Midstream Pipeline Safety
525 Milam St.
Shreveport, Louisiana 71101

September 18, 2013

R. M. Seeley, Director Southwest Region
PHMSA Pipeline Safety
8701 S. Gessner Dr.
Suite 1110
Houston, TX 77074
713-272-2859

Re: Response of EGT/MRT
CPF 4-2013-1010

Dear Mr. Seeley,

This letter, along with the attachments to this letter, constitutes the response of Enable Gas Transmission, LLC ("EGT") and Enable Mississippi River Transmission, LLC ("MRT") (collectively, the "EGT/MRT")[1] to the Notice of Proposed Violation ("NOPV), Proposed Civil Penalty, and Proposed Compliance Order (collectively, the "Notice") issued by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") on June 17, 2013, in Docket No. CPF 4-2013-1010. On July 17, 2013, EGT/MRT submitted a letter notifying PHMSA that they would be contesting some of the items included in the Notice. EGT/MRT requested a 60-day extension of time (to September 18, 2013) to submit their response to the Notice. In a letter dated July 25, 2013, PHMSA granted the EGT/MRT's request for an extension of time to respond.

Introduction and Overview

On multiple occasions between January 30, 2012, and October 19, 2012, representatives of PHMSA's Office of Pipeline Safety ("OPS") conducted an onsite inspection in Shreveport, Louisiana of EGT/MRT's procedures and records addressing Operations and Maintenance, Integrity Management, Emergency Response, Operator Qualification, and Construction Specifications. Following the inspection, on July 17, 2013, PHMSA issued a Notice of Amendment ("NOA") and the Notice.

EGT/MRT did not contest the NOA. On August 19, 2013, EGT/MRT complied with the NOA by submitting to PHMSA a letter enclosing copies of EGT/MRT's procedures and explaining how those procedures had been revised to address the matters identified in the NOA.

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1 Effective July 30, 2013, CenterPoint Energy – Mississippi River Transmission, LLC changed its name to Enable Mississippi River Transmission, LLC and CenterPoint Energy Gas Transmission Company, LLC changed its name to Enable Gas Transmission, LLC. On August 30, 2013, EGT/MRT notified PHMSA of this name change pursuant to 49 C.F.R. § 191.22(c)(2). By separate letter to Mr. Seeley today, EGT/MRT are submitting Attachments 3-2, 3-3, 5-1, 7-1, 7-2, and 7-4 on a confidential basis, and are requesting confidential treatment for those attachments.

In the Notice, PHMSA issued ten NOPVs to EGT/MRT, along with associated Warnings, Proposed Civil Penalties, and Proposed Compliance Orders. The following chart summarizes the position of EGT/MRT with respect to each of the ten NOPVs:

NOPV Item	PHMSA Action	EGT/MRT Response
1	NOPV and Warning	Not contesting.
2	NOPV and Warning	Not contesting.
3	NOPV and Proposed Civil Penalty of $8,100	Contesting the NOPV and the Proposed Civil Penalty.
4	NOPV and Proposed Compliance Order	Contesting the NOPV and the Proposed Compliance Order.
5	NOPV and Warning	Contesting the NOPV and the Warning.
6	NOPV and Proposed Compliance Order	Contesting the NOPV.
7	NOPV, Proposed Civil Penalty of $60,900, and Proposed Compliance Order	Contesting the NOPV and the Proposed Civil Penalty.
8	NOPV and Proposed Civil Penalty of $27,000	Not contesting.
9	NOPV and Warning	Not contesting.
10	NOPV, Proposed Civil Penalty of $41,200, and Proposed Compliance Order	Not contesting.

Response

NOPV Item 3 – PHMSA's Findings

3. §191.17 Transmission systems, gathering systems, and liquefied natural gas facilities.
Annual report.
(a) Transmission or Gathering. Each operator of a transmission or a gathering pipeline system must submit an annual report for that system on DOT Form PHMSA 7100.2.1. This report must be submitted each year, not later than March 15, for the preceding calendar year, except that for the 2010 reporting year the report must be submitted by June 15, 2011.

