

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 29, 2014

Mr. Mitchell M. Samuelian
NRG Energy Services
100302 Yates Well Road
Nipton, CA 92364

CPF 5-2014-0001W

Dear Mr. Samuelian:

On October 29-31, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected NRG Energy Services' pipeline facilities in Nipton, California.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §192.743 Pressure limiting and regulating stations: Capacity of relief devices**
 - (a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in §192.739(b), the capacity must be consistent with the pressure limits of §192.201(a). This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations**
 - (b) If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it**

operates. After the initial calculations, subsequent calculations need not be made if the annual review documents those parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

One Pressure Relief Valve (PRV) exists at the beginning of NRG Energy Services' (NRG) 6-inch diameter pipeline at Kern River's tie-in. This PRV is under Kern River's control and Kern River does not provide the annual inspection records of this device to NRG. NRG has a PRV at the end of each 4-inch diameter lateral pipeline to each unit. NRG could not provide capacity calculations for each of the 4-inch diameter lateral pipeline PRV's showing sufficient capacity to protect the facilities of which they are connected to.

NRG must provide capacity calculations for the 4-inch diameter lateral pipeline PRV's or complete the installation of a pressure sensitive shut-off valve on the 6-inch diameter pipeline.

2. §192.805 Qualification program.

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

- (a) Identify covered tasks;**
- (b) Ensure through evaluation that individuals performing covered tasks are qualified;**
- (c) Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified;**
- (d) Evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an incident as defined in Part 191;**
- (e) Evaluate an individual if the operator has reason to believe that the individual is no longer qualified to perform a covered task;**
- (f) Communicate changes that affect covered tasks to individuals performing those covered tasks; and**
- (g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.**
- (h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities; and**
- (i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.**

NRG Energy Services (NRG) did not have a written Operator Qualification (OQ) Program of its own at the time of this inspection. NRG must have an OQ Plan in accordance with §192.805.

NRG contracts maintenance to Energy Maintenance Services (EMS) who provides individuals to perform covered tasks on behalf of NRG. EMS is using its generic OQ plan to qualify its employees.

3. §192.615 Emergency plans.

(b) Each operator shall:

(2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.

NRG did not train its appropriate personnel to assure that they are knowledgeable of the emergency procedures and verify that the training was effective in accordance with §192.615(b)(2).

4. §192.616 Public Awareness

(a) Except for an operator of a master meter or petroleum gas system covered under paragraph (j) of this section, each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, see § 192.7).

(b) The operator's program must follow the general program recommendations of API RP 1162 and assess the unique attributes and characteristics of the operator's pipeline and facilities.

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

(1) Use of a one-call notification system prior to excavation and other damage prevention activities;

(2) Possible hazards associated with unintended releases from a gas pipeline facility;

(3) Physical indications that such a release may have occurred;

(4) Steps that should be taken for public safety in the event of a gas pipeline release; and

(5) Procedures for reporting such an event.

(e) The program must include activities to advise affected municipalities, school districts, businesses, and residents of pipeline facility locations.

(f) The program and the media used must be as comprehensive as necessary to reach all areas in which the operator transports gas.

(g) The program must be conducted in English and in other languages commonly understood by a significant number and concentration of the non-English speaking population in the operator's area.

NRG did not provide records identifying its four affected stakeholder audience groups as required by API RP 1162.

5. 192.707 Line markers for mains and transmission lines

(d) Marker warning. The following must be written legibly on a background of sharply contrasting color on each line marker:

- (1) The word "Warning," "Caution," or "Danger" followed by the words "Gas (or name of gas transported) Pipeline" all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with ¼ inch (6.4 millimeters) stroke.**
- (2) The name of the operator and telephone number (including area code) where the operator can be reached at all times.**

The installed line markers do not identify NRG as the operator. All line markers need to show the operator's name and telephone number (including area code) where the operator can be reached at all times.

6. 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.

NRG filed its initial annual report on September 24, 2013 and a supplemental report on October 17, 2013. The reports show the 6-inch diameter pipeline from the Kern River pipeline and one 4-inch diameter lateral pipeline to Unit 1. The reports were missing the two 4-inch diameter lateral pipelines going to Units 2 and 3.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in NRG Energy Services being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer **CPF 5-2014-0001W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 H. Monfared (#144828)