of change must be defined well enough such that multiple individuals will arrive at the same “impact” based on the same degree of change.

PE Response to CPF 4-2008-1013M - Item #4

Standard Operating Procedure (SOP) A.03 Management of Change details PEPL’s Management of Change process and applies to all SOPs that guide the company, including A.18 Operator Qualification Plan.

Section 3.0 in SOP A.03 states –

Any level company personnel initiates the Management of Change process when requesting a change to a document, standard, plan, policies, and other documentation as needed.

Section 7.1.1 in SOP A.03 also states –

Any Panhandle Energy employee observing a conflict between a document and actual day to day operations identifies the need for change.

Section 5 of SOP A.03 (page 10) outlines the whole change implementation process

Section 5.4 of SOP A.18 also states the following about the responsibility of the training group–

Act as liaison between the company and Veriforce who is approved and directed by the company to oversee the company's contractor OQ Plan.

CPF 4-2008-1013M - Item #5 – At the time of the inspection, the plans reevaluation interval for covered task PEOQC208 Plastic Pipe – Butt Fusion needed to be changed to show one year instead of four, and covered task PEOQW611 Hot Tap needed to be changed to show three years or less, instead of 5 years. PEPL must amend its OQ Plan to show a one year re-evaluation interval for PEOQC208 Plastic Pipe – Butt Fusion, and a three year re-evaluation interval for covered task PEOQW611 Hot Tap.

PE Response to CPF 4-2008-1013M - Item #5

192.805 (g) gives responsibility to the operator to identify covered tasks and evaluation intervals. During the audit PHMSA did not give any documentation of the process used to determine frequencies that circumvented PE's Difficulty, Importance and Frequency (DIF) analysis, as detailed in Section 7.3.1. PE explained the use of the DIF analysis during the inspection, but PHMSA was not forthcoming on their basis for the recommended reduced evaluation frequencies. PE believes 192.805 (g) entitles PE, while evaluating their own system, to use a scientific approach (DIF) analysis vs. the PHMSA's Inspector's opinion provided without the support of a specific process or algorithm that more frequent evaluations are required. Subsequent to the 2006 inspection, PE re-evaluated PEOQW611 "Hot Tap" using PE's DIF Analysis and changed the re-evaluation frequency to three years, which matches PHMSA's interval. This change is detailed in the January 1, 2007 version of PE's OQ Plan. PE still contests the frequency for the PEOQC208 Task.

CPF 4-2008-1013M - Item #6 – At the time of the inspection, PEPL did not state what is required for contractors for training of their personnel in Appendix C.1 Section 3 & did not make reference to Veriforce in a manner consistent with how you are using Veriforce. Your OQ Plan was silent regarding remedial training of contractors. PEPL must amend its OQ Plan to show a formal documented process for contractor training of their personnel in Appendix C.1 Section 3 and document the use of Veriforce and other third party training resources in a manner consistent with how they are utilized.

PE Response to CPF 4-2008-1013M - Item #6

Appendix B relates to Evaluators being trained by completing the Evaluator Training and Appendix F relates specifically to the Evaluator Training process for Contractors. Appendix C details qualification of an “individual” using the “Training and Evaluation Guide (TEG)”

Although PE believes that PHMSA has misconstrued 192.805 (h), which was originally incorporated to deal with Employee training. PEPL believes that Appendix C’s reference to an individual could include Contractors as well as Employees for training on tasks. Appendix F in conjunction with Section 7.6.1’s requirement for review of SOPs, AOC response, safety and specific project requirements along with the Appendix F requirement for Evaluator Training meets the training requirement of 192.805 (h).

CPF 4-2008-1013M - Item #7 – At the time of the inspection, PEPL did not address significant change notification to PHMSA or the appropriate State agency. PEPL must amend its OQ Plan to show a documented process for notification to PHMSA and the appropriate State agencies when the OQ Plan has been significantly modified.

CPF 4-2008-1014M Item #5 - At the time of inspection, FGTW did not address the notifications to the appropriate agencies when significant modifications are made to the OQ program. FGTW’s OQ Plan must be revised to address the notifications to the appropriate agencies when significant modifications are made to their OQ program.

PE Response to CPF 4-2008-1013M - Item #7 and CPF 4-2008-1014M - Item #5

PE addresses notification of PHMSA and state agencies in Section 7.5. 192.805 states that the OQ plan shall include provisions to make the notifications, which PEPL has done with Section 7.5. 192.805 does not require a “documented process”.

CPF 4-2008-1013M - Item #8 – At the time of the inspection, PEPL did not state that the database is backed-up & stored off-site. PEPL must amend its OQ Plan to state how the records are actually backed up and stored.

CPF 4-2008-1014M Item #6 - At time of the inspection, FGTW stated that records are retained using database back-up and off-site storage, however, the OQ Plan did not state that the database is backed-up and stored off-site. FGTW must amend its OQ Plan to describe how often the database is backed-up and where it is stored in order to ensure continued availability of the information required to meet the rule requirements.

PE Response to CPF 4-2008-1013M - Item #8 and CPF 4-2008-1014M - Item #6

Although 192.807 requires the Operator to maintain records and that they be retained for 5 years, there is no requirement for back up or off-site storage. As explained to the inspector during the audit, PE does back up their records, but PE fails to see the regulatory requirement or the pipeline safety benefit of detailing this process in the OQ Plan.

PE Request for Hearing

As noted above regarding the listed NOA Items (CPF 4-2008-1013M - Item #1 – Pipe Fitting (Fittings, gaskets, tubing, threaded fittings) ; CPF 4-2008-1013M - Item #1 – Loading and Unloading ILI Tools; CPF 4-2008-1013M - Item #1 – Moving in-service pipelines; CPF 4-2008-1013M - Item #5; CPF 4-2008-1013M - Item #8 and CPF 4-2008-1014M - Item #6), PE contests

all allegations and accordingly requests a Hearing as stipulated in 49 C.F.R §190.211 addressing all matters presented in the PHMSA July 1, 2008 letters referenced above. Should PHMSA find any of the amended sections sent as part of this response to be inadequate, these items should be added to the agenda of the Hearing. PE anticipates it will be represented by counsel during the hearing and plans to have a court reporter present to document the proceedings.

Sincerely,



Eric Amundsen
V.P. of Technical Services

Attachment:

July 1, 2008 PHMSA Letter (CPF 4-2008-1013M)

July 1, 2008 PHMSA Letter (CPF 4-2008-1014M)

Pages 2-4, 8-13, 16, 21-29 of PE's OQ Plan (SOP A.18 Operator Qualification)

Pages 1-5 of PE's Management of Change SOP (SOP A.03)

OQ Documentation for specific tasks from the Training Evaluation Guide (TEG) located in the PE Employee Qualification Database

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 2 of 32

1.0 Purpose All individuals who operate and maintain pipeline facilities shall be trained, evaluated, and qualified to perform company identified Operator Qualification tasks and shall have the ability to recognize and react appropriately to Abnormal Operating Conditions (AOC) encountered while performing work.

This Standard Operating Procedure (SOP) establishes the requirements and responsibilities for the qualification of individuals who perform Operator Qualification (OQ) Tasks at the pipeline facilities for which the operator has responsibility.

2.0 Scope The Operator Qualification (OQ) Plan applies to company personnel, contractor personnel, subcontractor personnel, and personnel of all other entities who perform OQ Tasks on behalf of the company. All personnel described above shall be qualified in accordance with this plan or a third party plan approved by the company and in accordance with the Operator Qualification Rule. Individual qualification records shall be maintained for five years.

3.0 Applicability This SOP applies to all individuals who perform an OQ Task (as defined in *Section 7.1* and *Appendix A: OQ Task Lists*) regardless of whether they are employed by the company, a contractor, a subcontractor, or any other entity performing the OQ Task on behalf of the company.

4.0 Frequency Annually at least once each calendar year: The Operator Qualification Plan is reviewed and revised as needed in consideration of new regulations, revised regulations, work experiences, and changes in operating or maintenance technologies, procedures, and equipment. (Refer to *SOP A.03 Management of Change*.)

Annually: Review of OQ Tasks including recognizing and reacting to abnormal operating conditions is conducted by the Operator Qualification Committee.

Annually: Each employee performing OQ tasks will review Abnormal Operating Conditions and Abnormal Operations for proper recognition and reaction when performing OQ tasks in the field.

Three Year Intervals: Review third party OQ plans to determine compatibility and acceptability for continued use on the company’s behalf.

As required: Subsequent Qualification is performed within the period required for that task as identified in Appendix A.

As required: Performance Related Qualification including recognizing and reacting to abnormal operating conditions.

As required: Accident/Incident Related Qualification including recognizing and reacting

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 3 of 32

to abnormal operating conditions.

As required: Special Circumstance Re-qualification including recognizing and reacting to abnormal operating conditions.

Company representative will attend VeriForce sponsored periodic meetings and annually conduct an administrative audit of the VeriForce processes, procedures and documentation.

**5.0
Governance**

The following table describes the responsibility, accountability, and authority for the Operator Qualification Plan.

The responsibilities of management are described in the sections that follow.

Function	Responsibility	Accountability	Authority
Identify OQ Tasks	Operator Qualification Committee	Operator Qualification Committee	Vice President of Technical Services
Establish Initial Qualification	Operator Qualification Committee	Director Technical Operations	Vice President of Technical Services
Plan Administration of Qualification Evaluation	Operator Qualification Committee	Director Technical Operations	Vice President of Technical Services
Subsequent Qualification for Individuals	Operations Manager	Area Director	Vice President of Operations
Performance Related Qualification	Operations Manager	Area Director	Vice President of Operations
Accident/ Incident Related Qualification	Operations Manager	Area Director	Vice President of Operations
Special Circumstance Re-qualification	Operations Manager	Area Director	Vice President of Operations
Supervising Nonqualified Individuals	Qualified Person	Qualified Person	Qualified Person
Qualifying Contractors	Training Department	Operator Qualification Committee	Vice President of Technical Services
Other Operator's OQ Plan	Director Technical Operations	Director Technical Operations	Vice President of Operations

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 4 of 32

**5.1
Senior Vice
President of
Operations**

- Provide the resources necessary to ensure that qualified individuals are performing OQ Tasks or are directing and observing nonqualified company individuals while they are performing OQ Tasks.
 - Subsequent to a merger or acquisition of the company, guides the development and implementation of a transition plan under the direction of the Vice President of Technical Services.
-

**5.2
Vice President
of Technical
Services**

- Direct the activities of the Operator Qualification Committee.
 - Verify that the company’s OQ Plan and Procedures meet all regulatory requirements.
 - Provide leadership to the Operator Qualification Committee.
 - Subsequent to a merger or acquisition of the company, develops and implements transition plan as directed by the Senior Vice President of Operations.
-

**5.3
Operator
Qualification
Committee**

- Provide OQ Plan technical oversight.
 - Present the OQ Plan to inspecting agencies for audit as appropriate.
 - Incorporate feedback from regulatory agencies and other sources as appropriate.
 - Maintain the lists of OQ Tasks.
 - Incorporate changes as appropriate.
 - Review and modify (as needed) Standard Operating Procedures and Abnormal Operating Conditions and reactions following an incident.
-

**5.4
Training
Department**

- Administer the OQ Plan.
- Advise local management regarding qualification, subsequent qualification, requalification, and revocation of qualifications of individuals.
- Determine the acceptability criteria for contracted personnel.
- Develop and implement training needed to support the OQ Plan.
- Maintain operator qualification records.
- Maintain list of qualified evaluators.
- Act as liaison between the company and Veriforce who is approved and directed by the company to oversee the company’s contractor OQ Plan.
- Participate in Veriforce-sponsored functions seeking to improve the success of Veriforce’s Contractor OQ plan.

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 8 of 32

Terms	Definitions
Re-qualification	Evaluation of employees whose qualification has either expired or been revoked.
Skill Evaluation Record (SER)	The document used by the company to record the results of an individual's evaluation.
Subsequent Qualification	Evaluation performed periodically to validate the ongoing qualifications of individuals.
Task	A specific unit of work having an identifiable beginning and end, and containing two (2) or more elements.
Training and Evaluation Guide (TEG)	The document which identifies the evaluation criteria, abnormal operating conditions, evaluation questions, training courses, and training materials associated with the specific OQ Tasks.

**7.0
Operator
Qualification
Plan**

The Operator Qualification Plan contains the following sections:

- Identifying OQ Tasks
- Initial Qualifications
- Qualification Evaluation
- Supervising Nonqualified Individuals
- Management of Change
- Qualifying Contractors
- Other Operator's OQ Plan

**7.1
Identifying OQ
Tasks**

For the purpose of the OQ Plan, a four-part test shall be used by the Operator Qualification Committee to determine whether a task is an OQ Task. A task must meet all four of the following criteria to be an OQ Task:

- Is performed on a pipeline facility as defined in CFR Title 49, Part 192.3
- Is an operations or maintenance task
- Is performed as a requirement of 49 CFR Part 192
- Affects the operation or integrity of the pipeline

Additional tasks may be added to the list at the discretion of the company. Refer to Appendix A.

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 9 of 32

7.2 Initial Qualifications Individuals performing OQ Tasks were qualified under the Panhandle Energy OQ Plan and/or the CrossCountry Energy OQ Plan which have been in effect from October 28, 2002 through January 1, 2007. These qualifications were completed by October 28, 2002. Copies of the archived Plan documents can be found on the SOP Sharepoint website.

Work performance history may have been used as the sole evaluation method for individuals who were performing that OQ Task prior to October 26, 1999.

Individuals beginning employment after October 26, 1999 did not use work performance history as the sole evaluation method. The company performed a work performance review of each individual and OQ task qualification prior to declaring the individuals OQ qualified on or before October 28, 2002. Any questionable reviews concerning individual qualifications were addressed by a full evaluation of the OQ Task.

After October 28, 2002, all OQ task qualifications of company employees were qualified through a full evaluation of their Knowledge, Skills, and Abilities s with criteria established by the company through Subject Matter Experts. All initial qualifications will have an evaluation directed at determining the employees Knowledge, Skills, and Abilities to perform the OQ Task. Records for these evaluations are kept in the Skill Progression Program (SPP) as overseen by the Training Department. All company individuals have access to their SPP and OQ records through reports located at the SPP company website.

7.3 Qualification Evaluation The following steps are used to verify that individuals remain qualified to perform OQ Tasks.

7.3.1 Subsequent Qualification Subsequent qualification of individuals is required on OQ Tasks. The process is initiated by the individual and completed within the period required for that task as identified in Appendix A. The subsequent qualification intervals have been established by utilizing a Difficulty, Importance, and Frequency (DIF) Analysis for each OQ Task. The results of the DIF Analysis are documented in the SPP program. If management chooses for the individual not to re-qualify within the specified period, the individual is no longer qualified to perform the OQ Task unless directed and observed by an individual who is qualified.

Reports within the Skill Progression Program (SPP) are available to advise individuals of their subsequent qualification dates. (Refer to Appendix C.) Subsequent Qualifications will normally be a combination of a Computer Based Test (CBT) and an annual employee performance appraisal dealing with an OQ task(s) work performance review (see Appendix D).

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 10 of 32

7.3.2 Performance Related Qualification

A performance related re-qualification process focuses on identifying and correcting deficiencies in performing OQ Tasks as they surface during operation or maintenance activities.

- **Company Employee:** If tasks or elements are not performed competently, a recommendation to re-qualify an employee of operator for performance reasons shall be initiated in writing by either a member(s) of the individual's team, member(s) of another of operator's teams, or operator's regional staff or management. Until the required training and re-qualification process is completed, that individual will only be allowed to perform the OQ Task in question as a nonqualified individual according to the requirements of Section 7.4. (Refer to Appendix D.)
- **Contractor:** The company individual in charge of the contract work will notify the Training Department verbally and in writing when disqualification/requalification of a contractor employee is required for performance reasons for an OQ Task. The Training Department will notify Veriforce concerning the details of the events and Veriforce will pull the individuals qualifications for the company until the issues are resolved to the satisfaction of the company. Veriforce will be responsible for retraining and re-evaluation/re-qualification of the individual to the satisfaction of the company. That individual will not be allowed to perform the OQ Task for the company until the issues are satisfactorily resolved.

7.3.3 Accident/ Incident Related Qualification

Recommendation of a re-qualification of an employee or contractor shall be initiated in writing by Project Managers, Operations Manager, Area Director, or Director of Technical Operations if there is reason to believe that the individual's performance may have contributed to a reportable pipeline incident as defined in SOP A.12 SRC and Incident Reporting. That employee or contract employee may not perform the OQ Task in question until re-qualification has been completed or it is determined that the individual's performance did not contribute to the incident. Refer to *Section 7.6.5* for contractor re-qualification requirements. The Training Department will handle the records and/or Veriforce contact to facilitate the actions required.

7.3.4 Special Circumstance Re-qualification

A company individual who has not performed an OQ Task for a significant time period due to factors such as a disability or injury may be required to re-qualify at the discretion of management prior to performing the OQ Task without supervision. This determination will be based on factors such as the knowledge, skills, and ability of that individual and consultation with local management, team members, and evaluators. The Training Department will handle the records to facilitate the actions required.

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 11 of 32

**7.4
Supervising
Nonqualified
Individuals**

Nonqualified individuals are permitted to perform OQ Tasks except welding and hot tapping. The following conditions must be met:

- A qualified individual will be assigned to direct and observe nonqualified individual(s) during the performance of an OQ Task. That qualified individual is responsible for the performance of the Task.
- A qualified individual shall be able to take immediate corrective actions when necessary and recognize and react to any potential Abnormal Operating Conditions.
- The ratio of nonqualified individuals to a qualified individual for company (Span of Control) is identified in Appendix A.. Contractors' Span of Control is identified in Appendix B.

**7.5
Management of
Change**

Any employee can initiate a recommendation for change per the form 7T-1. Once the need for a change is identified, the management of change process shall be followed according to SOP A.03. The change may be necessary due to a new or modified regulatory requirement, standard revision, new technology or process, new or change in an existing SOP or the modification to or addition of a new task. Significant changes will be reported to DOT and appropriate state agencies by the Codes and Compliance department.

**7.5.1
Impact of
Change**

The process for adding a new OQ Task is outlined in *Appendix H: New OQ Tasks*, and for revising an existing OQ Task, in *Appendix I: OQ Task Maintenance*. Changes to an existing OQ Task will be categorized as follows:

- Limited impact on an OQ Task requiring no communication or further action.
- Moderate impact on an OQ Task requiring only communication of the change.
- High impact on an OQ Task requiring communication of the change and requalifying individuals prior to performing the OQ Task.

**7.5.2
Periodic
Review**

The OQ Committee will conduct a periodic review (at least annually) of OQ Tasks with the assistance of the Training Department and the appropriate Subject Matter Experts (SMEs). The Committee will submit any required revisions to the Training Department. The OQ Committee may also be involved if an incident occurs involving the performance of an OQ Task to ensure the SOP guiding the task is addressed and the OQ Task itself is reviewed for content.

**7.6
Qualifying
Contractors**

The company currently uses Veriforce to maintain contractor qualifications and a database of individuals and their qualifications. The Training Department administers the company's OQ Plan to verify Veriforce's adherence to the plan.

Continued on next page

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 12 of 32

There is an interface between the company’s Service Contracts Management System (SCMS), and the Veriforce database that is updated every two hours with contactor qualification updates. This ensures the contractor’s individual OQ qualification data that the field is working with is current.

Nonqualified contractor personnel may perform OQ Tasks, with the exception of welding and hot tapping, only if directed and observed by a qualified contractor representative.

Other contract qualification organizations could be used in the future if approved by management.

The company has approved Veriforce’s procedures as reflected in *Appendix F: Veriforce Evaluator Authorization Process* and *Appendix C: Contractor Qualification*.

**7.6.1
Requirements
to Perform OQ
Tasks**

Before the contractor personnel are permitted to perform OQ Tasks, the following is required.

The personnel who are in charge of the project and responsible for monitoring the work performed by the contractor’s personnel will use the company’s Service Contracts Management System (SCMS) system. The company representative in charge of the contract containing OQ Tasks shall receive from the contract employee evidence satisfactory to the operator that the contractor personnel are qualified to perform OQ Tasks. This process is identified in Appendix G and is accomplished through the following steps:

- Meet with the contractor to review the project scope of work (SOP review) and inform the contractor of the expected response to AOCs, providing phone numbers to call in the event of an AOC occurring while performing the task. Review all safety requirements and anything specific to the project as expected from the contractor (Document the above in SCMS). Refer to Appendix G.
- If the contractor’s qualifications are unsatisfactory, the company will require the following before work begins:
 - The contractor personnel assigned to perform the OQ Tasks on the project must be qualified under Operator’s Qualification Plan, or
 - Contractor’s qualified personnel must be assigned to direct and observe the contractor’s nonqualified personnel.
- Contractor’s personnel are required to understand English or provide English-speaking qualified individuals to interpret instructions on AOCs and task performance.

Continued on next page

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 13 of 32

- Any incident involving an OQ Task performed by a Veriforce qualified contractor will result in immediate contact by the Training Department with Veriforce informing them of an immediate suspension of the employee from the Panhandle Energy approved contractor list.
- Follow-up with Veriforce after an incident review by the Training group will re-establish the requirements for either the re-establishment of the employee to perform work for the company or a permanent block of the employee from performing OQ work.

**7.6.2
Periodic
Random
Inspection**

The Training Department periodically inspects the evaluation and qualification records of contractor personnel who have performed or will perform OQ Tasks on company facilities in order to verify that contract work involving OQ Tasks is being performed by qualified individuals.

Company personnel will contact the Training Department for a final determination if there is any doubt about a contract person's qualification to perform an OQ Task. In addition, Veriforce performs a review of the performance history and the qualification or requalification status of approximately 5% of the company's contractor personnel each year.

**7.6.3
Contractor
Qualification
Records**

The Training Department has ready access to the evaluation and qualification records of each contractor's personnel who perform OQ Tasks. The Contracts Department maintains documentation of the name of the project or description of the project, project date, OQ Tasks performed during the project, and names of contractor personnel performing OQ Tasks on the project.

Veriforce uploads the following information into the Service Contract Management System (SCMS):

- Contractor personnel
- OQ Task contractor personnel is qualified to perform
- Method of qualification
- Effective dates(s)
- Evaluator

Refer to Appendix G.

**7.6.4
Accident or
Incident**

The project manager will disqualify contractor personnel suspected of contributing to a pipeline related accident or incident. Disqualified personnel will be subject to requalification requirements. The project manager will contact the Training Department for further action.

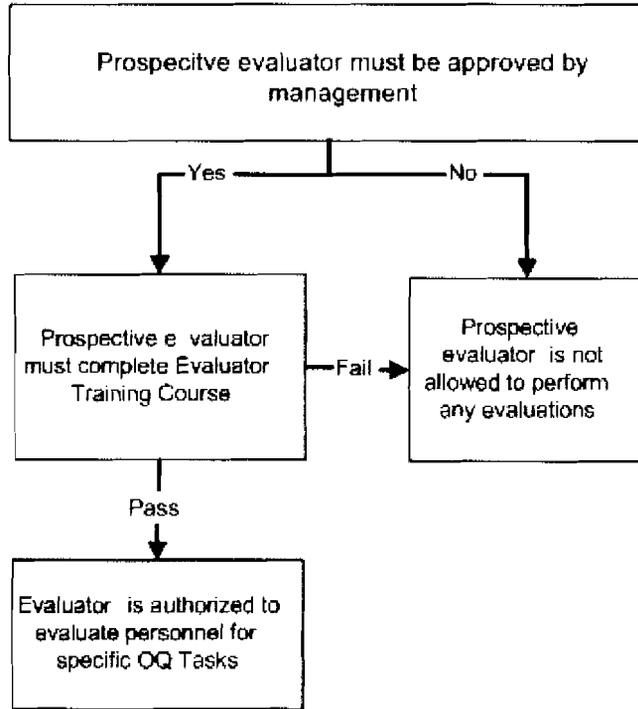
Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: January 1, 2007	Page 16 of 32

#	Task ID	Task Description	Subeval Frequency	Span of Control
20	PLOQ409	Commission and Maintain Cathodic Protection Bonds	5 Yrs	1:3
21	PLOQ410	Commission and Maintain Cathodic Protection Electrical Isolation Devices between Casing and Carrier	5 Yrs	1:3
22	PLOQ411	Commission and Maintain Cathodic Protection Electrical Isolation Devices between Flanges, Prefabricated Assemblies and Fittings	5 Yrs	1:3
23	PLOQ412	Installation of Exothermic Electrical Connections	3 Yrs	1:3
24	PLOQ414	Visual Inspection for Internal Corrosion	3 Yrs	1:3
25	PLOQ415	Insert and Remove Coupons/Probes for Internal Corrosion Monitoring	4 Yrs	1:1
26	PLOQ416	Demonstrate the Use of Inhibitors and Biocides	5 Yrs	1:3
27	PLOQ417	Visual Inspection for Atmospheric Corrosion	5 Yrs	1:3
28	PLOQ418A	Measure and Evaluate Pipeline Defects	3 Yrs	1:3
29	PLOQ420	Measure Soil Resistivity	5 Yrs	1:3
30	PLOQ501	Pressure Test to Substantiate MAOP / Integrity	3 Yrs	N/A
31	PLOQ602	MAOP - Monitoring and Protecting	5 Yrs	1:3
32	PLOQ603A	Start-up, Operation and Shut-down of Reciprocating Compressor Units	5 Yrs	1:3
33	PLOQ603B	Start-up, Operation and Shut-Down of Turbine Driven Centrifugal Compressor Units	5 Yrs	1:3
34	PLOQ603C	Start-up, Operation and Shut-down of Electric Driven Centrifugal Compressor Units	5 Yrs	1:3
35	PLOQ603D	Start-up, Operation and Shut-down of Reciprocating Engine Driven Centrifugal Compressor Units	5 Yrs	1:3
36	PLOQ605	Underground Pipeline - Locate and Temporarily Mark	5 Yrs	1:3
37	PLOQ607	Damage Prevention During Excavation / Encroachment Activities	5 Yrs	1:3
38	PLOQ610	Odorization - Periodic Sampling	5 Yrs	1:3
39	PLOQ611	Hot Tapping and Stopping	3 Yrs	1:1

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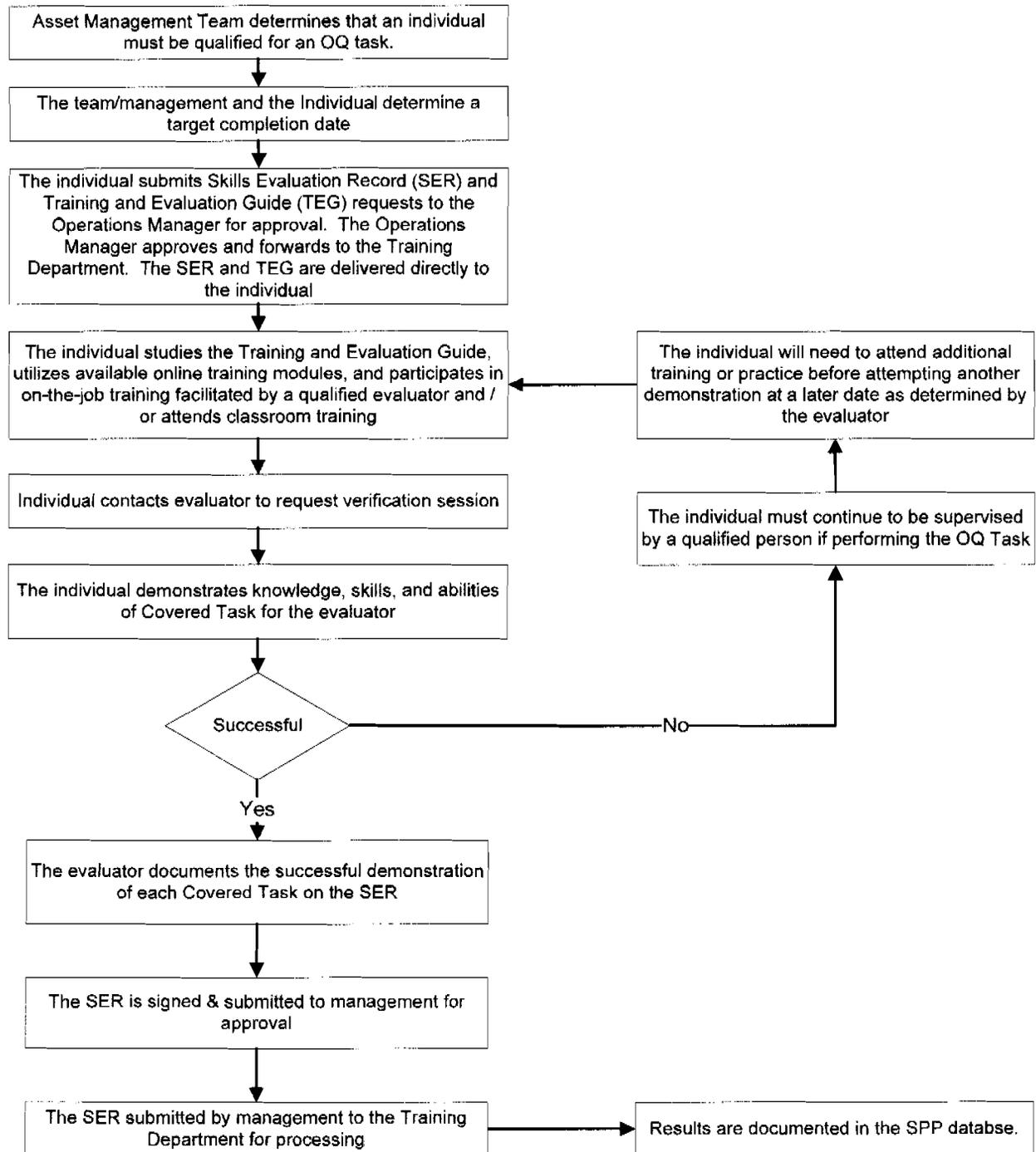
Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: January 1, 2007	Page 21 of 32

Appendix B: This appendix describes the process of selecting an evaluator.
**Operator
Evaluator
Selection
Process**



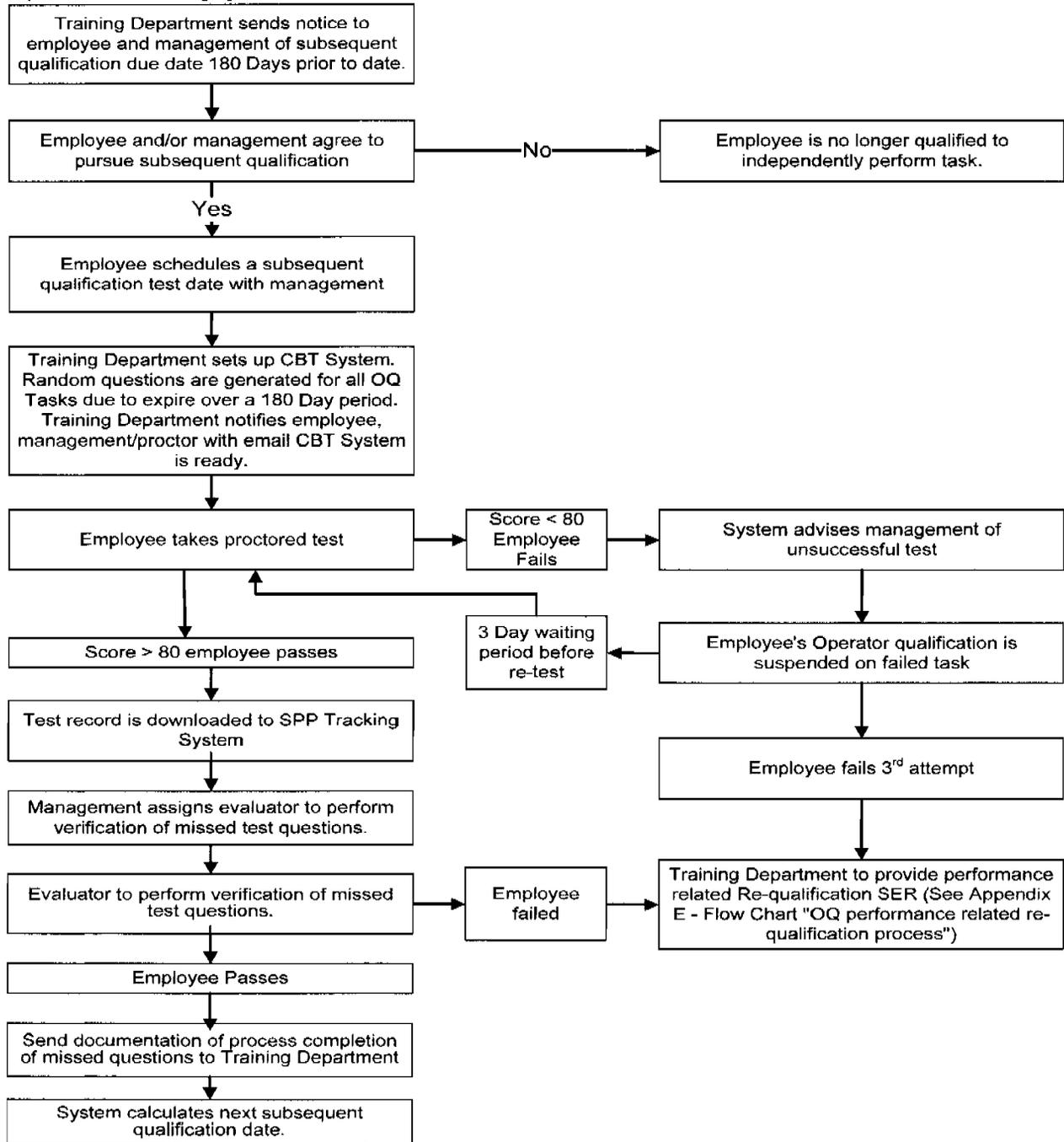
Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: January 1, 2007	Page 22 of 32

Appendix C: Operator Qualification This appendix describes the process of qualifying an individual for OQ Tasks after 2002.



Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: January 1, 2007	Page 23 of 32

Appendix D: Subsequent Qualification The following chart describes the process for subsequent qualification. Computer Based Testing Administrative Guidelines for subsequent evaluations are provided on the next page.



Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 24 of 32

Computer Based Testing Administrative Guidelines for Subsequent Evaluations

The Computer Based Testing (CBT) subsequent evaluation process for OQ qualifications is coordinated by a Division Representative and administered by a proctor assigned by Division Management. The roles of the Division Representative and proctor are detailed below.

As the CBT testing sessions are scheduled and proctors are assigned, the Training Department provides a list of employees by location and associated OQ Tasks/tests listed by employee to the respective Operations Managers (OM) for their review. The OM's notify the Training Department if any of the tasks/tests are not legitimate for the employee or the employee has already performed a subsequent evaluation on the task(s) by another method. The OM's coordinate the testing through the Division Representative.

The proctor helps the employee log into the Test Generator and answer questions associated with the process but is not allowed to address any of the test questions or related content.

The CBT based subsequent evaluation is a multi-question test (actual test questions may vary) as determined specifically for each task by OQ Subject Matter Expert (SME) teams, i.e., Corrosion, Pipeline/Welding, Controls/Measurement.

The only reference materials allowed to be present during the test are those deemed appropriate by the SME task group, and the company employee must be observed by a proctor as the exam is taken. No surfing the intranet, phone conversations, or outside contact other than with the proctor is allowed during the testing process. NOTE: The test administration is the responsibility of the proctor and company employee's Operations Manager (OM)/immediate supervisor to ensure the integrity of the test.

Each test is timed, with a time limit of two hours per test. The test does not automatically time out, but it is the responsibility of the proctor to administer the time limit of the test.

The test questions are multiple choice and true/false with the SME teams determining mandatory and optional questions, both of which make up the tests. The target is 10 - 30 questions per OQ task – some may be less/more depending on subject.

Mandatory questions must be answered 100% correctly. The overall pass/fail score for all questions combined is 80% correct.

If the company employee's score is 80% or greater, they are immediately qualified to continue to complete covered task work. Their qualification date is reset in Tradetimer to reflect passing the subsequent evaluation test and to reset the OQ task expiration date for this employee.

If the employee's score is 80% or greater, the test generator automatically emails the test score and any missed questions along with the correct answers to the effected employee's Operations Manager/immediate supervisor. The Operations Manager/immediate supervisor arranges for a qualified evaluator to review those questions missed with the employee at the earliest opportunity to verify complete understanding of the task being tested, not just the questions that were answered correctly.

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 25 of 32

If the employee scores less than 80% on the CBT exam, the test generator automatically downloads the failed test results to Tradetimer/EAM and he/she is disqualified for that task until the test is passed. The Operations Manager/immediate supervisor determines if additional training or assistance should be given before the employee retakes the test. If the employee scores less than 80% on the CBT exam, he/she can re-take the exam no less than three working days from the previous exam date/time.

The CBT cannot be attempted by the employee more than three times. If the test is not passed upon the third attempt, the employee is required to complete a full evaluation of that task by an SME.

Division Representative Description

The Division Representative is a person assigned by Division Management to coordinate the OQ Subsequent Evaluation CBT tests for the Division.

Role of the Division Representative

The role of the Division Representative is to coordinate the OQ Subsequent Evaluation Computer Based tests for the Division field employees, i.e.:

- Each month, the Training Department provides the Division Representative with a list of employees needing subsequent evaluations six months before the due date.
- The Division Representative coordinates the OQ Subsequent Evaluation CBT tests with the Operations Managers and assigned proctors to verify tests are taken before the subsequent evaluation due date, realizing that only 50 people can be logged on to the Test Generator at one time.
- The Division Representative communicates the test dates and times to the proctors, Operations Managers, and employees taking the tests.
- The Division Representative contacts the Training Department if any problems occur with the testing process.

Proctor Description

The proctor is a person assigned by Division Management to administer the OQ Subsequent Evaluation CBT tests. The proctor can be an Area Director, Operations Manager, Administrative person, SME, or contract person hired for that specific purpose. The person proctoring the test does not need to be familiar with the discipline being tested, just with the role of the proctor and the CBT Administrative Guidelines.