CEGT failed to submit annual reports for the years 2007-2010 that included its entire pipeline system by omitting to report bare unprotected steel pipe for OPID 602.[1]

[1] OPID 602 consists of approximately 6140 miles of pipeline located in the following states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas.

The 2008, 2009 and 2010 Annual Reports (AR, LA, and OK) for OPID 602 omitted all quantities of Bare 'Unprotected' steel pipe. The 2007 Annual Report (LA) for OPID 602 listed a quantity of 3 miles of Bare 'Unprotected' steel pipe.

During its inspection, PHMSA reviewed the 2011 Annual Report confirming that there was actually 22.3 miles of Bare 'Unprotected' steel pipe. The quantities are as follows: 16.63 miles (Line 9 in the Western Region-OK); 0.3 miles (Line FT-3 in Southern Region-LA); and 5.35 miles (Line KM-26 in Southern Region-AR). CEGT personnel said that they had been unaware that the pipeline mileage had been omitted until it conducted a verification of its pipeline data in accordance with Advisory Bulletin ADB-12-06.

NOPV Item 3 – EGT/MRT's Response

EGT/MRT believe that this matter should be addressed through a Warning or an NOA, and that the Proposed Civil Penalty should be withdrawn or substantially reduced. The NOPV states that EGT/MRT failed to submit annual reports for the years 2007-2010 "that included its entire pipeline system" by "omitting" 22.3 miles of Bare "'Unprotected'" steel pipe. In fact, those reports did not "omit" the 22.3 miles of pipe at issue. Rather, the annual reports for the years 2007-2010 include the 22.3 miles of pipe addressed in NOPV Item 3, but had inadvertently categorized these 22.3 miles of pipe as either Bare "Protected" or Coated "Protected" pipe rather than as Bare "Unprotected" pipe. See Attachment 3-1 (excerpt from 2010 Annual

Report). As can be seen in Attachment 3-1, the total mileage of Bare protected pipe reported totaled 317.01 miles. This mileage was determined based upon current records available as of December 31, 2010. EGT/MRT operates three segments of pipe as Bare Unprotected pipe. These segments include 16.63 miles of Line 9, 0.3 miles of line FT-3, and 5.35 miles of line KM-26. The segments of line 9 and FT-3 were reported in 2007-2010 as Bare "Protected" pipe as can be seen in Attachment 3-2. Line KM-26 is a coated pipe, however, because "the cathodic protection current requirements are substantially the same as if it were bare," it is considered by EGT/MRT to be bare under Section 192.457(a) of PHMSA's regulations. The 5.35 miles of line KM-26 that are considered as Bare "Unprotected" pipe were reported in 2007-2010 as Coated "Protected" pipe and are included in the 5,828.77 miles of pipe reported as Coated "Protected" pipe. *See* Attachment 3-3. Upon discovering that the 22.3 miles of pipe had not been listed under the correct category, EGT/MRT corrected the error and corrected their next annual report.

EGT/MRT believe that they fully complied with the annual reporting requirement of 49 C.F.R. § 191.17. EGT/MRT exercised reasonable diligence in preparing the annual reports, and EGT/MRT submitted the 2007-2010 annual reports based on information that they in good faith believed to be accurate. Upon discovering that the 22.3 miles of pipe had not been listed under the correct category, EGT/MRT corrected the error and corrected their next annual report. In this situation, PHMSA should not impose a Civil Penalty because PHMSA should not treat every data error as a violation of its regulations.

Moreover, imposing a Civil Penalty here sends the wrong signal to pipeline operators. Pipeline operators should be encouraged to review records to verify and correct them. Such a records verification review enhances pipeline safety. Pipelines operators should not be fined for proactively taking steps to ensure the accuracy of their records, and then reporting on the basis of such corrected information.

