

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: jimmy.staton@southernstar.com and craig.thomas@southernstar.com

April 28, 2022

Mr. Jimmy Staton
President/CEO
Southern Star Central Gas Pipeline, Inc.
4700 State Route 56
Box 20010
Owensboro, KY 42301

CPF 3-2022-045-NOPV

Dear Mr. Staton:

From October 18 to November 8, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Control Room Management (CRM) procedures and records in Owensboro, Kentucky.

As a result of the inspection, it is alleged that Southern Star Central Gas Pipeline, Inc. (Southern Star) has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

- 1. § 192.631 *Control Room Management*.**
 - (a)**
 - (b) *Roles and responsibilities*.** Each operator must define the roles and responsibilities of a controller during, normal, abnormal, and emergency operator conditions. To provide for a controller's prompt and appropriate response to operating conditions, an operator must define each of the following:
 - (1)**

(5) The roles, responsibilities and qualifications of others with the authority to direct or supersede the specific technical actions of a controller.

Southern Star failed to follow their procedure when training controllers and others on the policy of disallowing others who have authority to direct or supersede the specific technical actions of a controller.

The operator's training content, TRM OPR056, communicated the wrong message to all trainees and others who could direct or supersede a controller. The most current procedure 40.01.01.15, provided at inspection, stated Operator Qualified leadership (Manager/Leader) can direct or supersede the controller. The training document stated, "Southern Star has determined that the only people who have the authority to tell a gas controller what he must do are themselves, OQ (operationally qualified) controllers." This conflicts with procedures. This was substantiated during the controller interview when the controller responded to the question, "Who can direct or supersede a controller?" with, "any qualified controller can supersede or direct another controller." This statement reflects the incorrect training of Southern Star's procedure related to directing and superseding a controller.

The training document was amended 01/25/2022 to be consistent with the procedure regarding who can direct or supersede the technical actions of a controller. Training will commence 03/31/2022.

2. § 192.631 Control room management.

(a)

(c) **Provide adequate information.** Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(1) **Implement section 1, 4, 8, 9, 11.1, and 11.3 of API RP 1165 (incorporated by reference, see § 192.7) whenever a SCADA system is added, expanded or replaced, unless the operator demonstrates that certain provisions of sections 1, 4, 8, 9, 11.1 and 11.3 of API RP 1165 are not practical for the SCADA system used;**

Southern Star failed to verify they implemented the required sections of API RP 1165 in their SCADA system. The operator developed their SCADA design standard and style guide to API RP 1165 and stated they built their system to that standard. However, they did not perform an audit to verify that the SCADA operating system met the stated section requirements.

3. § 192.631 Control room management.

(a)

(e) **Alarm management.** Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1)

- (2) Identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities;**

Southern Star failed to review false alarms for the years 2019 and 2020. In a previous procedure, 40.12.01.13, the requirement for false alarms was not provided in section 9.1.1.1. It was available in procedure 40.12.01.17 presented for inspection,. The operator indicated they had a consultant review their procedures and records and identified that they were not compliant with the rule as it related to reviewing false alarms. Controllers were identifying and documenting false alarms in the controller log as they happened. Southern Star was not interrogating the controller logs to identify the false alarms for review

4. § 192.631 *Control room management.*

(b)

(h) *Training.* Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(1)

(6) Control room team training and exercises that include both controllers and other individuals, defined by the operator, who would reasonably be expected to operationally collaborate with controllers (control room personnel) during normal, abnormal or emergency situations. Operations must comply with the team training requirements under this paragraph by no later than January 23, 2018.

Southern Star's Team Training OPR054 failed to include at least one controller or control room representative during 6 training sessions in 2018 and 2019.

Several training sessions did not include records where at least one controller or a representative from the control room participated in the training session. These sessions were held on 7/24/2018, 9/25/2018, 10/22/2018, 5/21/2018, 10/21/2019, 11/1/2019, (6 events out of 46 total training sessions).

5. § 192.631 *Control room management.*

(a)

(j) *Compliance and validation.* An operator must maintain for review during inspection:

(1) Records that demonstrate compliance with the requirements of this section;

Southern Star's records failed to demonstrate compliance with the control room management regulation. Southern Star did not produce training records for one controller trainee. Two

different controller trainees had all their training documentation signed off on the same day. It is the intent of the process to sign off items as they were completed, and competency achieved.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 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 violations 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 documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$ 55,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
3	\$ 27,900
4	\$ 27,900

Warning Items

With respect to item 5, 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 1 and 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Southern Star. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2022-045-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: Thomas Craig, Manager Integrity Management & PHMSA Compliance,
craig.thomas@southernstar.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Southern Star a Compliance Order incorporating the following remedial requirements to ensure the compliance of Southern Star with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Southern Star's failure to follow their procedure when training controllers and others on the policy of disallowing others who have authority to direct or supersede the specific technical actions of a controller, Southern Star must provide records of completed training for controllers and those identified as "others" on the policy of disallowing others who have authority to direct or supersede the specific technical actions of a controller within 90 days of receipt of the Final Order..
- B. In regard to item 2 of the Notice pertaining to Southern Star's failure to verify implementation of sections 1, 4, 8, 9, 11.1 and 11.3 of API RP 1165 in its SCADA system, Southern Star must verify through audit or other means that their SCADA system complies with the stated sections provided within **90** days of receipt of the Final Order.
- C. It is requested that Southern Star maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory A. Ochs, Director, Central 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