Role of the Proctor

The role of the proctor is to administer and verify the integrity of the OQ Subsequent Evaluation CBT tests, i.e.:

- The Operations Manager provides computers in an appropriate environment for the proctor to administer the CBT test.
- A list of employees needing to take OQ Subsequent Evaluation CBT tests is provided to the proctor.
- The proctor will:
 - check the ID of the employee(s) prior to beginning the test if not already acquainted with him/her
 - explain the Administrative Guidelines for the testing process to the employee(s) taking the test
 - help the employee(s) log in to the Test Generator Program and navigate to the proper test
 - log in to the Test Generator Program to document who proctored the tests

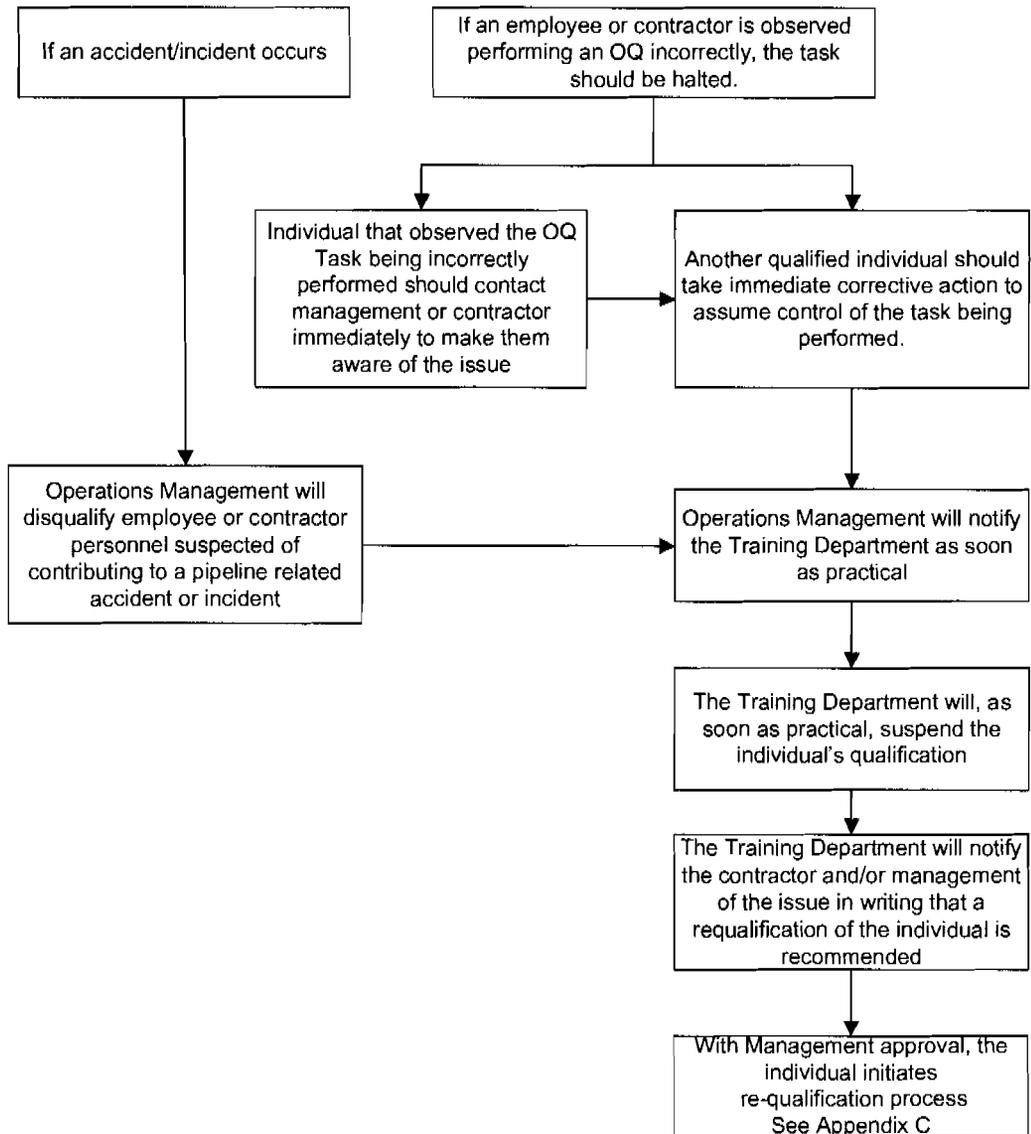
Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 26 of 32

- make sure that only the approved reference materials are available to the employee(s) during the testing process
 - make sure that conversation with the employee(s) is limited to the proctor and only concerning the administration of the test – no phone calls, incoming or outgoing
 - seek the direction of a designated Division or Houston person to answer any questions that may occur during the CBT process that are not covered by the Administration Guidelines
 - time the tests – each test is limited to 2 hours
-

Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: <i>January 1, 2007</i>	Page 27 of 32

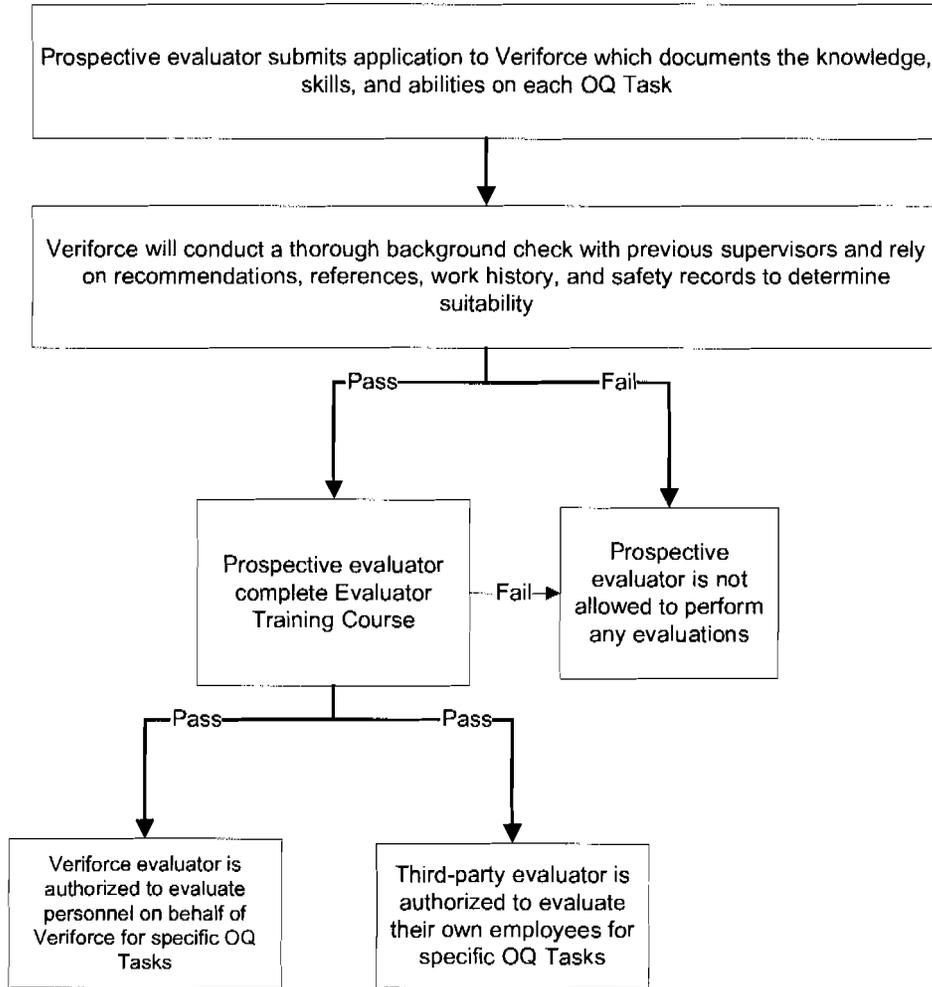
**Appendix E:
Performance
Related
Requalification
Process**

This appendix describes the process of requalifying an individual for OQ Tasks after an individual is involved in an accident or incident or after the individual is observed performing an OQ Task incorrectly.



Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192.809, Subpart N	Effective Date: January 1, 2007	Page 28 of 32

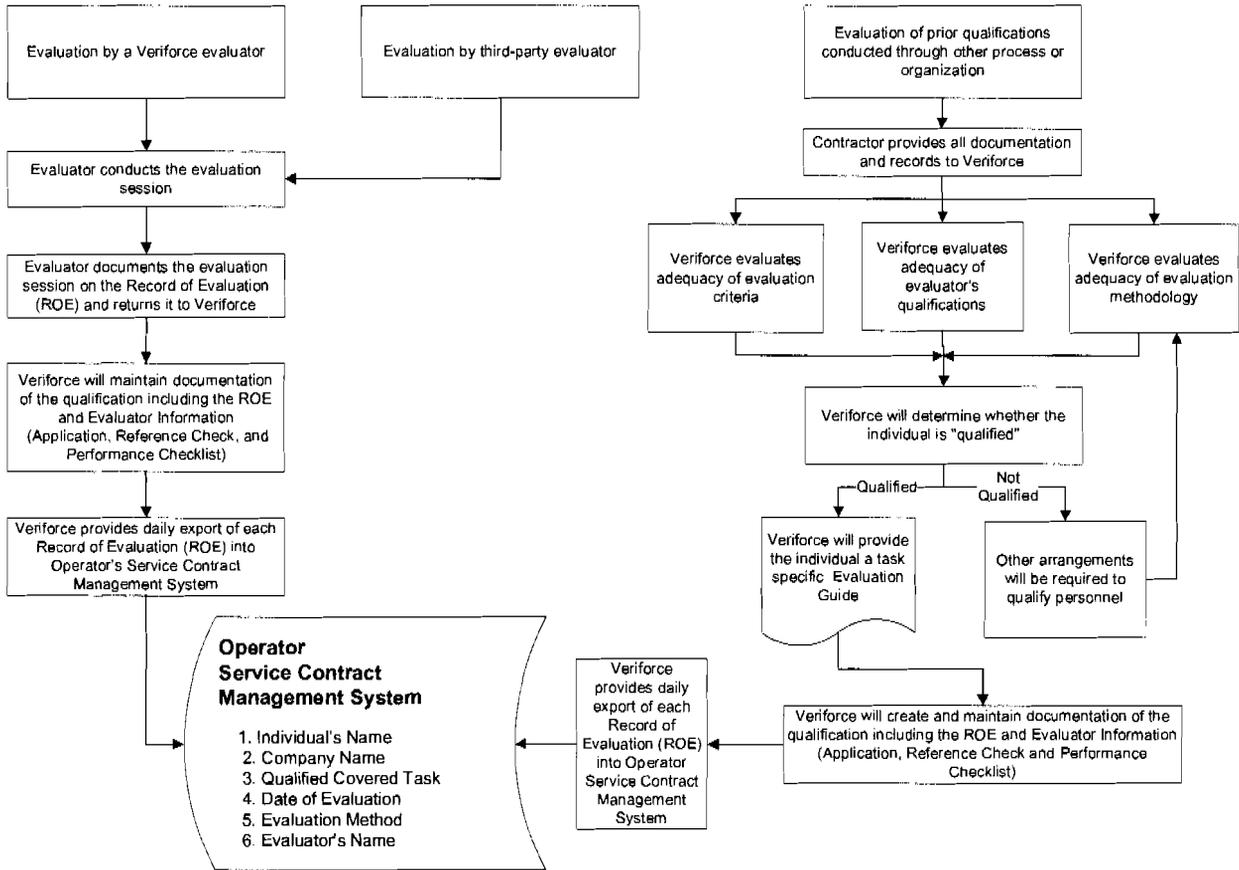
Appendix F: This appendix describes the process Veriforce uses to authorize evaluators.
Veriforce
Evaluator
Authorization
Process



Code Reference :	Procedure No.: A.18	
49 CFR: 192.801, 192.803, 192.805, 192.807, 192. 809, Subpart N	Effective Date: January 1, 2007	Page 29 of 32

Appendix G: This appendix describes how to qualify contractors.

Contractor Qualification Process





Management of Change

Code Reference :	Procedure No.: A.03	
	Effective Date: January 1, 2006	Page 1 of 17

*** The consolidation effort of CCE and PE SOPs will follow this procedure. Changes to existing CCE Operating Procedures or PE Standard Operating Procedures will use the Form 7T1 Transmission Proposal and 7T1-A Change Management Record. Changes to Consolidated SOPs that are in effect may use the Pangea Management of Change located on the SUG website under Applications – Document Management – Pangea Workplace. ***

**1.0
Procedure
Description**

Managing change requires a systematic approach so that personnel can successfully recognize the need for a change, propose a solution, and implement the change. The objective of the Management of Change is to establish a policy and procedure for managing changes that affect technology, equipment, and facilities across the system.

**2.0
Scope**

Panhandle Energy documents satisfy company policy to implement federal and state agency regulations.

In addition, documents that do not satisfy a federal or state regulation are necessary for uniform best practices.

Revisions and additions to these documents are expected as new regulatory requirements are established, new technology is introduced, and best practices are discovered.

The Management of Change instructs the user on how to:

- Identify changes to existing procedures and requirements for new procedures.
- Develop a proposed procedural change.
- Review the proposed change and effects of the change.
- Approve or reject the change.
- Develop a plan to implement the change.

**3.0
Applicability**

Any level company personnel initiates the Management of Change process when requesting a change to a document, standard, plan, policies, and other documentation as needed.

Continued on next page

Code Reference :	Procedure No.: A.03	
	Effective Date: <i>January 1, 2006</i>	Page 2 of 17

Panhandle Energy requires the following technical disciplines to use the Management of Change document:

- Communication
- Corrosion
- Environmental
- Integrity Management
- Measurement
- Mechanical, Electrical, Controls (MEC)
- Pipeline
- Safety
- Underground Storage

The volumes below contain Panhandle Energy documents that support the administrative practices above. These volumes are under jurisdiction of the Management of Change process.

- Volume A - Administration
- Volume B - Common
- Volume C - Communication
- Volume D - Corrosion
- Volume E - Environmental
- Volume F - Gas Control (Placeholder)
- Volume G - Measurement and Regulation
- Volume H - Mechanical
- Volume I - Pipeline
- Volume J - Pipeline Integrity
- Volume K - Safety
- Volume L - Underground Storage
- Volume M - Valves
- Volume N - Welding*
- Volume O - Offshore

Gas Control Department may choose to follow the Management of Change process to develop and maintain their documents.

This document does not apply to Engineering Standards Specification design and construction procedures.

* Reserved

Code Reference :	Procedure No.: A.03	
	Effective Date: <i>January 1, 2006</i>	Page 3 of 17

4.0 Frequency Panhandle Energy personnel use this document in conjunction with *SOP A.02 Guiding Principles for Standard Operating Procedures* to add or revise documents as needed throughout the year.

Panhandle Energy personnel review and revise documents annually at intervals not to exceed fifteen months, but at least one calendar year, including the Management of Change document. The review contributes to compliance with applicable regulations.

5.0 Governance Panhandle Energy personnel are responsible for identifying the best methods to complete daily activities and request a procedure change when identified.

The table below identifies overarching responsibility, accountability, and authority for the Management of Change process.

Function	Responsibility	Accountability	Authority
Review	Document Owner Mandatory Reviewers	Volume Owner	Vice President of Technical Operations or Director of Environmental Services or Director of Safety
Approve	Document Owner Mandatory Reviewers	Volume Owner	Vice President of Technical Operations or Director of Environmental Services or Director of Safety
Implement	Division Director	Volume Owner	Vice President of Technical Operations or Director of Environmental Services or Director of Safety

6.0 Terms and Definitions Terms associated with this SOP and their definitions follow in the table below. For general terms, refer to *A.01 Glossary and Acronyms*.