NOPV Item 4 – PHMSA's Findings

4. § 192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

49 CFR Part 192 Appendix D:

I. Criteria for cathodic protection—

A. Steel, cast iron, and ductile iron structures.

(1) A negative (cathodic) voltage of at least 0.85 volt, with reference to a saturated copper-copper sulfate half-cell. Determination of this voltage must be made with the protective current applied, and in accordance with sections II and IV of this appendix.

(2) A negative (cathodic) voltage shift of at least 300 millivolts. Determination of this voltage shift must be made with the protective current applied, and in accordance with sections II and IV of this appendix. This criterion of voltage shift applies to structures not in contact with metals of different anodic potentials.

(3) A minimum negative (cathodic) polarization voltage shift of 100 millivolts. This polarization voltage shift must be determined in accordance with sections III and IV of this appendix.

(4) A voltage at least as negative (cathodic) as that originally established at the beginning of the Tafel segment of the E-log-I curve. This voltage must be measured in accordance with section IV of this appendix.

(5) A net protective current from the electrolyte into the structure surface as measured by an earth current technique applied at predetermined current discharge (anodic) points of the structure.

II. Interpretation of voltage measurement. Voltage (IR) drops other than those across the structure-electrolyte boundary must be considered for valid interpretation of the voltage measurement in paragraphs A(1) and (2) and paragraph B(1) of section I of this appendix.

III. Determination of polarization voltage shift. The polarization voltage shift must be determined by interrupting the protective current and measuring the polarization decay. When the current is initially interrupted, an immediate voltage shift occurs. The voltage reading after the immediate shift must be used as the base reading from which to measure polarization decay in paragraphs A(3), B(2), and C of section I of this appendix.

CEGT is utilizing the Appendix D(I)(A)(1) criteria of a negative (cathodic) voltage of at least 0.85 volts (-850 mV) but fails to fully consider IR drop as required under section II of the Appendix for a valid interpretation of the voltage measurement.

CEGT's *Corrosion Control Program Procedure* PS-03-02-210 *Cathodic Protection Criteria* section 2.2 states:

> *"Where P/S potentials below -0.900 volts (current applied) are measured, further evaluation is required.*"

Where CEGT utilizes the Appendix D section (I)(A)(1) criteria of -850 mV, CEGT personnel acknowledged that IR drop was not considered if the read is more negative than -900 mV. CEGT's practice is to add an additional -50 mV to the -850 mV criteria and look for a minimum of -900 mV criteria. However, this approach of assuming an IR drop of 0.50 V everywhere along the system fails to account for areas where IR drop exceeds 50 mV. CEGT could not demonstrate that the IR drop was limited to .50 V along their pipeline system. In fact records show that in some areas the IR drop exceeded 50 mV. Therefore, CEGT's use of a 50 mV buffer and only taking action when 'On' potentials are more positive than -900 mV does not give a valid interpretation of the voltage measurement that would meet the applicable requirement.

In addition, CEGT's *Corrosion Control Program* Procedure PS-03-02-400 C*athodic Protection: CenterPoint Energy Midstream Operation's Use Of -0.85 Volt Criteria and IR Drop* was not referenced by PS-03-02-210, the functional procedure for executing cathodic protection electrical checks.

NOPV Item 4 – EGT/MRT's Response

EGT/MRT believe that their procedures comply with Section 192.463 of PHMSA's regulations, and that PHMSA should withdraw its proposed finding of a violation. However, even though EGT/MRT disagree with some of NOPV Item 4's statements about EGT/MRT's current procedures, they agree that the amendments to their procedures specified in Proposed Compliance Order 1 constitute a reasonable enhancement to EGT/MRT's cathodic protection practices. For that reason, as discussed in more detail below, EGT/MRT will be implementing changes to their procedures, and taking certain related actions, that they believe fully comply with Proposed Compliance Order 1. EGT/MRT request that PHMSA either (i) treat NOPV Item 4 as an NOA item and find that EGT/MRT have appropriately amended their procedures, or (ii) find that the action items described below fully comply with Proposed Compliance Order 1.

