

WARNING LETTER

VIA ELECTRONIC MAIL TO: mark.hewett@nngco.com; thomas.correll@nngco.com; keith.good@nngco.com; john.gormley@nngco.com

November 6, 2024

Mr. Mark Hewett
President & CEO
Northern Natural Gas Company
1111 S. 103rd Street
Omaha, NE 68124

CPF 3-2024-068-WL

Dear Mr. Hewett:

From March 28 to October 2, 2023, 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 Northern Natural Gas Company's (NNG) natural gas pipeline system in Kansas and Nebraska.

As a result of the inspection, it is alleged that NNG have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. **§ 192.605 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.

NNG failed to follow its written procedures for conducting operations and maintenance activities, per the requirements of § 192.605(a). Specifically, NNG failed to follow its Operations and Maintenance (O&M) Procedure 040.203, entitled “Impressed Current Source Inspection” (O&M 040.203), for inspection of cathodic protection rectifiers. O&M 040.203, section 5.2.4 mandated comparing bi-monthly remote monitoring unit (RMU) readings of voltage and amperage with manual multi-meter readings on an annual basis, to ensure RMU accuracy.

During the PHMSA field inspection, PHMSA discussed the documented annual readings with NNG and NNG’s personnel confirmed that they were not recording the comparison of the manual reading to the RMU reading, contrary to its O&M Procedure 40.203 and the requirements of § 192.605(a).

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.

NNG failed to follow for each pipeline its manual of written procedures for conducting operations and maintenance activities, per the requirements of § 192.605(a). Specifically, NNG failed to follow its O&M 160.101, entitled "Valve Maintenance," section 5, which required testing of each valve and documentation of the valve open/close as-found and as-left settings. PHMSA reviewed the valve maintenance records for 2020 through 2023 calendar years and found that NNG failed to document the mode for which each valve was tested (e.g., manual or motor operated) and the as-found and as-left settings were frequently not documented. This was for all locations across NNG’s system.

3. § 192.709 Transmission lines: Record Keeping.

(a)

(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

NNG failed to retain records indicating the leakage survey methods used to survey Class 3 locations, per § 192.709(c). As required by § 192.706(a) of Subpart M, each operator should conduct leakage surveys in Class 3 locations using leak detector equipment. NNG did conduct the leakage surveys; however NNG’s records did not indicate the type or model of leak detection

equipment used during the leakage surveys at its Beatrice, Palmyra, and South Omaha pipeline segments for calendar years 2020, 2021, 2022, and 2023.¹

While NNG did not record the type of equipment used in its leakage survey records, PHMSA observed the leak detector equipment being used in the field and determined that NNG was utilizing the appropriate equipment.

4. § 192.745 Valve maintenance: Transmission lines.

(a)

(b) Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.

NNG failed to take prompt remedial action to correct a valve found inoperable, per the requirements of § 192.745(b). Specifically, PHMSA reviewed NNG's valve inspection records. From this review, PHMSA found that NNG determined the 6" Schuyler Branchline Block Valve AYA08 at milepost 33.52 in the Beatrice Unit to be inoperable after multiple attempts in March 2022. NNG also failed to designate an alternative valve. NNG's tracking system (EATS) showed that project number 94181 was created to address repair of the valve, however, NNG did not perform the repair and no alternate valve was identified. NNG only visually inspected the valve in May 2022 and May 2023.

PHMSA notified NNG during the inspection of the failure to designate an alternate valve. Upon being notified, NNG designated alternate valves on December 14, 2023, and updated the comments on its EATS 94181.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 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 violation 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

¹ See Operations & Maintenance Enforcement Guidance, Part 192 Subparts L and M, PHMSA, at 100, <https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/regulatory-compliance/pipeline/enforcement/5776/o-m-enforcement-guidance-part-192-7-21-2017.pdf> (stating that records should indicate the type/model of any leak detection equipment used).

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.

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 correct the items identified in this letter. Failure to do so will result in NNG being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2024-068-WL**. Be advised that all material you submit in response to this enforcement action is subject to being 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).

Sincerely,

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

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