

DECEMBER 26, 2013

Mr. Steven J. Kean
President and COO
Kinder Morgan, Inc.
1001 Louisiana St, Suite 1000
Houston, TX 77002

Re: CPF No. 4-2012-1020

Dear Mr. Kean:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and finds that Tennessee Gas Pipeline Company has completed the actions specified in the proposed compliance order to comply with the pipeline safety regulations. There is no further action required to be taken with regard to this case. Service of the Final Order by certified mail is effective as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Rodrick Seeley, Director, Southwest Region, OPS
Ms. Jessica Toll, Assistant General Counsel, Kinder Morgan, Inc.
370 Van Gordon St, Lakewood, Colorado 80228
Ms. Susie Richmond, Manager DOT Compliance, Kinetica Partners LLC
224 Aviation Rd, Houma, LA 70360

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
Tennessee Gas Pipeline Company,)	CPF No. 4-2012-1020
)	
Respondent.)	
_____)	

FINAL ORDER

On June 18-22, 2012, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted a pipeline safety inspection of the offshore gas pipeline system operated by Tennessee Gas Pipeline Company (TGP or Respondent) in Louisiana.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued a Notice of Probable Violation and Proposed Compliance Order (Notice) to Respondent on November 5, 2012. In accordance with 49 C.F.R. §§ 190.207 and 190.217, the Notice alleged that Respondent committed a violation of the natural gas pipeline safety regulations and proposed that corrective action be taken. The Notice did not propose a civil penalty.

On December 7, 2012, TGP responded to the Notice by contesting the alleged violation and requesting a hearing. Respondent submitted additional written material on February 19, 2013. In accordance with 49 C.F.R. § 190.211, a hearing was held on February 28, 2013, in Houston, Texas, before the Presiding Official from the Office of Chief Counsel, PHMSA. Respondent provided a post-hearing written submittal on April 4, 2013.

FINDING OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. § 192.469, which states:

¹ TGP, a subsidiary of Kinder Morgan Energy Partners, L.P., operates approximately 13,500 miles of pipeline transporting natural gas from Louisiana and Texas to states in the Northeast, as reported for calendar year 2012 pursuant to 49 C.F.R. § 191.17. The facilities inspected were sold to Kinetica Partners LLC during the course of this proceeding.

§ 192.469 External corrosion control: Test stations.

Each pipeline under cathodic protection required by this subpart must have sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection.

The Notice alleged that Respondent violated § 192.469 by failing to evaluate test stations on its offshore gas pipeline system to ensure they were sufficient to determine the adequacy of cathodic protection. Specifically, in 2004, two test stations were removed when a third-party production company decommissioned and removed offshore platforms where the test stations were located. The Notice alleged that Respondent did not replace the test stations and did not perform an evaluation of the appropriate locations for testing to determine the adequacy of cathodic protection.

At the hearing and in its written submissions, TGP explained that it was not the operator of the system when the platforms and test stations were removed. The pipelines were designed and operated by another company until 2008, when TGP began operating the lines. Respondent contended that during its acquisition of the pipelines in 2007 and 2008, the company analyzed cathodic protection data and concluded there were sufficient test stations. To support this assertion, Respondent submitted an affidavit dated April 3, 2013, from the individual who performed the analysis.² The individual stated that as Principal Corrosion Specialist for TGP, he examined all of the corrosion data for the system in 2007 and concluded there were sufficient test stations and adequate cathodic protection.

Respondent also presented a documented engineering analysis of the offshore system that it prepared in response to the Notice. Respondent explained that the system has 132 contact points across approximately 1300 miles of offshore pipeline. Due to the electrically continuous nature of the system, Respondent found the contact points were sufficiently spaced to demonstrate adequate cathodic protection. Respondent also explained that offshore there is reliable galvanic cathodic protection, there is no soil resistivity, no coating degradation due to soil stress, no increases in ground bed circuit resistance, no cyclical variations due to weather changes, and less concern for electrical isolation, shorted casings, and stray currents. Respondent produced graphs and diagrams to support these assertions.

TGP also argued that § 192.469 does not require replacement of the two test stations that were removed because the regulation only requires test stations at accessible locations. When the two platforms were removed in 2004, the locations were no longer accessible and therefore the company was not required to replace the stations. To support this argument, Respondent cited the preamble to the 1976 final rule adopting § 192.469, which stated that “tests from accessible locations are ‘sufficient’ to determine the adequacy of cathodic protection in an offshore environment.”³ Respondent also cited a consensus standard that states test leads for offshore pipelines are usually limited to platforms and the pipeline entrance to the shore.⁴

² TGP Post Hearing Submittal (Apr. 4, 2013), Attachment 2.