PHMSA Previously Accepted the Relevant Procedure as Adequate

Section 192.463 requires that a pipeline must provide a level of cathodic protection that complies with the applicable criteria of Part 192 Appendix D. At issue here is Section I.A.(1) of Appendix D, which requires a negative (cathodic) voltage of at least 0.85 volts. In order to

establish a valid interpretation of voltage measurements, "voltage (IR) drops . . . must be considered[.]"

At the time of the audit, EGT/MRT's *Corrosion Control Program Procedure* PS-03-02-210 *Cathodic Protection Criteria* complied with Section I.A.(1) of Appendix D by considering voltage (IR) drops. EGT/MRT are confident that Procedure PS-03-02-210 complies with Section I.A.(1) of Appendix D because PHMSA confirmed that this procedure was adequate in a letter to EGT/MRT dated May 3, 2007, in Docket No. CPF 4-2006-1015M. In that matter, PHMSA issued an NOA on October 26, 2006, that, among other subjects, addressed Section 192.463 of PHMSA's regulations as applied to Procedure PS-03-02-210. *See* Attachment 4-1. The NOA identified the following inadequacy:

> Centerpoint Procedure PS-03-02-210 section 2.2-0.850 Volts Pipe-to-Soil (P/S) Criteria states that if the potentials fall below 0.900 volts, voltage (IR) drops shall be considered per section 2.6. The procedure needs to take IR drop into consideration for -850mV criterion regardless of potential measured.

To comply with the NOA, EGT/MRT submitted a letter to PHMSA on December 20, 2006. *See* Attachment 4-2. That letter explained that EGT/MRT had changed Procedure PS-03-02-210 Section 2.2-0.850 Volts Pipe-to-Soil (P/S) Criteria to state the following:

> *"Voltage (IR) drops shall be considered per section 2.6. below.*
>
> *Where P/S potentials below -0.900 volts (current applied) are measured, further evaluation is required as follows:*
>
> - *Perform test to confirm proper operation of cathodic protection systems*
> - *Consider use of current interruption test methods*
> - *Consider adjustments for cathodic protection systems."*

On May 3, 2007, PHMSA sent EGT/MRT a letter stating that PHMSA staff had reviewed the amended procedures submitted on December 20, 2006, "and it appears that the inadequacies outlined in this [NOA] have been corrected." *See* Attachment 4-3.

Where the pipeline procedure has already been audited and PHMSA confirms that the procedure, as amended, is adequate, then PHMSA should not find that the same procedure now "violates" the regulations. If PHMSA has changed the way it evaluates compliance with Section 192.463 of PHMSA's regulations, then PHMSA should either take no action, or should act only through issuing a Warning or an NOA. Here, because PHMSA found that the inadequacy identified with respect to EGT/MRT's Procedure PS-03-02-210 had been corrected through the amendment submitted to PHMSA on December 20, 2006, EGT/MRT believe that, at the time of the audit, Procedure PS-03-02-210 reasonably and adequately complied with Section 192.463 of PHMSA's regulations.

At the Time of Audit, Procedure PS-03-02-210 Complied with Section 192.463

Procedure PS-03-02-210 adequately complied with Section 192.463 of PHMSA's regulations in 2007 and remained in compliance at the time of this 2012 audit. However, NOPV Item 4 states that EGT/MRT "fails to fully consider IR drop as required under section II of the Appendix for a valid interpretation of the voltage measurement." There is no basis for this conclusion.

At issue is Section I.A.(1) and Section II of Appendix D, which require a negative (cathodic) voltage of at least 0.85 volts. In order to establish a valid interpretation of voltage measurements, voltage (IR) drops "must be considered." Because Section II of Appendix D does not specify the method or procedure for considering IR drop, the regulations require the pipeline operator to develop and document a process for how IR drop will be considered. As explained above, Procedure PS-03-02-210 "considers" IR drop. *See* Attachment 4-4 (Procedure PS-03-02-210, as presented during the audit). Section 192.463 of PHMSA's regulations requires nothing more. Moreover, EGT/MRT further consider voltage (IR) drop by applying Procedure PS-03-02-400 C*athodic Protection: CenterPoint Energy Midstream*

Operation's Use Of -0.85 Volt Criteria and IR Drop. *See* Attachment 4-5 (Procedure PS-03-02-400, as presented during the audit).

According to these EGT/MRT procedures, EGT/MRT undertake further evaluation of a pipe-to-soil voltage measurement if the voltage is -0.900 mV or less (in the sense of being less negative). Pipe-to-soil voltage measurements higher than -0.900 mV (in the sense if being more negative) are not evaluated further. This procedure takes IR drops into consideration because the -0.900 mV trigger accounts for an IR drop of -0.50 mV, as compared to the -0.850 benchmark used in Section I.A.(1) of Appendix D. This approach does not violate Section 192.463 of PHMSA's regulations.

Because the regulations require only that a pipeline operator "consider" IR drop, without specifying a standard for determining whether a particular way of considering IR drop is valid, it appears that PHMSA in this audit is requiring that EGT/MRT satisfy a standard that is not stated in the regulations or Section II of Appendix D. For example, NOPV Item 4 states that EGT/MRT's "use of a 50 mV buffer and only taking action when 'On' potentials are more positive than -900 mV does not give a valid interpretation of the voltage measurement that would meet the applicable requirement." This conclusion is not based on Section 192.463 of PHMSA's regulations. Instead, the standard applied by PHMSA during the audit appears to be NACE Standard SP0169. As part of the audit, PHMSA's representatives shared a copy of a guidance document they used during the audit entitled "Export Questions for the Integrated Inspection." Question 16 of that guidance document stated:

> Note: Under NACE SP0169 consideration is understood to mean the application of sound engineering practice in determining the significance of voltage (IR) drops by methods such as:
>
> a. Measuring or calculating the voltage drop(s)
>
> b. Reviewing the historical performance of the cathodic protection system.

c. Evaluating the physical and electrical characteristics of the pipe and its environment, and

d. Determining whether or not there is physical evidence of corrosion.

See Attachment 4-6 (Question 16 from "Export Questions – CEGT – Headquarters Phase Inspection," which was included in an April 13, 2012 e-mail from PHMSA to EGT/MRT).

NACE Standard SP0169 has not been incorporated into Section II of Appendix D. If PHMSA applied NACE Standard SP0169 during the audit to determine whether EGT/MRT's "consideration" of IR drop was adequate, then PHMSA imposed requirements beyond what is included in the regulations. A pipeline operator cannot "violate" NACE Standard SP0169 because compliance with that standard is not required by the regulations.

In any event, EGT/MRT's procedures in fact "fully consider" IR drop to establish a valid interpretation of voltage measurements. Indeed, Procedure PS-03-02-210, Sections 2.2 and 2.6 and Procedure PS-03-02-400 establish "sound engineering practice in determining the significance of voltage (IR) drops." Under these procedures, EGT/MRT: (i) measure or calculate voltage drop(s); (ii) review the historical performance of the cathodic protection system; (iii) evaluate the physical and electrical characteristics of the pipe and its environment; and (iv) determine whether or not there is physical evidence of corrosion. Therefore, even under NACE Standard SP0169, EGT/MRT properly consider IR drop to establish a valid interpretation of voltage measurements.

Finally, NOPV Item 4 also states that EGT/MRT's "personnel acknowledged that IR Drop was not considered if the read is more negative than -900 mV." Any such "acknowledgement" is not correct, and should not be the basis for a finding of a violation of PHMSA's regulations. Indeed, to the extent PHMSA is relying on any particular statement or "acknowledgement" from the audit process, PHMSA has either misunderstood the statement by EGT/MRT, or has inadvertently taken the information out of context. As explained above, EGT/MRT's procedure

takes IR drops into consideration because the -0.900 mV trigger accounts for an IR drop of -0.50 mV, as compared to the -0.850 benchmark used in Section I.A.(1) of Appendix D.

Implementation of Proposed Compliance Orders 1 and 5

In Proposed Compliance Order 1, PHMSA requires that EGT/MRT (i) "properly" consider IR drop, (ii) "record the Instant Off Reading to show the IR drop associated with this test point" where the -0.85 V criteria is utilized, and (iii) provide a summary report to PHMSA Southwest Region "detailing areas where IR drop was in excess of 50 mV and any remedial action required by further investigation at these locations as required by 192.463(a)." As discussed above, EGT/MRT's current procedures fully comply with Section II of Appendix D of Part 192. Nevertheless, EGT/MRT believe that amendments to their procedures consistent with Proposed Compliance Order 1 will further enhance EGT/MRT's cathodic protection practices. Therefore, EGT/MRT will amend their procedures according to the following six action items:

1. Amend procedure PS-03-02-210 Cathodic Protection criteria.
    a. Adopt -0.85 V polarized potential measurement and remove the statement "while current is applied." Both the current applied and polarized potential will be recorded to facilitate calculation of IR Drop.
    b. Remove the statement 'Where P/S potentials below -0.90 Volts (applied current) are measured, further evaluation is required.
    c. Section 2.4 – 300 mV voltage shift criteria will be removed.
2. The 100 mV voltage shift methods – Cathodic Polarization criteria will remain in procedure PS-03-02-210. This criterion is observed for some pipeline sections where applicable.
3. Retire and remove procedure PS-03-02-400 'Cathodic Protection: CenterPoint Energy Midstream Operation's Use of -0.85 Volt Criteria and IR Drop.

4. Complete revision of PS-03-02-210 and removal of PS-03-02-400 through the Management of Change ("MOC") process by December 16, 2013.

5. Implement the change to -0.85 volt polarized potential measurement, where the -0.85 volt criteria is utilized, starting January 1, 2014. Schedules for pipeline sections will follow established schedules for regular annual surveys in accordance with 192.465(a). All pipeline section annual surveys will be completed in 2014.

6. In cases where polarized potentials are less than (more positive than) -0.85 volts, for 2014 annual surveys, a summary report will be submitted to PHMSA detailing the area of deficiency and remedial actions required by further investigation.

These six action items constitute a reasonable and prudent method to fully comply with the requirements of Proposed Compliance Order 1. To the extent that PHMSA believes that these six action items differ from Proposed Compliance Order 1, EGT/MRT request that PHMSA modify Proposed Compliance Order 1 to incorporate these six action items.

These six action items depart in one important respect from Proposed Compliance Order 5. Proposed Compliance Order 5 requires completion of Proposed Compliance Order 1 within 45 days following receipt of a Final Order. Attempting to implement these action items throughout the entire pipeline system operated by EGT/MRT within 45 days is impossible, and the effort to meet such a deadline would interfere with other ongoing safety measures and procedures. Therefore, in implementing these action items, EGT/MRT propose, and request that they be permitted, to follow the schedules for regular annual surveys established in accordance with Section 192.465(a) of PHMSA's regulations.

NOPV Item 5 – PHMSA's Findings

5. §192.491 Corrosion control records.
(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of

corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

CEGT failed to maintain records of each test, survey, or inspection required by Subpart I in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist for the Carlisle Team Area for the January 2009 to June 2012 period.

CEGT procedure PS-03-02-001 *Corrosion Control Program* section 2.12 *Corrosion Control Records* states:

> "*The Company will maintain records for a minimum of five years for each analysis, check, demonstration, examination, inspection, investigation, review, survey and test required by this Program in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist.*"

PHMSA reviewed the *'Digout of Buried Pipe'* inspection reports for the Buckley, Chickasha and Carlisle Team Areas dated between January 2009 and June 2012. In the Carlisle Area report, there were 4 specific Work Orders (WO) Nos. 718482, 718484, 718485 and 718486 that contained inaccurate or incomplete information such as whether external inspections were applicable and whether the disposition of each inspection reflected the completion of all field work needed including closed work orders having comments to the effect that the work was still in progress. PHMSA reviewed the raw data driving the reports and verified that it wasn't a data output issue but a failure to complete the documentation accurately.

NOPV Item 5 – EGT/MRT's Response

EGT/MRT request that PHMSA withdraw this proposed violation. EGT/MRT believe that the information reviewed by PHMSA during the audit shows that EGT/MRT complied with Section 192.491 of PHMSA's regulations. During the audit, PHMSA reviewed a report entitled "Pipeline Inspection History." A copy of the relevant pages from this report is attached. *See* Attachment 5-1 (Excerpt from the Pipeline Inspection History report showing the information for Work Orders 718482, 718484, 718485, and 718486). This is a paper version of the report reviewed by PHMSA during the audit. In the "Work Order Remarks" section of this report, the following statement appears in the Work Orders 718482, 718484, 718485, and 718486: "On

hold due to pipe being covered by water, Can't [perform] pipe inspection." This Work Order Remark was not dated on the report, but was included on the report in February 2012.

It appears that PHMSA interpreted this statement to mean either that (i) the inspection remained on hold, or (ii) if the inspection had been subsequently completed, the report failed to record the completion of that inspection. In fact, the Pipeline Inspection History report reviewed during the audit clearly shows that the four "on hold" inspections had been completed. For example, for Work Order 718485, the Pipeline Inspection History report shows that the inspection was conducted on March 29, 2012. *See* Attachment 5-1. The report has 31 data fields. An incomplete or pending report would have included required data fields that remained blank. For example, if an inspection was incomplete, the data field for inspected length could not have been filled in; that data field can be filled in only when the inspection is complete. Attachment 5-1 also shows this same information for the other three Work Orders addressed in NOPV Item 1. Because these reports showed the date that each inspection had been completed, these reports did not violate Section 192.491 of PHMSA's regulations.

NOPV Item 6 – PHMSA's Findings

6. §192.605 Procedural manual for operations, maintenance, and emergencies
(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.
(8) Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.

CEGT has failed to develop procedures that require a periodic effectiveness review and analysis of procedures used during normal operations and maintenance activities. PHMSA reviewed the CEGT O&M Manual, Procedure 102 *General,* section A - *Scope, item* 6 which states:

> *"Operator personnel are encouraged to comment on the adequacy of the procedures found in the manuals as they are used in normal operations. When a procedure is thought to be deficient, operator personnel will inform the Region Director. The Region Director will notify Compliance & Support Services of the deficiency and Compliance &*

Support Services will modify the procedure as required by the Company's Management of Change process."

Encouraging personnel to comment does not meet the regulatory requirement to periodically analyze incident data, near miss data, meetings to discuss the procedures, job safety analysis, etc., to determine effectiveness and document these periodic reviews and their findings on whether the procedures analyzed were adequate or inadequate.

NOPV Item 6 – EGT/MRT's Response

PHMSA should withdraw its proposed finding of a violation of Section 192.605(b)(8) of its regulations. EGT/MRT's existing procedures satisfy Section 192.605(b)(8) because they require the periodic review of work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and they require the modification of such procedures when deficiencies are found. Specifically, Procedure 102 (General), Procedure 200 (Abnormal Operations) and Procedure 600 (Emergency Plan) each requires the review of procedures for effectiveness and adequacy. *See* Attachments 6-1, 6-2, and 6-3.

In any event, EGT/MRT believe that PHMSA should address this issue through an NOA rather than through an NOPV and Proposed Compliance Order because NOPV Item 6 addresses the adequacy of the pipelines' procedures rather than a violation of the pipeline safety regulations. Moreover, EGT/MRT have amended their procedures to satisfy Proposed Compliance Order 2, which should also satisfy any NOA issued on this topic. *See* Attachment 6-4 (Procedure 102 (General), as revised).

NOPV Item 7 – PHMSA's Findings

7. §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 one 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.

§192.915 What knowledge and training must personnel have to carry out an integrity management program?

(a) Supervisory personnel. The integrity management program must provide that each supervisor whose responsibilities relate to the integrity management program possesses and maintains a thorough knowledge of the integrity management program and of the elements for which the supervisor is responsible. The program must provide that any person who qualifies as a supervisor for the integrity management program has appropriate training or experience in the area for which the person is responsible.

(b) Persons who carry out assessments and evaluate assessment results. The integrity management program must provide criteria for the qualification of any person--

(1) Who conducts an integrity assessment allowed under this subpart; or

(2) Who reviews and analyzes the results from an integrity assessment and evaluation; or

(3) Who makes decisions on actions to be taken based on these assessments.

CEGT has failed to follow its established procedures that require Integrity Management Supervisory personnel to complete, as a minimum, the 5 training modules noted in section 2.6 of Procedure PS-03-01-272 IMP Personnel Qualification Requirements.

CEGT identified thirty-five (35) employees within the Integrity Management Program that were required to complete these courses. All 35 of these individuals are responsible for supervision, oversight, analysis and interpretation of ECDA, ICDA, ILI, SCCDA and Other Technology used as assessment methods within the Integrity Management Program. As of 5/21/2012, twenty-five (25) of the thirty-five (35) employees lacked completing one (1) or more of the modules.

NOPV Item 7 – EGT/MRT's Response

In NOPV Item 7, PHMSA concludes that 25 of the 35 relevant employees had not completed one or more of five required training modules. This conclusion overstates the number of employees that had not completed one or more of the five required training modules. In fact, the evidence presented during the audit shows that only 16 employees (rather than 25 employees) had not completed one or more of the five training modules.

The reduction from 25 employees to 16 employees is due primarily to the fact that one of the training modules, identified by its course number 8000IMP, was tracked under two course numbers (8000IMP and 8000IMP-E). On the chart that EGT/MRT used to track course completion, which PHMSA reviewed during the audit, *see* Attachment 7-1, the two course

numbers were listed separately, so that it looked like many employees had failed to compete either the 8000IMP course or the 8000IMP-E course. In fact, the two courses were identical. Therefore, an employee that was listed as taking one of these courses but missing the other, was not, in fact, missing a course. Course 8000IMP and course 8000IMP-E are properly considered a single training requirement.

When Course 8000IMP and course 8000IMP-E are considered a single training requirement, the number of employees that had not completed one or more of the five training modules drops from 25 to 16. *See* Attachment 7-2, which is chart showing that only 16 employees had not completed one or more of the five training modules. Thus, although PHMSA believed that only 10 of 35 employees had taken all five training modules, in fact 19 of the 35 employees had taken all five training modules. Because almost twice as many employees were trained on all five training modules as PHMSA believed at the time it developed its Proposed Civil Penalty, EGT/MRT request that PHMSA reduce the Proposed Civil Penalty by 50 percent to $30,000.

To more clearly define these training requirements, EGT/MRT have amended Procedure PS-03-01-272 to clarify that "Any orientation courses required by Table 1 should be completed within one year of the employee's date of hire." Table 1 was revised to specify more precisely which employees must take the orientation courses. These changes are included as Attachment 7-3. In addition, course 8000IMP-E and course 8000IMP were consolidated into a single listed course, and only the 8000IMP course remains. All employees subject to the amended training requirements have now taken all of the required courses. *See* Attachment 7-4 (showing that course 8000IMP-E is no longer listed as a required course, and showing employee completion of the required courses).

Conclusion

EGT/MRT have always stressed, and will continue to stress, the importance of pipeline safety. Our actions specified in this letter show our commitment to addressing safety issues. We are continually working to improve the effectiveness of our Pipeline Safety Program.

Please contact me if you have any questions regarding this response.

Sincerely,

Chris Bullock
Director DOT Compliance

Enclosures – 8 documents
CC:
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