

SEPTEMBER 2, 2014

Mr. Scott Prochazka
President
Centerpoint Energy, Inc.
1111 Louisiana Street
Houston, Texas 77002

Re: CPF No. 4-2013-1010

Dear Mr. Prochazka:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a reduced civil penalty of \$131,600, issues warnings, and specifies actions that need to be taken by Enable Gas Transmission, LLC, and Enable Mississippi River Transmission, LLC, to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise 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. Chris Bullock, Enable Midstream Partners, Midstream Pipeline Safety,
525 Milam St., Shreveport, Louisiana 71101

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)	
)	
Enable Gas Transmission, LLC,)	CPF No. 4-2013-1010
)	
and)	
)	
Enable Mississippi River Transmission, LLC,)	
)	
Respondents.)	
)	

FINAL ORDER

Between January 30 and October 19, 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 an on-site pipeline safety inspection of the facilities and records of CenterPoint Energy Gas Transmission Company, LLC (now Enable Gas Transmission, LLC), and Mississippi River Transmission Company (now Enable Mississippi River Transmission, LLC) in Shreveport, Louisiana.¹ Both companies (EGT/MRT or Respondents) are indirect, wholly-owned interstate pipeline subsidiaries of Enable Midstream Partners, LP, and together operate more than 8,000 miles of interstate pipe located in Arkansas, Illinois, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas, as well as six storage facilities.² Enable Midstream Partners, LP, is a subsidiary of Centerpoint Energy, Inc.

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondents, by letter dated June 17, 2013, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that EGT/MRT had committed various violations of 49 C.F.R. Parts 191 and 192 and proposed assessing a civil penalty of \$137,200 for the alleged violations. The Notice also proposed ordering Respondents to take certain measures to correct the alleged

¹ Subsequent to the issuance of the Notice and effective July 30, 2013, CenterPoint Energy – Mississippi River Transmission, LLC, changed its name to Enable Mississippi River Transmission, LLC. On the same date, CenterPoint Energy Gas Transmission Company, LLC, changed its name to Enable Gas Transmission, LLC. A response to the Notice was filed in this proceeding by Enable Midstream Partners, LP, on behalf of both companies. See Response, at 1. Enable Midstream Partners, LP, is a subsidiary of Centerpoint Energy, Inc. <http://www.centerpointenergy.com/services/pipelines/egt/> (last accessed on April 18, 2014).

² <http://www.centerpointenergy.com/services/pipelines/egt/> (last accessed on April 18, 2014).

violations.

On July 17, 2013, EGT/MRT requested a 60-day extension to submit their response to PHMSA and it was granted. Respondents then responded to the Notice by letter dated September 18, 2013 (Response). The companies contested Items 3, 4, 5 and 7, offered additional information in response to the Notice, and requested that the proposed civil penalty be reduced. Respondents did not request a hearing and therefore have waived their right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondents violated 49 C.F.R. Parts 191 and 192, as follows:

Item 3: The Notice alleged that Respondents violated 49 C.F.R. § 191.17(a), which states:

§ 191.17 Transmission systems; gathering systems; and liquefied natural gas facilities: Annual report.

(a) *Transmission or Gathering.* Each operator of a transmission or a gathering pipeline system must submit an annual report for that system on DOT Form PHMSA 7100.2.1. This report must be submitted each year, not later than March 15, for the preceding calendar year, except that for the 2010 reporting year the report must be submitted by June 15, 2011.

The Notice alleged that Respondents violated 49 C.F.R. § 191.17(a) by failing to submit annual reports for calendar years 2007-2010 that included the companies' entire transmission or gathering pipeline systems. Specifically, the Notice alleged that the 2011 Annual Report showed that EGT/MRT operated approximately 22.3 mile of unprotected steel pipe, but the 2008, 2009, and 2010 Annual Reports omitted all quantities of bare unprotected steel pipe. The Notice further alleged that the 2007 Annual Report listed a quantity of only three miles of bare unprotected steel pipe, an amount different than the quantity reported for the other years.

In their Response, EGT/MRT claimed to operate three segments of bare unprotected pipe: 1) 16.63 miles of Line 9, 2) 0.3 miles of line FT-3, and 3) 5.35 miles of line KM-26. Respondents contended that they did not omit the 22.3 miles of pipe at issue but, rather, had "inadvertently categorized" these 22.3 miles of pipe at issue as either bare protected pipe or coated protected pipe instead of bare unprotected pipe.³ Upon discovering that the 22.3 miles had not been listed under the correct category, EGT/MRT corrected the error in their 2011 Annual Report. Therefore, Respondents argued that this Item should be withdrawn or the penalty substantially reduced.

Upon review of the attachment that Respondents submitted, the total mileage incorrectly reported in the 2007-2010 Annual Reports for Lines 9, FT-3, and KM-26 is 18.5 miles. According to the 2011 Annual Report, there are actually 22.3 miles of bare unprotected steel pipe. Accordingly, based upon a review of all of the evidence, I find that Respondents violated 49 C.F.R. § 191.17(a) by failing to submit annual reports for the calendar years 2007-2010 that

³ Response at 3.

included their entire pipeline systems by omitting to report bare unprotected steel pipe. As for Respondents' argument that the inaccurate reporting for years prior to 2011 should be treated as a warning or a Notice of Amendment, I see no reason why this Item should not be treated as a violation, since the Annual Reports in question did not involve inadequate procedures and contained significant errors over several years.

Item 4: The Notice alleged that Respondents violated 49 C.F.R. § 192.463(a), which states:

§ 192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

The Notice alleged that Respondents violated 49 C.F.R. § 192.463(a) by failing to provide a cathodic protection system for their pipeline that complied with one or more of the applicable criteria contained in Appendix D of Part 192. Section II of Appendix D requires an operator to fully consider voltage (IR) drop for a valid interpretation of the voltage measurement when utilizing the criteria of a negative voltage of at least 0.85 volts (-850 mV).⁴ Specifically, the Notice alleged that Respondents' practice was to add an additional -50mV to the -850 mV criteria and look for a minimum of -900 mV. This approach of assuming an IR drop of 0.50 V everywhere along the system failed to account for areas where the IR drop exceeded 50 mV. According to the Notice, EGT/MRT could not demonstrate that the IR drop was limited to 0.5 V along their entire pipeline systems. In addition, the Notice alleged that Respondents' Corrosion Control Program procedure, *PS-03-02-400 Cathodic Protection: Centerpoint Energy Midstream Operations Use of -0.85 Volt Criteria and IR Drop*, was not referenced by the company's other key procedure for executing cathodic protection electrical checks, *PS-03-02-210, Cathodic Protection Criteria*.

Respondents contested this allegation of violation on a number of grounds. First, they argued that in response to a previous Notice of Amendment issued by PHMSA in 2006,⁵ the company had submitted a procedure change that included a voltage drop to 0.900 V.⁶ According to

⁴ "IR drop" is the difference between the voltage at the top of the pipe and the voltage at the surface of the earth caused by the electrical resistance of the soil in which the pipeline is buried.

⁵ *In the Matter of Centerpoint Energy* [4-2006-1015M] (issued October 27, 2006).

⁶ The Response contended that *Procedure PS-03-02-210, Section 2.2-0.850 Volts Pipe-to-Soil (P/S) Criteria*, had been amended to read:

Voltage (IR) drops shall be considered per section 2.6 below.

Where P/S potentials below -0.900 volts (current applied) are measured, further evaluation is required as follows:

- Perform test to confirm proper operation of cathodic protection systems
- Consider use of current interruption test methods
- Consider adjustments for cathodic protection systems.

Respondents, this procedure was reviewed by PHMSA staff and on May 3, 2007, the agency “confirmed that this procedure was adequate....”⁷

Second, they argued that because Section II of Appendix D does not specify the method or procedure that must be used for considering IR drop, the regulations require only that the pipeline operator develop and document *a* process for how IR drop will be considered and nothing more. Under the companies’ procedure, *PS-03-02-210*, they take IR drops into consideration because the -0.900 mV trigger accounts for an IR drop of -0.50 mV, as compared to the -0.850 benchmark used in Section I.A.(1) of Appendix D.

Third, Respondents argued that the regulation does not specify a standard for determining IR drop; instead, it appears that the standard applied during PHMSA’s inspection was NACE Standard SP0169, which has not been incorporated into the regulations. Therefore, Respondents argued that PHMSA was attempting to impose a requirement beyond the scope of the regulations.

Fourth, the companies argued that *PS-03-02-210*, *Sections 2.2 and 2.6*, and *PS-03-02-400* together established “sound engineering practices in determining the significance of voltage (IR) drops.”⁸ Finally, they argued that the Notice alleged that company “personnel acknowledged that IR Drop was not considered if the read is more negative than -900mV.” Respondents contended that any such acknowledgment was not correct and should not be the basis for a finding of violation.

