U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

August 7, 2025

VIA ELECTRONIC MAIL TO: tkarry@efgroupllc.com

Mr. Todd Karry
President
Centra Pipeline Minnesota Inc.
33717 Woodward Avenue, #600
Birmingham, MI 48009

Re: CPF No. 3-2024-044-NOPV

Dear Mr. Karry:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, withdraws the proposed civil penalty, and specifies actions that need to be taken by Centra Pipeline Minnesota, Inc. to comply with the pipeline safety regulations. When the terms of the compliance order are completed, as determined by the Director, Central Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

LINDA GAIL DAUGHERTY

Digitally signed by LINDA GAIL DAUGHERTY
Date: 2025.08.06 15:39:06 -04'00'

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure (Final Order)

cc: Mr. David Barrett, Acting Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Phillip Powers, Director Pipeline Operations, Centra Pipeline Minnesota Inc., ppowers@efgroupllc.com
Mr. Joe Brophy, Vice President and General Manager, Centra Pipeline Minnesota Inc., jborphy@efgroupllc.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	)	
	)	
Centra Pipeline Minnesota, Inc.,	)	**CPF No. 3-2024-044-NOPV**
	)	
Respondent.	)	

FINAL ORDER

From August 28 to August 31, 2023, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an inspection of Centra Pipeline Minnesota, Inc.'s (CPM or Respondent) records and pipeline facilities in northern Minnesota. CPM operates a natural gas transmission pipeline facility in northern Minnesota.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated April 18, 2024, a Notice of Probable Violation (Notice). In accordance with 49 CFR § 190.207, the Notice proposed finding that Respondent committed violations of 49 CFR Part 192, proposed assessing a civil penalty of $20,400, and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also included a warning item pursuant to 49 CFR § 190.205, which warned CPM to correct the probable violation or face possible future enforcement action.

CPM responded to the Notice by letter dated, May 15, 2024 (Response). Respondent did not contest the alleged violations, but requested relief from the proposed civil penalty.

Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 CFR Part 192, as follows:

Item 2: The Notice alleged that Respondent violated 49 CFR § 192.605(b)(1), which states:

> **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
> (a) . . . .
> (b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

> (1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

The Notice alleged that CPM failed to have procedures addressing the requirements of subpart M of Part 192. Specifically, the Notice alleged that Respondent failed to have procedures for assessments to address certain Class 3 locations on its transmission pipeline that were not part of high consequence areas (HCAs), as required by section 192.710(a)(1).

Respondent did not contest Item 2. CPM stated it had substantially completed the necessary additions to its procedures to comply with the proposed compliance order for Item 2, and that it intended to submit those procedures to PHMSA within 60 days of the date of its Response.

Accordingly, after considering all of the evidence, I find that Respondent violated section 192.605(b)(1) by failing to have procedures addressing the requirements of subpart M of Part 192.

Item 3: The Notice alleged that Respondent violated 49 CFR § 192.616(c), which states:

> **§ 192.616 Public awareness.**
> (a) . . . .
> (c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

The Notice alleged that CPM failed to follow the general program recommendations of API RP 1162 as required by section 192.616(c). Specifically, the Notice alleged that CPM failed to have records demonstrating compliance with section 8.4 of API RP 1162 for measuring program effectiveness.

Respondent did not contest Item 3. CPM stated it intended to file its amended procedure and the results of its effectiveness study for review by PHMSA within 90 days of the date of its Response. As discussed further below, CPM also requested relief from the proposed civil penalty for Item 3.

Accordingly, after considering all of the evidence, I find that Respondent violated section 192.616(c) by failing to follow the general program recommendations of API RP 1162.

Item 4: The Notice alleged that Respondent violated 49 CFR § 192.624(b), which states:

> **§ 192.624 Maximum allowable operating pressure reconfirmation: Onshore steel transmission pipelines.**
> (a) . . . .
> (b) *Procedures and completion dates*. Operators of a pipeline subject to this section must develop and document procedures for completing all actions required by this section by July 1, 2021. These procedures must include a process for reconfirming MAOP for any pipelines that meet a condition of § 192.624(a), and for performing a spike test or material

> verification in accordance with §§ 192.506 and 192.607, if applicable. All actions required by this section must be completed according to the following schedule:

The Notice alleged that CPM failed to adopt procedures to address section 192.624(b). Specifically, the Notice alleged that CPM failed to adopt maximum allowable operating pressure (MAOP) reconfirmation procedures for its pipeline segments in HCAs and Class 3 locations in the International Falls, Minnesota area, and near the Baudette, Minnesota airport.

Respondent did not contest Item 4. CPM stated it had substantially completed the necessary additions to its procedures to comply with the proposed compliance order for Item 4, and that it intended to submit those procedures to PHMSA within 60 days of the date of the Response.

Accordingly, after considering all the evidence, I find that Respondent violated section 192.624(b) by failing adopt procedures to address MAOP reconfirmation.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed $200,000 per violation for each day of the violation, up to a maximum of $2,000,000 for any related series of violations.[1]

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 CFR § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; the good faith of Respondent in attempting to comply with the pipeline safety regulations; and self-disclosure or actions to correct a violation prior to discovery by PHMSA. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require.

The Notice proposed a total civil penalty of $20,400 for the violation cited above. Effective May 20, 2025, PHMSA revised its proposed civil penalty calculation policy to use the version of the Civil Penalty Worksheet in effect when the alleged violation occurred. The new policy did not change the proposed civil penalty in this case.

Item 3: The Notice proposed a civil penalty of $20,400 for Respondent's violation of section 192.616(c), for failing to maintain records demonstrating compliance with section 8.4 of API RP 1162 for measuring public awareness program effectiveness. The new policy for calculating a proposed civil penalty did not change the proposed civil penalty for this item. In its Response, CPM requested relief from the civil penalty. Respondent's request was primarily based on its

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[1] These amounts are adjusted annually for inflation. *See* 49 CFR § 190.223 for adjusted amounts.

assertion that it is considered a small business under Title 13 of the Code of Federal Regulations and that the proposed civil penalty represents a financial burden. CPM stated that in 2023 it had regulated assets of less than $1 million, a total revenue of $1.1 million, and a net income of less than $35,000. CPM provided the Director an auditor's report, financial statements, and a FERC financial report corroborating those statements.

CPM also discussed its efforts to comply with the applicable public awareness program requirements since the Notice was issued and asserted the proposed civil penalty will not improve the effectiveness of that program. CPM also explained that its pipeline system is small in scale (0.698 HCA miles and 179 landowner easements on the pipeline right-of-way), asserting a smaller risk profile as compared to larger operators in relation to the impact of public awareness programs. CPM stated that it views personal interactions with landowners as one of its most effective awareness activities, and also that the proposed penalty may impact resources that may otherwise be directed toward regulatory compliance. CPM also pointed to a recent hiring of personnel to address the effectiveness of its programs at a cost that exceeds that of the proposed civil penalty. In sum, CPM requested that the proposed civil penalty be withdrawn, and that the non-compliance identified in Item 3 be addressed only through the proposed compliance actions.

Pursuant to 49 U.S.C. § 60122(b)(1)(B) and 49 CFR § 190.225(a)(5) in determining the amount of civil penalty I must consider "the effect on [R]espondent's ability to continue in business." Based on the financial information provided by Respondent, I find assessment of a civil penalty would have an adverse effect on Respondent's ability to continue in business. Accordingly, having reviewed the record and considered the assessment criteria, I do not assess a civil penalty for the violation.

COMPLIANCE ACTIONS

The Notice proposed a compliance order with respect to Items 2, 3, and 4 in the Notice for violations of 49 CFR §§ 192.605(b)(1), 192.616(c), and 192.624(b), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of natural gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 CFR § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of section 192.605(b)(1) (**Item 2**), Respondent must create and incorporate the procedures addressing assessments of Class 3 locations as required by section 192.710(a)(1) into its Operation and Maintenance manuals and provide those procedures to the Director within 90 days of the date of receipt of this Final Order.

2. With respect to the violation of section 192.616(c) (**Item 3**), Respondent must revise procedure DPPA-PRO-001 to include the four measures for effectiveness in accordance with section 8.4 of API RP 1162, as well as include the four-year time requirement to conduct the required study. CPM must also conduct an evaluation of the effectiveness of the Public Awareness Program. Both the revised procedures and the completed effectiveness evaluation must be provided to the Director within 90 days of receipt of this Final Order.

3. With respect to the violation of section 192.624(b) (**Item 4**), Respondent must create and incorporate the required MAOP reconfirmation procedures into its Operation and Maintenance manuals within 90 days of receipt of this Final Order. Additionally, within 120 days of receipt of this final Order, CPM must provide the Director with:
   i. A list of all line segments applicable to section 192.624;
   ii. Any hydrostatic records that would apply under section 192.624(a)(1);
   iii. A schedule of when MAOP reconfirmation of the line segment(s) will occur; and,
   iv. The method CPM plans to utilize to reconfirm MAOP.

The Director may grant an additional extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension. Upon completion of the ordered actions, Respondent may request that the Director close the case.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed $200,000, as adjusted for inflation (*see* 49 CFR § 190.223 for adjusted amounts), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEM

With respect to Item 1, the Notice alleged a probable violation of Part 191, but identified it as a warning item pursuant to section 190.205. The warning was for:

> 49 CFR § 191.17(a)(1) **(Item 1) ─** Respondent's alleged failure to file a complete annual report for calendar year 2022.

If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 CFR § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 CFR § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this order are effective upon service in accordance with 49 CFR § 190.5.

LINDA GAIL DAUGHERTY
Digitally signed by LINDA GAIL DAUGHERTY
Date: 2025.08.06 15:39:35 -04'00'

August 7, 2025

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued