



May 15, 2019

Robert Hawkins, Assistant Commissioner, Minnesota Department of Public Safety
Bruce West, State Fire Marshall/Director of the Office of Pipeline Safety
445 Cedar Street, Suite 147
St. Paul, Minnesota 55101-2156

Re: Response to Case 20170004-3

Dear Mr. Hawkins and Mr. West:

CenterPoint Energy submits the following response to MNOPS case No 20170004-3 (latest version of NPV cited for reference) concerning:

Item # 1:

Notice of Probable Violation (NPV)

192.13 (c) 192.703 (a) – General §192.13 (c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part. §192.703 (a) No person may operate a segment of pipeline, unless it is maintained in accordance with this subpart.

Evidence:

CenterPoint Energy failed to have adequate procedures to ensure that no person may operate a segment of pipeline, unless it is maintained in accordance with Subpart M, as required by §192.703.

CenterPoint Energy contracted Master Mechanical to perform a portion of the work associated with a meter relocation project at Minnehaha Academy. On August 2, 2017, Master Mechanical dismantled jurisdictional piping under full line pressure within the basement of the building causing a release of natural gas and subsequent explosion. The explosion caused two fatalities, nine injuries and significant property damage.

A number of walk-throughs of the project were done which included CenterPoint, Master Mechanical, and Minnehaha Academy (in February 2017, July 2017 and on August 1, 2017). CenterPoint Energy did not provide documentation or records describing adequate steps to be taken to ensure that the contractor would not operate, dismantle, or construct jurisdictional piping.

Proposed Compliance Order:

CenterPoint Energy shall revise and update its plans, procedures and programs regarding moving meters to include coordination between individuals working on customer piping and those working on CenterPoint Energy's jurisdictional piping and equipment. These revisions shall include provisions to ensure the following are conducted and documented:

1. Only trained and qualified individuals, including contractors and/or subcontractors of CenterPoint Energy shall make any changes or adjustments to CenterPoint assets. Include provisions regarding the communication of this requirement.
2. Individuals working on customer piping understand the delineation between customer-owned piping and CenterPoint Energy-owned piping and what they are allowed to perform on each.



3. Piping within structures is properly and safely purged of gas.
4. Individuals working on customer piping understand the project schedule, safe practices, safety back up plan, what to do if they encounter abnormal operating conditions, and what to do in emergencies.

The items noted in the CenterPoint Energy response provide partial detail in working towards resolution of the violation and associated compliance order. CenterPoint Energy has provided MNOPS with procedural changes, process changes, as well as training documentation in responses dated April 20, 2018 and June 11, 2018.

CenterPoint Energy shall review its responses and the terms of the compliance order and work towards resolution of the open item. Outstanding items should be provided to MNOPS within 30 days of receipt of this letter.

***Revised Proposed Penalty Amount: \$75,000**

CenterPoint Energy Response:

While CenterPoint Energy disagrees with the NPV, as set forth in its responses dated December 28, 2017, January 29, 2018, and December 20, 2018, CenterPoint Energy chooses option 1 and agrees to the proposed compliance order.

CenterPoint Energy chooses option 1 and agrees to payment of the civil penalty.

Response documents which address all issues noted within NPV and agreed upon by both parties are attached.

Item # 2:

Notice of Probable Violation (NPV)

191.9 - REGULATORY REPORTING PERFORMANCE AND RECORDS

§191.9 Distribution system: Incident report.

(a) Except as provided in paragraph (c) of this section, each operator of a distribution pipeline system shall submit Department of Transportation Form RSPA F 7100.1 as soon as practicable but not more than 30 days after detection of an incident required to be reported under §191.5.

(b) When additional relevant information is obtained after the report is submitted under paragraph (a) of this section, the operator shall make supplementary reports as deemed necessary with a clear reference by date and subject to the original report.

(c) Master meter operators are not required to submit an incident report as required by this section.

Evidence:

CenterPoint Energy did not file form RSPA F 7100.1 by thirty days following the Minnehaha Academy explosion.

Proposed Compliance Order:

Pipeline Safety regulations require submittal of a written accident report. The submittal process allows for pipeline operators to provide supplemental reports as information becomes available during an investigation. CenterPoint Energy did not provide the written report within the 30 day requirement. CenterPoint Energy did not take steps to coordinate a submittal with the NTSB until after the 30-day deadline had past.



CenterPoint Energy shall amend its procedures as noted in the compliance order above, providing MNOPS with a copy of the procedures within 30 days of receipt of this letter.
Revised Proposed Penalty Amount: \$0.00 - This penalty amount has been rescinded

CenterPoint Energy Response:

CenterPoint Energy chooses option 1 and agrees to the proposed compliance order.

CenterPoint Energy has procedures that are included in the Duty Supervisor Workbook (see below) that provide instructions on when to provide notification which will commence preparation of RSPA F 7100.1 reports for reportable incidents.

[REDACTED]

MNOPS **requires** telephonic **notification within one (1) hour** following discovery of an incident that leads to any of the following:

1. **Has there been** a release of gas from a pipeline, a release of liquefied natural gas, or a release of gas from an LNG facility that results in one or more of the following consequences:
 - A. A death or personal injury (requiring in-patient hospitalization)?
 - B. Estimated property damage of \$50,000 or more, including loss to the operator and others or both, but excluding the cost of gas lost?
 - C. Unintentional estimated gas loss of three million cubic feet or more?

OR

2. **Has there been** an event that results in an emergency shutdown of an LNG facility?

OR

3. **Has there been** an event that is significant, in the judgment of the operator, even though it did not meet the criteria listed above?

OR

4. **Has there been** a pipeline related event where the following has happened:
 - A. Evacuation of 10 or more people?
 - B. Evacuated a school, hospital or health care facility?
 - C. Rerouted traffic or closed a highway by public emergency responders?
 - D. 50 or more customers to be without gas?
 - E. Any media attention?
 - F. Unintentional fire or explosion?

If any of the above occur, MNOPS **REQUIRES** telephonic notification of the incident.
MNOPS Contact Phone Number [REDACTED]

[REDACTED]

Federal OPS **requires** telephone **notification within one (1) hour** following discovery of an incident that leads to any of the following:

1. **Has there been** a release of gas from a pipeline, a release of liquefied natural gas, or a release of gas from an LNG facility that results in one or more of the following consequences:
 - A. A death or personal injury (requiring in-patient hospitalization)?
 - B. Estimated property damage of \$50,000 or more, including loss to the operator and others or both, but excluding cost of gas lost?
 - C. Unintentional estimated gas loss of three million cubic feet or more?

OR

2. **Has there been** an event that results in an emergency shutdown of an LNG facility?

OR

3. **Has there been** an event that is significant, in the judgment of the operator, even though it did not meet the criteria listed above?

If any of the above, FedOPS **REQUIRES** telephonic notification of the incident.
Federal OPS Contact Phone Number [REDACTED]

ALSO REQUIRES A 48 HOUR UPDATE once notification has been made.

If the call to the Federal OPS is made after hours, be sure to **get a report number** and have any comments that you want added to the report read back to you.



Item # 3:

Warning Letter (WL)

192.605(b) 192.727(d) -Abandonment or deactivation of facilities.

§192.605(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.

§ 192. 727 Abandonment or deactivation of facilities.

(d) Whenever service to a customer is discontinued, one of the following must be complied with:

(1) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.

(2) A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.

(3) The customer's piping must be physically disconnected from the gas supply and the open pipe ends sealed.

Evidence:

CenterPoint Energy does not have adequate procedures to ensure proper pipeline abandonment or deactivation. CenterPoint Energy Operations and Maintenance Manual, Section XXV-C-1 does not provide sufficient specificity to outline steps and processes to accomplish abandonment or deactivation of facilities.

Proposed Compliance Order:

CenterPoint Energy shall revise its procedures associated with the pipeline abandonment or deactivation. The revised procedures shall include provisions to ensure procedures are followed and coordinated with contractors as necessary.

CenterPoint Energy shall review all distribution valves in its system and designate the valves necessary for the safe operation when conducting deactivation per 192.727(d). CenterPoint Energy shall initiate maintenance as required by applicable regulations. CenterPoint Energy shall revise its procedures in coordination with this review.

Procedural modifications should be completed within 60 days of this Notice.

CenterPoint Energy Response:

CenterPoint Energy chooses option 1 and agrees to the proposed compliance order.

CenterPoint Energy began a valve assessment project in 2012 with a goal of identifying existing valves on gas main. Where appropriate they are accessed, and equipment maintenance plans (EMP) are added. Of the 14,000+ valves identified 1,742 were viewed as potential "key valves". Since 2012, maintenance plans have been added to 586 existing valves and 2,601 new valves have been installed.



Below is a table quantifying the results of our valve assessment project.

	EMP Not Needed	EMP Not Possible	SAP EMP Pending	SAP EMP Added	Valves Abandoned	Total
2012				5		5
2013	5			90	3	98
2014	16			89	27	132
2015	19			193	138	350
2016	31	1		12	89	133
2017	7		1	10	81	99
2018	4		2	20	50	76
2019	1	1	3	167	1	173
Field verification needed - pending engineering review						2
Valve inaccessible - pending engineering review						612
Valve inoperable - pending engineering review						1
Needs SAP number - non-DD - SAP number pending						3
Needs SAP number - on DD - SAP number pending						14
Needs SAP number - on DD BOV - SAP number pending						10
Proposed abandoned - EMP not needed						34
Grand Total						1742

CenterPoint Energy is in the process of amending its abandonment procedures to include.

“If (a) convenience valve(s) on a main is/are used to abandon a single service line, the valve(s) must be maintained before service line abandonment work begins.”

The change has not yet been completed but will be within the 60-day timeframe.

As always, CenterPoint Energy is committed to public safety.

Sincerely,

Dean Headlee
 Manager, Pipeline Safety and Compliance

Cc: Brad Tutunjian, Tom Olinger, John Wiinamaki, Gina Swanson, Judy Liu, Christe Singleton