I reject the arguments presented by Respondents. The crux of the matter here is that sound engineering practice does not support the approach actually used by the companies to ensure cathodic protection. Although EGT/MRT cited procedure *PS-03-02-210 Cathodic Protection Criteria*, they actually used another procedure, *PS-03-02-400 Cathodic Protection: Centerpoint Energy Midstream Operation’s Use of -0.85 Volt Criteria and IR Drop*, to address the IR drops. Their practice was to add a factor of -0.050 volts to the -0.850 volts and use the resulting -0.900 volts as a determining factor for the consideration of an IR drop. This approach mistakenly assumed that the IR drop everywhere along their pipelines would be equal to or more positive than a -0.050 volts.

However, Respondents could not demonstrate that the IR drop was, in fact, limited to -0.050 volts along their entire system. In fact, their own records establish that there were instances where the IR drop exceeded the -0.050 volts they had set. The Respondents’ procedures that

Response at 7.

⁷ *Id.*

⁸ Under these procedures, personnel must:

- (i) Measure or calculate voltage drop(s);
- (ii) Review the historical performance of the cathodic protection system;
- (iii) Evaluate the physical and electrical characteristics of the pipe and its environment; and
- (iv) Determine whether or not there is physical evidence of corrosion.

Response at 10.

were reviewed by PHMSA in response to the NOA may have been sufficient before the companies' own records established instances where the IR drop exceeded -0.050 volts. If an assumed value for IR drop is to be used, it must be greater than any measured results to assure a valid interpretation of the voltage measurement when utilizing the criteria of a negative voltage of at least 0.85 volts (-850 mV). Accordingly, based upon a review of all of the evidence, I find that Respondents violated 49 C.F.R. § 192.463(a) by failing to provide a cathodic protection system for their pipelines that complied with one or more of the applicable criteria contained in Appendix D of part 192.

Item 6: The Notice alleged that Respondents violated 49 C.F.R. § 192.605(b)(8), which states:

§ 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. . . .

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) . . .

(8) Periodically reviewing the work done by operator personnel to determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.

The Notice alleged that EGT/MRT violated 49 C.F.R. § 192.605(b)(8) by failing to prepare a manual of written procedures for periodically reviewing the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying them when deficiencies were found. Specifically, the Notice alleged that the procedure in place was insufficient insofar as it did not require a periodic and actual review of the company's procedures but merely encouraged personnel to comment on the adequacy of those procedures on an ad hoc basis.⁹

In its Response, EGT/MRT argued that the proposed finding of violation should be withdrawn because its *Procedure 102 (General)*, *Procedure 200 (Abnormal Operations)* and *Procedure 600 (Emergency Plan)* already required the review of procedures for effectiveness and adequacy. EGT/MRT further contended that the Notice addressed the adequacy of the company's

⁹ The language found in Respondent's Procedure 102 General, Section A – Scope, Item 6, reads:

Operator personnel are encouraged to comment on the adequacy of the procedures found in the manuals as they are used in normal operations. When a procedure is thought to be deficient, operator personnel will inform the Region Director. The Region Director will notify Compliance & Support Services of the deficiency and Compliance and Support Services will modify the procedure as required by the Company's Management of Change process.

procedures, rather than a violation of the pipeline safety regulations, and therefore, a Notice of Amendment would be the more appropriate vehicle for addressing any deficiency in procedures.

I disagree. While EGT/MRT's existing procedures for the periodic review of abnormal operations and emergencies may well be adequate, those procedures are not at issue here. The only issue raised in the Notice was the allegation that the company failed to prepare a procedure for the periodic and systematic review of its normal operation and maintenance procedures. I find that *Procedure 102 (General)* does not require a periodic review of work performed by personnel during normal operations to determine the effectiveness and adequacy of the procedures used during the work. Merely encouraging personnel to comment on such procedures on an ad hoc basis does not meet the regulatory requirement that an operator periodically analyze the work performed during normal operations to determine the effectiveness of its procedures, and document these periodic reviews by showing what modifications were made. Accordingly, after considering all of the evidence, I find that Respondents violated 49 C.F.R. § 192.605(b)(8) by failing to prepare procedures for periodically reviewing the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying those procedures when deficiencies were found.

Item 7: The Notice alleged that Respondents violated 49 C.F.R. § 192.605(a), as quoted above, by failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, the Notice alleged that EGT/MRT failed to follow their own established procedure, *PS-03-01-272, IMP Personnel Qualifications Requirements, Section 2.6*, which required Integrity Management supervisory personnel to complete, at a minimum, five training modules designed to ensure they had a thorough knowledge of the company's Integrity Management Program (IMP) and the elements of that program for which each supervisor was responsible, as required under 49 C.F.R. § 192.915. Respondents identified thirty-five (35) employees within their IMP who were required to complete these courses. All 35 of these individuals were responsible for supervision, oversight, analysis and interpretation of external corrosion direct assessments, internal corrosion direct assessments, in-line inspection (ILI), stress corrosion cracking direct assessments, and other technologies used as assessment methods.

Respondents argued that the investigators' misunderstanding of the chart that EGT used to track course completion resulted in a miscalculation of the number of employees who had not completed one or more of the five training modules.¹⁰ Sixteen employees, rather than the 25 cited in the Notice, had not completed the training. This discrepancy was due to the fact that one of the training modules, identified by its course number 8000IMP, was tracked under two course numbers. Since the numbers were listed separately, it looked like many employees had failed to complete either the 8000IMP course or the 8000IMP-E course.

In their Response, EGT/MRT did not dispute that the violation had occurred but did not agree with the Notice as to the number of employees affected. Accordingly, based upon a review of all of the evidence, I find that Respondents violated 49 C.F.R. § 192.605(a) by failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response.

¹⁰ Response at 17.

Item 8: The Notice alleged that Respondents violated 49 C.F.R. § 192.605(a), as quoted above, by failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, the Notice alleged that EGT/MRT failed to follow their own established procedure requiring company personnel to provide the ILI vendor with feature information (feedback) based on the excavation and evaluation of immediate and non-immediate (scheduled or monitored) conditions.¹¹ The Notice alleged that for the following ILI runs and the associated monitored or scheduled condition digs, EGT/MRT were unable to provide verification that they had provided feedback to the vendor for possible tool calibration purposes:

1. 11-3 East of Pumpkin Center HCA;
2. ML-2 Fountain Hill to Perryville;
3. ML-3 Carlisle to West Point;
4. BT-1-AS Jessieville to Perla Station; and
5. F-185 Willow Springs to Coal Barn Trap.

Respondents did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondents violated 49 C.F.R. § 192.605(a) by failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response.

Item 10: The Notice alleged that Respondents violated 49 C.F.R. § 192.805(a), which states:

§ 192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

- (a) Identify covered tasks:

The Notice alleged that Respondents violated 49 C.F.R. § 192.805(a) by failing to have and follow a written qualification program that included provisions to identify covered tasks. Specifically, it alleged that EGT/MRT had failed to include as covered tasks in its Operator Qualification Plan the loading, launching, receiving and unloading of ILI tools used to perform integrity assessments under § 192.937(c)(1) and to perform cleaning, batching, etc. According to the Notice, EGT/MRT had identified covered tasks for CT-10: Internal Corrosion Monitoring-Sampling; CT-14: Valve Maintenance; CT-19: Visual External and Internal Pipe Inspection; CT-26: Blow Down, Purge and Return a Pipeline to Service; and CT-47: Responding & Investigating Abnormal Operating Conditions, but these covered tasks did not encompass the training and qualification requirements specific to loading, launching, receiving, and unloading ILI tools from both in-service and out-of-service pipelines.

¹¹ *CEGT IMP Procedure PS-03-01-248 ILI Vendor Performance Specification, Section 2.4.3 Reported Anomalous Conditions*, states:

Non-Immediate Conditions: The Company shall provide the ILI vendor any feature information, based on the excavation and evaluation, for possible tool calibration.

Respondents did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondents violated 49 C.F.R. § 192.805(a) by failing to have and follow a written qualification program that included provisions to identify covered tasks.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondents.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondents are subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondents' culpability; the history of Respondents' prior offenses; and any effect that the penalty may have on their ability to continue doing business; and the good faith of Respondents in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$137,200 for the violations cited above.

Item 3: The Notice proposed a civil penalty of \$8,100 for Respondents' violation of 49 C.F.R. § 191.17, for failing to submit annual reports for the calendar years 2007-2010 that included their entire pipeline systems by failing to report all bare unprotected steel pipe. The operators noted that upon discovering that 22.3 miles of pipe had not been listed under the correct category, EGT/MRT corrected the error on their next Annual Report. EGT/MRT argued that operators should not be fined for proactively taking steps to ensure the accuracy of their records, and then reporting on the basis of such corrected information.¹² Although Respondents are to be commended for correcting their errors, it does not change the fact that they had incorrectly reported bare unprotected steel pipe in previous years. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondents a civil penalty of \$8,100 for violation of 49 C.F.R. § 191.17.

Item 7: The Notice proposed a civil penalty of \$60,900 for Respondents' violation of 49 C.F.R. § 192.605(a), for failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. Respondents argued that because almost twice as many employees were trained on all five training modules as PHMSA believed at the time the Notice was issued, PHMSA should reduce the penalty by 50 percent. Due to the discrepancy in the records with the number of affected employees, I have lowered the proposed penalty but not by 50 percent as requested, since the application of PHMSA's penalty assessment criteria is not based on an equal penalty amount for each instance of violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondents a reduced civil penalty of \$55,300 for violation of 49 C.F.R. § 192.605(a).

¹² Response at 4.

Item 8: The Notice proposed a civil penalty of \$27,000 for Respondents' violation of 49 C.F.R. § 192.605(a), for failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. Respondents did not contest this allegation of violation or the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondents a civil penalty of \$27,000 for violation of 49 C.F.R. § 192.605(a).

Item 10: The Notice proposed a civil penalty of \$41,200 for Respondents' violation of 49 C.F.R. § 192.805(a), for failing to develop and include a covered task or tasks in its Operator Qualification Plan for loading, launching, receiving and unloading in-line tools used to perform integrity assessment, to meet the requirements of § 192.937(c)(1), and other in-line tools used for cleaning, batching, etc. Respondents did not contest this allegation of violation or the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondents a civil penalty of \$41,200 for violation of 49 C.F.R. § 192.805(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondents a total civil penalty of **\$131,600**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, Oklahoma 73125. The telephone number is (405) 954-8845.

Failure to pay the \$131,600 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 4, 6, 7, and 10 in the Notice for violations of 49 C.F.R. §§ 192.463(a), 192.605(b), 192.605(a) and 192.805(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondents are ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 192.463(a) (**Item 4**), Respondents must amend their procedures to properly consider IR drop. Where the -0.85 V criteria is utilized, EGT/MRT must record the Instant Off Reading to show the IR drop associated with

this test point. The companies must provide a summary report to PHMSA Southwest Region detailing areas where IR drop was in excess of 50 mV and any remedial action required by further investigation at these locations, as required by § 192.463(a).

2. With respect to the violation of § 192.615(b)(3) (**Item 6**), Respondents must develop procedures to require an effectiveness review and analysis of procedures used during normal operations and maintenance activities. This review/analysis must show that some analysis has been performed to determine the adequacy of a procedure and, if found to be inadequate, and that appropriate modifications are made. The effectiveness review and analysis of procedures should be directed toward procedure refinement, not employee evaluation.
3. With respect to the violation of § 192.605(a) (**Item 7**), Respondents must ensure that all Integrity Management Program employees required to complete these training modules successfully complete this task. EGT/MRT must provide PHMSA with records that verify successful completion of the 5 modules by the IM supervisory personnel.
4. With respect to the violation of § 192.805(a) (**Item 10**), Respondents must develop covered tasks for loading, launching, receiving and unloading ILI smart tools for both in-service and out-of-service pipelines and incorporate them into their Operator Qualification program.
5. Provide PHMSA with documentation that verifies completion of numbers 1-4 above within 45 days following the receipt of the Final Order.
6. It is requested that EGT/MRT maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R.M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses; and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondents and demonstrating good cause for an extension.

WARNING ITEMS

With respect to Items 1, 2, 5 and 9, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

- 49 C.F.R. § 191.5(a) (**Item 1**) Respondents' alleged failure to give notice at the earliest practicable moment following discovery of Incident No. 20070063-5058

at approximately 10:30 a.m. on May 25, 2007. During the disassembly of an unloader involving compressor #3 on unit 2, an employee was struck in the abdomen when the pressurized equipment blew out and resulted in the employee's in-patient hospitalization.

49 C.F.R. § 191.15(a) (**Item 2**) — Respondents' alleged failure to submit DOT Form RSPA 7100.2 as soon as practicable but not more than 30 days after an incident that occurred on August 31, 2010, in Fouke, Arkansas. Specifically, the Notice alleged that on August 31, 2010, an incident involving a lightning strike resulted in a fire at the Fouke Town Border station, but EGT/MRT did not submit Form 7100.2 for this incident until October 5, 2010, five days past the filing deadline.

49 C.F.R. § 192.491(c) (**Item 5**) — Respondents' alleged failure to maintain records of each test, survey, or inspection required by Subpart I in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist for the Carlisle Team Area for the January 2009 to June 2012 period. Respondents contend that the records that were kept were accurate and complete but PHMSA misinterpreted the information pertaining to completion of the inspections; and

49 C.F.R. § 192.605(a) (**Item 9**) — Respondents' alleged failure to follow their own written procedures for analysis of ILI data by failing to identify a foreign metal object in close proximity to the pipe.

EGT/MRT presented information in their Response showing they had taken certain actions to address the cited items. If OPS finds a violation of any of these items in a subsequent inspection, Respondents may be subject to future enforcement action.

Under 49 C.F.R. § 190.215, Respondents have a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondents, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request, grants a stay, all other 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