SOUTHERN STAR
CENTRAL GAS PIPELINE

Southern Star Central Gas Pipeline, Inc.
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Robert W. Carlton
Vice President and Chief Compliance Officer

November 21, 2011

Mr. David Barrett
Director, Central Region
Pipeline Hazardous Material Safety Administration
901 Locust Street, Suite 462
Kansas City, MO 64106-2641

Re: CPF 3-2011-1016
CPF 3-2011-1017M

Dear Mr. Barrett:

On October 21, 2011, Southern Star Central Gas Pipeline received a Notice of Probable Violation (NOPV), a Notice of Amendment (NOA) and a Proposed Compliance Order. This was in response to a Public Awareness Audit conducted at our headquarters in Owensboro, KY on July 12, 13, and 14, 2011.

We have reviewed the NOPV, NOA, and the Proposed Compliance Order and have determined not to contest any of the findings. Southern Star would like to offer the following as a means of addressing each of the issues outlined therein:

NOPV and Proposed Compliance Order

1. **Southern Star did not complete an annual audit for Plan Year 2006 and 2008 as required by API RP 1162. Southern Star assumed that submitting the 2006 Public Awareness Plan (PAP) to PHMSA Clearinghouse for review complied with an annual audit for Year 2006. Southern Star was unable to provide documentation to demonstrate that annual audits were performed for Plan Year 2006 or 2008.**

   Southern Star will make the necessary changes to our Public Awareness Program (PAP) to ensure a specific deadline for conducting annual self-assessments. This deadline will be set to take place on or before December 31 of each calendar year for which it coincides. The recommendations and observations from the annual self-assessment must be reviewed by the Public Awareness Team (PAT) no later than January 31st of the year following the completion of the review. Documentation of the required corrections to the PAP will be provided in a redlined document and will be captured in the Change Log. The Program Implementation Timeline will track future implementation deadlines for conducting annual self-assessments.

2. **Southern Star failed to follow their PAP procedure for program administration. Southern Star failed to use their established and defined team to ensure the development, implementation, and ongoing oversight of the public awareness program was done in accordance with their established procedures. The 2010 Annual Audit was completed by a single individual.**

While Table 8-1 in RP 1162 allows operators various methods to conduct annual self-assessments (internal review, third-party assessment, or regulatory inspection), the RP is not clear whether the internal review can be conducted by an individual or by a group of individuals within the company. The Southern Star PAP, however, defines this process to be conducted by the Public Awareness Team (PAT) in Section VII (Program Enhancement), while Section X (Program Evaluation) does not clearly define this process with respect to involvement of the PAT. Southern Star will amend the PAP to include specific wording in Section X (Program Evaluation) to reflect use of the PAT in the annual self-assessment process. Documentation of the required corrections to the PAP will be provided in a redlined document and will be captured in the Change Log.

Also, Southern Star did not provide documentation that the annual audit recommendations were implemented or show there was a process in place to track the implementation of the audit recommendations.

This issue was first addressed in both the Gap Analysis and Effectiveness Evaluation which were conducted by an outside consultant in 2010. As a result, a Program Implementation Timeline was designed to track and follow the implementation of audit and other recommendations for continuous improvement to the company's PAP. A copy of this Timeline has been provided in this correspondence for review and approval. Southern Star will amend the PAP to include specific wording in Section VIII (Program Implementation) to describe the process used to track the implementation of the annual self-assessment recommendations. This will be achieved through tracking on the Program Implementation Timeline. Documentation of the required corrections to the PAP will be provided in a redlined document and will be captured in the Change Log. The Program Implementation Timeline will track future implementation deadlines of annual self-assessment recommendations.

In response to #1 of the Compliance Order, Southern Star will review the recommendations for all annual self-assessments conducted between 2006 – 2010, and provide documentation of implementation no later than August 31, 2012[1]. The Program Implementation Timeline has incorporated the recommendations from these self-assessments and will track their timely implementation, based on the established deadlines.

[1]There are a number of recommendations contained in these self-assessments which require a considerable amount of time to implement. This will most likely lead to implementation past the August 31, 2011 deadline. For this reason, Southern Star would respectfully request an extension of this deadline to December 31, 2014, based on the deliverables outlined in the Program Implementation Timeline. A copy of this timeline has been provided for consideration.

3. **Southern Star did not complete the baseline effectiveness evaluation within the time period of regulatory guidelines established in API RP 1162. Documentation provided indicates the evaluation was completed on October 18, 2010, four months beyond the required four year interval for evaluation. Southern Star provided no documentation or justification for why the effectiveness evaluation was not completed within the prescribed interval.**

An effectiveness evaluation was conducted on the Southern Star Public Awareness Program on October 18, 2010. The results of the evaluation were reviewed and discussed internally. In 2011, the targeted deliverables were included in a Program Implementation Timeline, which has been provided in this correspondence for review and approval.

In response to #2 of the Compliance Order, Southern Star will submit a written document to the Central Region by December 31, 2011 which outlines the details by which the recommendations from the Effectiveness Evaluation will be implemented. The Program Implementation Timeline has incorporated the recommendations from the Effectiveness Evaluation and will track their timely implementation based on the established deadlines. Documentation will be provided to PHMSA no later than August 31, 2012[2].

[2]As mentioned above, there are a number of recommendations contained in the Effectiveness Evaluation which require a considerable amount of time to implement. This will most likely lead to implementation past the August 31, 2012 deadline. For this reason, Southern Star would respectfully request an extension of this deadline to December 31, 2014, based on the deliverables outlined in the Program Implementation Timeline. A copy of this timeline has been provided for consideration.

4. **Southern Star failed to adequately measure whether stakeholder audiences understood the content of messages and retained key information from the messages. Southern Star relied primarily on returned survey cards for assessing how well the message content was understood. Southern Star field personnel passed out calendars to the affected public during face-to-face meetings but did not ask questions designed to assess their understanding of the message content. The percentage of responses from stakeholder audiences was low (0.24%).**

The Effectiveness Evaluation which was conducted on the Southern Star PAP identified this issue and suggested further analysis of the group meeting data as well as in-house surveys or focus group studies be conducted to better determine understandability of messages (Measure 2 in RP 1162).

In response to #3 of the Compliance Order, Southern Star will work with a vendor to design a survey and submit survey questions and format to PHMSA by December 31, 201112/31/11[3]. This deliverable is also reflected in the Program Implementation Timeline which has been provided in this correspondence for review and approval.

[3]Southern Star has determined the best way to measure both Understandability of Messages (Measure 2, RP 1162) as well as Achievement of Bottom-Line Results/Objectives (Measure 4, RP 1162 as outlined in NOPV #7 below) is to re conduct the four-year Effectiveness Evaluation. This would be the best way to re-evaluate all four measures as outlined in RP 1162. A partial survey which focuses on Measures 2 and 4 of RP 1162 would not provide consistent or comprehensive results, given the fact the initial Effectiveness Evaluation was conducted using different data sources. If the Effectiveness Evaluation was conducted again in 2012, then Southern Star would have the added benefit of a comprehensive review as well as comparable data sources for future comparisons.

A survey of this magnitude requires a great amount of time and organization in order to evaluate these desired goals. The current Program Implementation Timeline recommends completion of this task; review; assessments and continuous improvement recommendations by December 31, 2012. If agreeable to this method of evaluation, Southern Star would respectfully request the four-year deadline for conducting the next Effectiveness Evaluation change from 2014 to 2016 in order to maintain the frequency as outlined in RP 1162.

5. **The Southern Star PAP contains a table of Supplemental Activities but no documentation was provided for the implementation of these activities or how these activities would be used for effectiveness evaluation. Also, no documentation was provided for follow-up activities with emergency response and public officials who did not attend training/informational meetings.**

Section VII (Program Enhancement), Subsection B of the Southern Star PAP includes a table that identifies the type of supplemental activities that may be considered. In order to address this issue, the written Plan will be amended to include information on how these supplemental activities will be considered in the four-year Effectiveness Evaluation.

Further, the lack of follow-up with Southern Star emergency responders and public officials was also identified in the Effectiveness Evaluation recommendations. The recommendations suggested various methods which can be used to conduct more thorough follow-up with stakeholders who do not attend group meetings. An action item was identified in the Program Implementation Timeline, to monitor and increase attendance at group meetings, which has been provided in this correspondence for review and approval.

6. **Southern Star did not complete the annual audits in a timely manner so that recommendations could be included in the following year's plan for implementation. Southern Star has performed annual audits for PAP Years 2007, 2009 and 2010 in September 2008, November 2010 and April 2011, respectively.**

This issue was identified by a Gap Analysis conducted on the PAP in 2010. In order to address this issue, the written Plan will be amended in Section X (Program Evaluation) to include information on how these annual self-assessments will be conducted in a timely manner so that applicable recommendations can be included in the following year's plan for implementation. In addition, an action item has been included in the Program Implementation Timeline, for completion of annual self-assessments by December 31 of each calendar year for which it coincides. This will ensure timely completion of these assessments moving forward. Documentation of the required corrections to the PAP will be provided in a redlined document and will also be captured in the Change Log. The Program Implementation Timeline will track future implementation deadlines for conducting annual self-assessments in a timely manner.

7. **<u>The Southern Star PAP listed six Objectives but the data collection efforts, data analysis and effectiveness evaluation process does not measure bottom-line results to achieve the six Objectives listed in the PAP.</u>**

The six objectives listed in Section II of the Southern Star PAP are in alignment with those outlined in Sec. 2.1 of RP 1162. The Effectiveness Evaluation conducted on the Southern Star PAP identified difficulty in assessing bottom-line results and suggested increased survey findings may be an option to assist in the overall determination in evaluating bottom-line results. The Effectiveness Evaluation suggested this could be accomplished in the next four-year cycle assessment period[4] (June 2014), by designing a methodology to increase input from the various stakeholder audiences. It was suggested this could take the form of additional surveys (written, phone, etc.) to all of the four stakeholder audiences. The intent of this survey would be to provide Southern Star with more in-depth insight regarding the effectiveness of its programs. This is also reflected in the creation of an action item which is included in the Program Implementation Timeline, which has been provided in this correspondence for review and approval.

[4]As mentioned in NOPV #4 above (and in response to #4 of the Compliance Order), Southern Star has proposed a solution which will address this concern. This can be accomplished through re-conducting the four-year Effectiveness Evaluation, which would allow Southern Star to re-evaluate all four measures as outlined in RP 1162. As mentioned earlier, a partial survey which focuses solely on Measures 2 and 4 of RP 1162 would not provide consistent or comprehensive results, given the fact the initial Effectiveness Evaluation was conducted using different data sources.

If agreeable to this solution, Southern Star respectfully requests the four-year deadline for conducting the next Effectiveness Evaluation to change from 2014 to 2016 in order to maintain the frequency as outlined in RP 1162.

<u>NOA</u>

1. **<u>Southern Star Public Awareness Plan (PAP) procedures did not require adequate documentation of activities that support the Supplement Activities and Liaison with emergency response and public officials. The Southern Star PAP contained a table of Supplemental Activities but the procedure did not require documentation of these activities or how these activities would be used for effectiveness evaluation. The procedure did not require documentation of follow-up activities with emergency response and public officials who did not attend training informational meetings. Southern Star must amend the PAP procedures to require documentation of these activities for use during effectiveness evaluation.</u>**

   Item #5 of the NOPV addresses this issue. Section VII (Program Enhancement), Subsection B of the Southern Star PAP includes a table that identifies the type of supplemental activities that may be considered. In order to address this issue, the written Plan will be amended to include information on how these supplemental activities will be considered in the four-year Effectiveness Evaluation.

   Further, the lack of follow-up with Southern Star emergency responders and public officials was also identified in the Effectiveness Evaluation recommendations. The recommendations suggested various methods which can be used to conduct more thorough follow-up with stakeholders who do not attend group meetings. An action item was identified in the Program Implementation Timeline, to monitor and increase attendance at group meetings, which has been provided in this correspondence for review and approval.

2. **<u>Southern Star PAP procedure does not require timely completion of Annual Audits after a plan Year has ended. Southern Star has completed Annual Audits for PAP Years 2007 (completed in September 2008), 2009 (completed in November 2010), and 2010 (completed in April 2011) and developed a list of recommendations for changes to the Plan in each of those years. The procedure does not require that Annual Audits must be completed in a timely manner as close as practicable to the end of the Plan year so that recommendations can be included in the following year's plan for implementation. Southern Star shall amend the PAP to include language that Annual Audits will be completed in a timely manner.</u>**

   Item #6 of the NOPV addresses this issue. The written Plan will be amended in Section X (Program Evaluation) to include information on how these annual self-assessments will be conducted in a timely manner so that applicable recommendations can be included in the following year's plan for implementation. In addition, an action item will be included in the Program Implementation Timeline, for completion of annual self-assessments by December 31 of each calendar year for which it coincides. This will ensure timely completion of these assessments moving forward. Documentation of the required corrections to the PAP will be provided in a redlined document and will be captured in the Change Log. The Program

Implementation Timeline will track future implementation deadlines for conducting annual self-assessments in a timely manner.

3. **Southern Star PAP procedure for Effectiveness Evaluation does not require adequate measurement of bottom-line results. The PAP lists six Objectives but the procedure does not require data collection efforts, data analysis and effectiveness evaluation processes to be measured against achieving the Plan Objectives. Southern Star must amend the Effectiveness Evaluation process to require a clear connection in gathering data, evaluating data, and measuring results in support of Plan Objectives.**

   Item #7 of the NOPV identifies this issue. The six objectives listed in Section II of the Southern Star PAP are in alignment with those outlined in Sec. 2.1 of RP 1162. The Effectiveness Evaluation conducted on the Southern Star PAP identified difficulty in assessing bottom-line results and suggested increased survey findings may be an option to assist in the overall determination in evaluating bottom-line results. The Effectiveness Evaluation suggested this could be accomplished in the next four-year cycle assessment period (June 2014), by designing a methodology to increase input from the various stakeholder audiences. It was suggested this could take the form of additional surveys (written, phone, etc.) to all of the four stakeholder audiences. The intent of this survey would be to provide Southern Star with more in-depth insight regarding the effectiveness of its programs. This is also reflected in the creation of an action item which is included in the Program Implementation Timeline, which has been provided in this correspondence for review and approval.

   In addition, Section X (Program Evaluation) of the PAP will be amended to include specific wording which requires information from data collected on the program be used in the overall analysis process to determine if program objectives (bottom-line results) have been achieved. This will be included in the effectiveness evaluation process which occurs every four years.

   NOTE: As outlined earlier in NOPV #4 (and in response to #4 of the Compliance Order), Southern Star has proposed to re-conduct the four-year Effectiveness Evaluation, which would allow the re-evaluation of all four measures as outlined in RP 1162. If agreeable to this solution, Southern Star has respectfully requested the four-year deadline for conducting the next Effectiveness Evaluation to change from 2014 to 2016 in order to maintain the frequency as outlined in RP 1162.

4. **Southern Star PAP procedure does not require the use of Action Plans to ensure that recommended changes included in the 2010 Effectiveness Evaluation, completed in October 2010, are implemented. Southern Star must amend the Effectiveness Evaluation process to include a defined process for implementing the recommended changes in a timely manner.**

   In order to address this issue, Section X (Program Evaluation) of the written Plan will be amended to include information on how recommended changes or continuous improvement items identified in the four-year effectiveness evaluation will be implemented in a timely manner. In addition, an action item has been included in the Program Implementation Timeline, for assignment and tracking of recommendations or continuous improvement items as a result of the four-year effectiveness evaluation between 12 - 18 months (not to exceed 18 months) of the next calendar year. This will ensure timely completion of these recommendations moving forward.

We respectfully ask that you consider the above response to the Notice of Probable Violation and Proposed Compliance Order, and Notice of Amendment that were issued by your office on October 21,2011. Attached is a copy of Southern Star's Public Awareness Program Implementation Timeline (Timeline) referenced in the response. The Timeline lists the inadequacies from the 2010 Effectiveness Evaluation, recommendations from the Gap Analysis conducted in 2010, as well as issues raised during the 2011 Public Awareness Audit conducted by representatives of your office.

Items for consideration by PHMSA:

- As mentioned in the direct responses above, we have divided the number of issues to be addressed into a three-year action plan. This plan was outlined prior to the 2011 Public Awareness Audit conducted by PHMSA and adjusted to meet the requirements and recommendations that resulted from that audit. Due to the substantial volume of issues identified in the Effectiveness Evaluation, the Gap Analysis, as well as the PHMSA Audit, the timeline was set up on a three-year completion goal. We respectfully ask your consideration of this three-year timeline to adequately address all of the issues that have been identified, rather than the original proposed deadline of August 31, 2012 as noted in the Compliance Order.
- In addition, we have respectfully requested approval for Southern Star to re-conduct the four-year Effectiveness Evaluation. This will allow Southern Star to better evaluate all four measures as listed in RP 1162 instead of looking at isolated Measures 2 and 4 as currently requested. The results of this evaluation will be reviewed and recommendations for continuous improvement will be made based on the findings from this evaluation. If agreeable to this new evaluation date, Southern Star requests the deadline for the next completion of the four-year Effectiveness Evaluation be re-adjusted accordingly from 2014 to 2016.

In accordance with the instructions outlined in *"Response Options for Pipeline Operators in Compliance Proceedings, Article VII, Payment Instructions,"* Southern Star will be transmitting a wire transfer in the total amount of $25,300 in satisfaction of the Civil Penalties as assessed in the Notice of Probable Violation issued October 21, 2011.

Respectfully submitted,

Robert W. Carlton

cc: Mike Falk,

Encl: *Public Awareness Program Implementation Timeline (Action Plan)*