

April 9, 2021

VIA ELECTRONIC MAIL TO: craig.hoeferlin@spireenergy.com

Mr. Craig Hoeferlin
Vice President, Operations Services and SMS
Spire Missouri Inc. East
700 Market Street
St. Louis, Missouri 63101

CPF No. 3-2020-5024

Dear Mr. Hoeferlin:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Spire Missouri Inc. East, which was executed on April 7, 2021. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure: Order and Consent Agreement

cc: Mr. Gregory Ochs, Director, Central Region, Office of Pipeline Safety, PHMSA
Ms. Bryn Karaus, Esq., Van Ness Feldman, Counsel for Spire Missouri Inc. East
bsk@vnf.com

CONFIRMATION OF 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	)	
	)	
	)	
Spire Missouri Inc. East,	)	CPF No. 3-2020-5024
a subsidiary of Spire, Inc.	)	
	)	
Respondent.	)	
	)	

CONSENT ORDER

By letter dated November 30, 2020, the Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety (PHMSA), issued a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice) to Spire Missouri Inc. East (Spire).

In response to the Notice, Spire contested the allegations and requested a hearing. Subsequently, PHMSA and Spire (collectively referred to as the Parties) agreed that the issues in the Notice may be resolved through informal discussions. On March 17, 19, and 24, 2021, the Parties engaged in good-faith settlement discussions that have resulted in the Consent Agreement attached to this Order that settles all of the issues in the Notice.

Accordingly, the Consent Agreement is hereby approved and incorporated by reference into this Order. Spire is hereby ordered to comply with the terms of the Consent Agreement, effective immediately.

Pursuant to 49 U.S.C. 60101, *et seq.*, failure to comply with this Consent Order may result in the assessment of civil penalties as set forth in 49 C.F.R. § 190.223.

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

April 9, 2021

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 C.F.R. Part 190, and upon consent and agreement of Spire and PHMSA, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the Highly Volatile Liquid (HVL) pipeline system located in the St. Louis area (Missouri and Illinois), Respondent and its referenced HVL pipeline system are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Agreement, Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Spire returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement

3. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except as set forth herein.

4. This Agreement shall apply to and be binding upon PHMSA and Spire, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Spire's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

6. Nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Spire pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Spire's HVL pipeline system referenced herein, Spire will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Spire will provide written notice of the transfer to the PHMSA Central Regional Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit,

or a modification of any permit, under any Federal, State, or local laws or regulations. Spire remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Spire agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. Upon issuance of the Consent Order, the Parties agree to the following terms.

II. Items 1, 3, and 4 of the Notice (Warning Items):

12. ***Allegations of Violation – §§ 195.402(a) (Item 1); 195.440(c) (Item 3); and 195.446(c)(3) (Item 4):*** With respect to Items 1, 3, and 4 of the Notice, these Items were issued as warning items in the Notice, requiring no further action by Spire. Spire did not contest these Items. As such, these Items remain as warning items as written in the Notice.

III. Item 2 of the Notice:

13. ***Allegation of Violation - § 195.436:*** With respect to Item 2 of the Notice, the Parties agree that Spire violated § 195.436, as alleged in the Notice, and shall be considered by PHMSA as a prior offense in any future PHMSA enforcement action taken against Spire.

14. ***Compliance Order:*** With respect to Item 2 of the Notice, the Parties agree that Spire shall take the following actions:

The Notice proposed to require Spire to fully secure the site to provide protection from vandalism and unauthorized entry, and to complete this project within 6 months from issuance of a final order. Spire has provided information to the Director that this work was completed in August 2020. Spire must provide documentation of the completion of this project to the Director within 30 days from issuance of the consent order.

IV. Item 5 of the Notice:

15. ***Allegation of Violation - § 195.452(b)(5):*** With respect to Item 5 of the Notice, the Parties agree that Spire violated § 195.452(b)(5), as alleged in the Notice, and shall be considered by PHMSA as a prior offense in any future PHMSA enforcement action taken against Spire.

16. ***Compliance Order:*** With respect to Item 5 of the Notice, the Parties agree that Spire shall take the following actions:

Spire must measure the integrity management program's effectiveness. A schedule for effectiveness review of the Integrity Management Program is to be submitted to the Director, Central Region, within 30 days of issuance of the consent order. Completion of this review shall not exceed 6 months from the issuance of the consent order.

V. Items 6 and 8 of the Notice:

17. ***Allegations of Violation - §§ 195.452(f)(3) (Item 6); and 195.452(j)(3) (Item 8):*** With respect to Items 6 and 8 of the Notice, the Director, Central Region, has reviewed additional information provided by Spire, considered clarifications of its operations that were discussed during the informal meetings, and determined that these Items should be amended and combined into a single violation of § 195.452(l)(1)(ii). Spire agrees that it violated § 195.452(l)(1)(ii) for its failure to maintain all documentation necessary to support decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program, specifically its risk model. Spire further agrees that this violation shall be considered by PHMSA as a prior offense in any future PHMSA enforcement action taken against Spire.

18. ***Civil Penalty:*** With respect to Spire's violation of § 195.452(l)(1)(ii), as set forth above in paragraph 17, the Parties agree that Spire shall pay a penalty in the amount of **\$16,000** for the violation. Spire must pay the civil penalty no later than 30 days from the ***Effective Date*** of this Agreement.

19. ***Compliance Order:*** With respect to Spire's violation of § 195.452(l)(1)(ii), as set forth above in paragraph 17, the Parties agree that Spire shall take the following actions:

Spire must integrate all available information about the integrity of the entire pipeline and the consequences of a failure into its integrity management program risk model. A schedule for completion of data integration into the risk model is to be submitted to the Director, Central Region within 30 days of the final order. Completion of this integration shall not exceed 6 months from the issuance of the consent order.

Spire must also establish an assessment schedule based on all risk factors that reflect the conditions on the applicable pipeline segment(s). A schedule for establishing the assessment schedule based on all risk factors that reflect the conditions on the pipeline segment(s) is to be submitted to the Director, Central Region within 30 days of the final order. Completion of the assessment schedule based on all risk factors shall not exceed 6 months from the issuance of the consent order.

VI. Item 7 of the Notice:

20. ***Allegation of Violation - § 195.452(h)(1)(ii):*** With respect to Item 7 of the Notice, the Director, Central Region, has reviewed additional information provided by Spire and determined that this Item should be withdrawn in its entirety. Spire provided PHMSA with additional information that a pressure reduction exceeding 365 days did not occur, as alleged in

the Notice. As such, the allegation of violation for Item 7 and the related proposed civil penalty associated with this Item are withdrawn.

VII. Item 9 of the Notice:

21. ***Allegation of Violation - § 195.505(b):*** With respect to Item 9 of the Notice, the Parties agree that Spire violated § 195.505(b), as alleged in the Notice, and shall be considered by PHMSA as a prior offense in any future PHMSA enforcement action taken against Spire.

22. ***Civil Penalty:*** With respect to Item 9 of the Notice, Spire agrees that it shall pay a penalty in the amount of **\$46,600** for the violation. Spire must pay the civil penalty no later than 30 days from the ***Effective Date*** of this Agreement.

23. ***Compliance Order:*** With respect to Item 9 of the Notice, the Parties agree that Spire shall revise the Operator Qualification (OQ) program to address the HVL pipeline and associated covered tasks. Spire will follow and ensure through evaluation that individuals performing covered tasks are qualified per the revised OQ plan that addresses HVL pipelines. This revised OQ plan shall be sent to the Director, Central Region, no later than 6 months from the issuance of the consent order.

VIII. Enforcement

24. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 C.F.R. Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$222,504 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with determinations made by the Director, or if appealed, in accordance with decisions of the Associate Administrator. The maximum civil penalty amounts are adjusted annually for inflation. *See, e.g.*, Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

IX. Dispute Resolution

25. The Director and Spire will informally attempt to resolve any disputes arising under this Agreement, including but not limited to any decision of the Director. If Spire and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Spire may submit a written request for a determination resolving the dispute from the Associate Administrator for Pipeline Safety, PHMSA. Such request must be made in writing and provided to the Director, counsel for the Central Region, and to the Associate Administrator for Pipeline Safety, no later than 10 calendar days from the 15 day deadline for informal resolution referenced in this paragraph. Along with its request, Spire must provide the Associate Administrator with all information Spire believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process, except as agreed by the

Director or the Associate Administrator in writing, or ordered by a court of competent jurisdiction.

X. Effective Date

26. The term “Effective Date,” as used herein, is the date on which the Consent Order is issued by the Associate Administrator, PHMSA, incorporating the terms of this Agreement.

XI. Modification

27. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

XII. Ratification

28. The Parties’ undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

29. The Parties hereby agree to all conditions and terms of this Agreement.

For Spire Missouri Inc. East:

January 7, 2021

Date

For PHMSA:

Region Director

January 7, 2021

Date