

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

November 14, 2023

Mr. Christopher Braun
Vice President Energy Operations
Citizens Gas & Coke Utility
2150 Dr. ML King Jr St.
Indianapolis, Indiana 46202

CPF 1-2023-064-WL

Dear Mr. Braun:

From June 27, 2022 through June 30, 2022, inspectors from the Indiana Department of Natural Resources (IDNR) acting as a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Citizen's Gas & Coke Utility's (Citizens) Howesville, Mineral City, and Simpson underground natural gas storage facilities in Greene County, Indiana.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) Integrity management program

(1) ...

(4) *Integrity management procedures and recordkeeping.* Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, see § 192.7), section 8 ("Risk Management for Gas Storage Operations"), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d). This includes records developed and used in support of any

identification, calculation, amendment, modification, justification, deviation, and determination made, and any action taken to implement and evaluate any integrity management program element.

Citizens failed to follow its written procedures for carrying out its integrity management program under API RP 1171 Section 8. Specifically, Citizens failed to follow its integrity management plan, Section 4.8, by failing to conduct an evaluation of the threats and hazards identified in the risk assessment in 2020 for their UNGSFs.

API RP-1171 Section 8.2 Risk Management states:

The operator shall develop, implement, and document a program to manage risk that includes data collection, identification of potential threats and hazards to the storage operation, risk analysis including estimation of the likelihood of occurrence of events related to each threat, the likelihood of occurrence and potential severity of the consequences of such events, and the preventive, mitigative, and monitoring processes to reduce the likelihood of occurrence and/or the likelihood and severity of consequences, and a periodic review and reassessment of the processes.

In its integrity management plan, Section 4.8, Citizens stated that an evaluation of the threats and hazards identified in the risk assessment was to be performed once each calendar year not to exceed 15 months.

“Section 4.8 – Periodic Review and Reassessment

[49 CFR Part 192.12(d), API RP 1171 section 8.5]

The iterative review and periodic reassessment cycle presented in the SMS (Section 3.0) shall be utilized to evaluate the Threats and Hazards identified in the RA, and to monitor the effectiveness of the corresponding P&M measures. A reassessment will be performed at least once each calendar year, not to exceed 15 months. Note: The initial Implementation Plan and General Timeframe (Section 8) will likely change over time as new data is collected and evaluated during this ongoing risk-analysis process.”

During the inspection, the Indiana DNR inspector requested records demonstrating that Citizens had performed these annual reassessments. Citizens was unable to provide records demonstrating that a risk evaluation of their storage fields was completed in 2020.

Therefore, Citizens failed to implement their program to manage risk by failing to conduct a periodic review and reassessment, in accordance with § 192.12(d)(4) and API RP1171, Section 8.2.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not exceed \$225,134

per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 item identified in this letter. Failure to do so will result in Citizens Gas & Coke Utility being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2023-064-WL**. 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,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration