



Northern Natural Gas Company
1111 South 103rd Street
Omaha, NE 68124-1000
(402) 398-7000

February 29, 2024

Gregory Ochs – Director
PHMSA – Central Region
901 Locust Street, Suite 480
Kansas City, MO 64106

Re: CPF-2024-012-NOPV

Dear Mr. Ochs,

In response to a Notice of Probable Violation (NOPV) and Proposed Civil Penalty dated February 6, 2024, Northern Natural Gas (Northern) submits the following.

Northern does not intend to contest the allegation or compliance order but does offer additional information as provided below regarding the issues. The PHMSA issues from the NOPV are quoted in *italics* with the Northern response following in plain text.

Item 1

§ 192.5 Class locations. (a) . . . (b) Except as provided in paragraph (c) of this section, pipeline locations are classified as follows: (1) . . . (3) A Class 3 location is: (i) . . . (ii) An area where the pipeline lies within 100 yards (91 meters) of either a building or a small, well defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12-month period. (The days and weeks need not be consecutive.)

Northern did not properly identify several locations where a building or well defined outside area was occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12-month period, per § 192.5(b)(3). Specifically, Northern's Engineering Standard (ES) 0060, referenced within Northern's procedure 80.101 – Class Locations, stated that identified sites for class location must have people at the location for at least 4 hours in a 24-hour period. § 192.5(b)(3) does not specify a length of time the location must be occupied during the day. As a result, Northern misidentified multiple sites. The misidentified sites discovered during PHMSA's inspection were as follows:

Location

Coordinates

Additional Note:

• Sartell, MN

Lat 45.603886; Long -94.232211

First Methodist Church

- Houghton, MI Lat 47.110667; Long -88.558172 MI Technical College
- Mankato, MN Lat 44.185483; Long -93.935983 FedEx Ground Building

Shortly after the inspection, Northern indicated that they re-visited these locations and verified that these areas did meet the occupation requirements in accordance with § 192.5(b)(3).

Additionally, the FedEx building in Mankato, Minnesota, was an identified site, but Northern incorrectly classed the relevant section of pipe as a Class 2 area. Northern reclassified the location to a Class 3 after the inspection. By failing to properly identify these three locations as Class 3 locations, Northern did not meet the requirements of § 192.5(b)(3).

Northern Response:

While the sites shown above were not listed as Class 3 areas or High Consequence Areas (HCA), all sites were commensurate with the Class 3 location status and all pipe segments at the sites have had integrity assessments. During the inspection, Northern removed the 4-hour time period criteria from its referenced engineering standard and initiated the update of the Class location program to reclassify structures and well-defined outdoor areas. Northern will resubmit the revised engineering standard and provide the results of this reevaluation of the system in accordance with the proposed compliance order.

Item 2

§ 192.605 Procedural manual for operations, maintenance, and emergencies. (a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Northern did not follow its manual of written procedures in accordance with § 192.605(a). Specifically, Northern did not follow procedure 140.101, entitled Identification of High Consequence Areas and Moderate Consequence Areas (MCA), section 3.11.3. Section 3.11.3 stated that “[f]or MCAs, Class 3 and 4 locations, the baseline assessment plan is documented in operating procedure 140.401b, Baseline Assessment Plan Outside of HCAs. The initial MCA analysis on pipe segments with a maximum allowable operating pressure greater than or equal to 30% specified minimum yield strength must be completed no later than July 1, 2021.”

During PHMSA’s inspection, PHMSA inspectors reviewed Northern’s pipeline system for MCAs and determined that four MCAs were missed. As a result, Northern did not complete

an initial MCA analysis for the baseline assessment plan for the four missed MCAs. The missed MCAs discovered during PHMSA's inspection were as follows:

<u>Location</u>	<u>Coordinates</u>
• Sauk Rapids, MN	Lat 45.597242, Long -94.126919
• Sartell, MN	Lat 45.598406, Long -94.23635
• Sartell, MN	Lat 45.619344, Long -94.188419
• Sartell, MN	Lat 45.601144, Long 094.234033

Northern Response:

Northern continually increases the accuracy of its pipeline centerlines and obtains updated aerial photography. As the new information is updated, new structures are identified, and new MCAs may be added. Northern is obtaining additional polygon data which will assist with identification and location of remaining point structures, and will verify and update the MCA identification list in accordance with the proposed compliance order.

Item 3

§ 192.710 Transmission lines: Assessments outside of high consequence areas. (a) (b) General – (1) Initial assessment. An operator must perform initial assessments in accordance with this section based on a risk-based prioritization schedule and complete initial assessment for all applicable pipeline segments no later than July 3, 2034, or as soon as practicable but not to exceed 10 years after the pipeline segment first meets the conditions of § 192.710(a) (e.g., due to a change in class location or the area becomes a moderate consequence area), whichever is later.

Northern's MCA Baseline Assessment schedule did not adequately reflect Northern's evaluated risk ranking for assessments of the MCA segments. Specifically, Northern's baseline assessment schedule for MCAs had multiple instances where Northern scheduled an MCA segment with a relatively higher risk per the risk model to be assessed after an MCA segment with a relatively lower risk. For example, MCA 21-M470B-01 was risk ranked in 2021 as a 7 and scheduled to be assessed in 2027 while MCA 21-M471B-12 was risk ranked in 2021 as a 13, but was scheduled to be baseline assessed in 2025. Another example is MCA 21-M440B-05, which was risk ranked in 2021 as a 10 and scheduled to be assessed in 2028; while MCA 21-M500B-04 was risk ranked in 2021 as a 125 and scheduled to be assessed in 2025.

During PHMSA's inspection, Northern personnel indicated to PHMSA inspectors that the baseline assessment scheduling was largely created to match Northern's existing scheduling of the line segments within the integrity management program; however, Northern did not document this reasoning. Northern should be documenting every decision made with regards to the integrity program. Additionally, FAQ 66 for the Gas

Transmission Rule provides more guidance on the expectations of an operator when the assessment schedule does not match the risk rank prioritization schedule.

By creating an assessment schedule that did not match its determination of risk rank prioritization, Northern did not meet the requirements of § 192.710(b).

Northern Response:

Northern is reviewing FAQ 66 for the Gas Transmission Rule published during the April 19, 2023, audit, and will ensure that decisions made with regards to the integrity management program are documented accordingly.

Payment

Northern plans to submit the civil penalty amount by wire transfer as described in the *Response Options for Pipeline Operators in Enforcement Proceedings*.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Thomas Correll', with a stylized, cursive script.

Thomas Correll

Vice President

Pipeline Safety and Risk