

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

VIA ELECTRONIC MAIL TO: scott.carter@spireenergy.com;
craig.hoeferlin@spireenergy.com; Bob.Gardner@spireenergy.com

November 29, 2022

Mr. Scott Carter, President/CEO
President/CEO
Spire Missouri Inc. East
700 Market Street
St. Louis, Missouri 63101

CPF 3-2022-069 NOPV

Dear Mr. Carter:

From March 15, 2022 through March 17, 2022, 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.), performed a specialized inspection of Spire Missouri, Inc. East's (Spire) Highly Volatile Liquid (HVL) pipeline system which contains propane and butane and is located in St. Louis, Missouri.

As a result of the inspection, it is alleged that Spire 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. § 195.505 Qualification Program**
 - (a)**
 - (b) Ensure through qualification that individuals performing covered tasks are qualified.**

Spire failed to have and follow a compliant operator qualification (OQ) program. Spire's OQ program failed to ensure through evaluation that individuals performing covered tasks were qualified to recognize and react to abnormal operating conditions (AOC). Section 195.503 defines "Qualified" as "an individual [that] has been evaluated and can: (a) Perform assigned covered tasks and (b) Recognize and react to abnormal operating conditions." Section 195.503 further defines "Abnormal operating condition" as "a condition identified by the operator that may indicate a malfunction of a component or deviation from normal operations that may: (a) Indicate

a condition exceeding design limits: or (b) Result in a hazard(s) to person, property, or environment.”

Specifically, the OQ program did not address the procedures and training required for determining the qualification of individuals. During the inspection, PHMSA reviewed Spire’s OQ Plan and the evaluation requirements for OQ tasks. Spire provided computer-based training material, computer-based training exam questions, performance evaluation material, and the lesson plan for NGL (natural gas liquids) training as evidence of the process through which it ensured that individuals performing covered tasks were qualified. For the task numbers shown below, Spire also provided a summary report to PHMSA on May 20, 2022, describing the AOC’s included in the training and evaluation material. PHMSA found that the AOCs addressed in the training and evaluation materials were not task specific and were therefore so lacking in detail that personnel were not considered “qualified” under the definition of § 195.503.

0061 Inspect or Test Cathodic Protection Bonds and/or Electrical Isolation Devices
0101 Inspect and Maintain Rectifier and Obtain Readings
0161 Inspect the Internal Surface of the Pipe for Evidence of Corrosion
0801 Welding
0011 Conduct Close Interval Survey
0031 Inspect and Monitor Galvanic Ground Beds/Anodes
0141 Visual Inspection for Atmospheric Corrosion
0151 Visual Inspection of Buried Pipe and Components When Exposed
0301 Manually Opening and Closing Valves
0331 Visual Inspection and Partial Operation
0971 Installation and Maintenance of Casing Spacers, Vents and Seals
1251 Hazardous Liquid Leak Investigation
1311 Inspect Pipeline Surface Conditions - Patrol Right of Way or Easement

This violation is a repeat of violations found in Consent Order CPF # 3-2020-5024, Item # 9 (April 9, 2021).

2. § 195.507 Qualification Program

(a)

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

Spire failed to maintain records supporting an individual's current qualification for performing covered tasks.

Specifically, on October 25, 2021, Spire performed a cutout and an individual inspected the internal surface of the pipe for evidence of corrosion. While this individual was previously qualified for this task under a different OQ program, qualification under the new program had not been obtained at the time the activity occurred.

Warning Item

With respect to item 2 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 item. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Spire Energy. 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 3-2022-069 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

cc: Bob Gardner, Director Compliance and Pipeline Integrity (Bob.Gardner@spireenergy.com);
Craig Hoeferlin, VP, Operations Services and SMS, (craig.hoeferlin@spireenergy.com)

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

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item 1 of the Notice pertaining to qualifying individuals to react to abnormal operating conditions (AOC), Spire shall:
 - i. Within 180 days of receipt of the Final Order Revise its OQ program to address the specific AOC's related to its identified covered tasks and create specific procedures for each covered task and submit to the Central Region Director for approval.
 - ii. Within 30 days of receiving Director approval of the revised OQ program as required by paragraph A(i), implement the program and communicate changes that affect the covered tasks to individuals performing those covered tasks (§ 195.505(f)).
 - iii. Within 90 days of receipt of Director approval as required by A(i), requalify individuals as required by the revised program.
 - iv. Submit progress updates to the Director every 90 days after receipt of the Final Order documenting the progress of completion of the above items.

It is requested that Spire Missouri Inc. East 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.