Code Reference :	Procedure No.: A.03	
	Effective Date: <i>January 1, 2006</i>	Page 4 of 17

Terms	Definitions
Accountability	Answering for or reporting on progress made and the assumption of liability for those results
Authority	The right to act without prior approval
Document (SOP) Owner	The individual designated by the department director who manages a specific document.
Plan	A document used describing aspects of the project's process, including the process model, tasks, risks, cost estimates, team structure, and schedule.
Policy	A written directive stating specific uniform guidelines to meet goals and needs.
Responsibility	The obligation to perform or act in accordance with expectations.
Specification	A document that gives complete detail and precise project information on design, construction, and equipment used.
Standard	A document describing a body of well-respected information that when conformed to contributes to best practices and consistent production of quality products.
Standard Operating Procedure (SOP)	A written statement outlining a uniform method by which a policy, regulation, or approved activity will be carried out.
Volume Owner	The Department Director or designee who manages all the documents contained within that volume.

7.0 Management of Change Process

During the Management of Change process, company personnel follow the tasks and activities described in this section. The Management of Change process begins with identifying the need for a document modification and ends with distribution of a new or revised document.

The table below describes the overall Management of Change process. Refer to *Appendix B The MOC Process* for a flowchart depiction of this process.

Stage	Description	Who
1	Identifies the need for change.	Panhandle Energy Personnel Divisions or Houston Management
2	Develops proposed change.	Panhandle Energy Personnel Divisions or Houston Management
3	Reviews change and affects of proposed change. Approves or rejects.	Document Owner
4	Reviews proposed change and approve or rejects.	Mandatory Reviewers
5	Prepares electronic files for distribution including quality assurance checks.	Office of Division Director
6	Develops and executes a Change Implementation Plan.	Office of Division Director
7	Publishes the document.	Office of Division Director

Code Reference :	Procedure No.: A.03	
	Effective Date: <i>January 1, 2006</i>	Page 5 of 17

**7.1
Identify Need
for Change**

Change to documents, standards, and plans occur in several ways. Panhandle Energy personnel identify a potential need for change during day to day operations. In addition, regulatory changes occur that affect procedures, processes, or policy. The following procedures describe how to identify the need for change and initiate the Management of Change process.

**7.1.1
Company
Driven Change**

Any Panhandle Energy employee observing a conflict between a document and actual day to day operations identifies the need for change.

Step	Activity
1	<p>IDENTIFY a need for change when:</p> <ul style="list-style-type: none"> • An event results in the need for change. • A best practice is recognized. • An editorial change is identified. • A regulatory addition or change requires a change. • The annual review results in a change.
2	<p>DETERMINE if a permanent change is required.</p> <p>Is the change a one time, non-repeatable occurrence?</p> <p>If yes, PROCEED to Section 7.7 <i>Waivers</i>.</p> <p>If no, GO TO Section 7.2 <i>Develop Procedure Change</i></p>

**7.2
Develop
Procedure
Change**

The activities below describe how to develop a proposed procedure change and initiate the review process.

Step	Activity
1	<p>DETERMINE if the change requires a new document or revision of an existing document.</p> <p>CONSULT with Volume Owner for editorial changes.</p>
2	<p>DEVELOP a solution that satisfies the change. CREATE a new document or a redline mark-up of the existing document.</p> <p>For an existing document that needs revision, LOG ON to the Panhandle Energy intranet and DOWNLOAD the current version of the document in use.</p>

Continued on next page

**OQ Documentation for the following specific tasks from the Training Evaluation Guide (TEG) located in the Employee Qualification Database
CPF 4-2008-1013M – Item #1**

Holiday Detection

Holiday detection is covered with the following task.

PLOQ 402 - Application of above or below ground coatings

Performance Criteria

Demonstrate the coating application systems used in the area of responsibility.
Demonstrate the use of wet film thickness gauge, dry film thickness gauge and sling psychrometer.
Describe the process for determining proper surface temperature prior to applying the coating.
Describe factors that must be considered when selecting coatings.
Demonstrate surface preparation.
Demonstrate the use of a sling psychrometer and the ability to determine relative humidity and dewpoint.
Demonstrate the use of wet film thickness gauge and dry film thickness gauge.
Describe the terms used in paint manufacturers product data sheets.
Describe the use and calibration of equipment required for paint inspection.
Describe the use and calibration of equipment required for holiday detection.

CIS

CIS is covered with the following task.

PLOQ 407 - Conduct Close Interval Survey

Performance Criteria

Demonstrate the use of IR drop to validate CIS.
Perform a close interval survey.
Take special note of significant potential changes.

SCC Inspection

Inspection for crack like indications is covered with the following task. Note that crack like indications are classified by field personnel.

PLOQ 205 - Utilize wet magnetic particle inspection to identify cracks

Performance Criteria

Demonstrate the preparation of a pipeline (metal surface) for a Wet Magnetic Particle Inspection.
Inspect a pipeline (metal surface) using Wet Magnetic Particle Inspection.
Describe the documentation requirements for Wet Magnetic Particle Inspection.

Direct Current Voltage Gradient (DCVG)

DCVG is covered with the following task.

PLOQ071 - Coating fault surveys.

Performance Criteria

Explain why the polarity of potentials obtained on a Cell to Cell survey can change.
Explain the differences between a CIS, CIS with side drains and a Cell to Cell survey.
Discuss when a current source and/or signal generator must be moved when conducting specialized electrical surveys.
Discuss when an A-frame should be used on an ACVG survey.
Discuss IR ranges and interruption cycles required for DCVG.
Explain the differences between a DCVG and ACVG survey.
Explain what a "hot spot" is in a Cell to Cell survey.

Ultrasonic Testing

Ultrasonic Testing is covered with the following task.

PLPQ 008 - Demonstrate proper use of pipe thickness gauge. (Ultrasonic)

Performance Criteria

Explain how you would check a corrosion area.
Perform calibration, battery checks, and meter adjustment.
Explain how often it is required to calibrate, check battery, and adjust.
Explain how you would check the area on the pipe for hot tap preparation.
Describe proper selection and or application of couplant.
Discuss common steel defects that can complicate interpretation of results.
Why is it important to calibrate instruments with the same type metal block as the piece to be tested?
Follow manufacturer's recommendations for the material to be tested in preparing the surface and selecting the probe.
Demonstrate the proper use of the instrument.

Maintenance of Rectifiers

Maintenance of rectifiers is covered by the following tasks.

PLOQ 408 - Inspect Rectifier and Obtain Readings

Performance Criteria

Recognize and re-set AC breaker.
Describe and demonstrate steps for testing / inspecting rectifier for proper operation.
Read the AC service meter.
Know and understand the electrical safety and PPE requirements when performing rectifier inspections.
Determine current drain by reading shunts on each structure.
Measure DC amps.
Measure DC volts.
Explain the basic components of a rectifier that are accessible during a rectifier inspection.
De-energize the rectifier.
Demonstrates the knowledge of 110-220 volt circuits as they apply to equipment in the assigned work area. Must understand phase-to-phase and phase-to-ground voltage measurements and how this knowledge is applied to troubleshooting.
Explain the relationship of AC neutral and grounding system. Able to determine that cathodic protection equipment is properly grounded.
Demonstrate how to check incoming power with a multi-meter.

PLOQ 1801A - Commission and maintain Cathodic Protection Systems with AC power sources.

Performance Criteria

Discuss how to replace selenium stacks with a fabricated unit of a full wave silicon bridge and heat sink.

Demonstrate how to test a rectifying element.

Demonstrate how to test a transformer.

Discuss methods to determine whether a Selenium stack is failing.

PLOQ1081B - Commission and maintain Cathodic Protection Systems with alternate power sources.

Performance Criteria

Discuss unique characteristics of the following: a. Solar panels b. Thermoelectric generators c. Wind generators d. Fuel cells e. Gas turbines