³ Offshore Pipeline Facilities, 41 Fed. Reg. 34598, 34603 (Aug. 16, 1976).

⁴ ASME B31.8 (2007), section A862.15. The B31.8 standard is not incorporated by reference in § 192.469, but is incorporated by reference in Part 192 for other purposes, *see* § 192.7.

Finally, Respondent argued that a similar regulation for hazardous liquid pipelines, § 195.567(a), does not require test stations for buried or submerged offshore liquid pipelines. In the preamble for that rule, PHMSA stated “we believe readings taken by operators at offshore platforms or on shore are used satisfactorily to determine the adequacy of protection over the entire pipeline. Moreover, this test method is acceptable for offshore gas pipelines under paragraph A862.15 of the ASME B31.8 Code.”⁵

At the hearing, OPS maintained that even though the platforms were removed before Respondent began operating the pipelines, Respondent was required to have documentation demonstrating compliance with § 192.469. OPS stated that it presumed there was an engineering basis for the original location of the two test stations that were removed. For example, one of the test stations had been located at the end of a lateral, so its removal left the entire lateral without a test station. Since each station was presumed to be located purposefully, OPS argued that the stations could not simply be removed without analyzing whether a sufficient number of test stations remained to verify adequate cathodic protection.

Analysis and Findings

Section 192.469 requires operators to ensure their cathodic protection systems have a “sufficient” number of test stations so that the operator can determine the adequacy of cathodic protection. This is a performance-based requirement. The regulation does not establish a specific number of test stations, but rather establishes a minimum level of safety that must be achieved.

It is inherent to this performance-based requirement that an operator use acceptable means for analyzing data to determine whether its test stations are sufficient. Without performing such an analysis, an operator cannot be certain that test stations are sufficient for ensuring adequate cathodic protection. It is also inherent that the operator document its decision-making process so that OPS can verify the operator’s conclusions during a compliance inspection.⁶

As the operator of the system in question, Respondent was required to have documentation demonstrating that the number and location of test stations and other relevant factors had been analyzed and found to be sufficient for determining the adequacy of cathodic protection.

The affidavit submitted by Respondent is not an acceptable substitute for the documentation required, because it was not prepared at the time of the analysis and did not include the data and analysis behind the operator’s conclusion that the test stations were sufficient.

The recent engineering analysis prepared by Respondent is the type of information PHMSA expects to be available during a compliance inspection. As explained below, the documentation demonstrates there are sufficient test stations to determine the adequacy of the protection.

⁵ Controlling Corrosion on Hazardous Liquid and Carbon Dioxide Pipelines, 66 Fed. Reg. 66994, 66997 (Dec. 27, 2001).

⁶ See Nustar Logistics, L.P., CPF No. 4-2005-5048, p.3-4, 2009 WL 1211363 (Mar. 11, 2009) (also available at <http://www.phmsa.dot.gov/pipeline/enforcement>) (finding a violation of § 195.406(b) where the operator failed to produce a documented analysis demonstrating the system had “adequate” pressure controls and equipment).

Although this renders the proposed compliance order unnecessary, it does not rebut the allegation of violation because it was not prepared until after the OPS inspection.

Finally, Respondent successfully argued that § 192.469 requires test stations at accessible locations, but this does not negate the requirement to have documentation demonstrating compliance.

Accordingly, I find Respondent violated § 192.469 by failing to have a documented analysis to demonstrate there were sufficient test stations for determining the adequacy of cathodic protection on its offshore gas pipeline system.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

Under 49 U.S.C. § 60118(a), each person who owns or operates a gas pipeline facility is required to comply with the applicable safety standards established under chapter 601, including those established in 49 C.F.R. Part 192. PHMSA may order a person to comply with those standards as set forth in 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217.

The Director has indicated that Respondent completed the actions proposed in the Notice to achieve compliance. Those actions include performing a documented evaluation of the cathodic protection system and pipeline design. The evaluation demonstrated there are sufficient test stations for electrical measurement to determine the adequacy of the protection. Since Respondent has achieved compliance with respect to this issue, there is no need to issue an order directing compliance. No further action is required to be taken by Respondent with regard to this case.

Under 49 C.F.R. § 190.243 (formerly § 190.215), Respondent may submit a petition for reconsideration of this Final Order to the Associate Administrator for Pipeline Safety, PHMSA, 1200 New Jersey Avenue SE, East Building, 2nd Floor, Washington, DC 20590, no later than 20 days after receipt of the Final Order by the Respondent. Any petition submitted must contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order remain in effect upon the filing of a petition, unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued