Indiana Department of Labor
Indiana Occupational Safety and Health Administration
402 West Washington Street
Room W195
Indianapolis, IN 46204-2751
Phone: 317/232-1979 Fax: 317/233-8509

Certified mail #7003 1010 0003 5731 8568 8-3-11 JS

Safety Order and Notification of Penalty

To:

NIPSCO RM Schahfer Generating Station,
and its successors
2723 East 1500 North
Wheatfield, IN 46392

Inspection Site:

2723 East 1500 North
Wheatfield, IN 46392

Inspection Number: 315048132

Inspection Date(s): 04/05/2011 - 07/05/2011

Issuance Date: 08/03/2011

The violation(s) described in this Safety Order and Notification of Penalty is (are) alleged to have occurred on or about the day(s) the inspection was made unless otherwise indicated within the description given below.

An inspection of your place of employment has revealed conditions which we believe do not comply with the provisions of the Indiana Occupational Safety and Health Act (Indiana Code Chapter 22-8-1.1) or the standards or rules adopted thereunder. Accordingly, enclosed please find safety order(s) and notification(s) of penalty describing such violation(s) with references to applicable standards, rules, or provisions of the statute and stating the amount of any penalty(ies).

Informal Conference - Please be advised that it may be possible to informally settle any potential dispute without initiating the more elaborate proceedings brought on by a petition for review. Prior to filing a petition for review, you may request an informal conference concerning any of the results of the inspection (safety orders, penalties, abatement dates, etc.) by contacting the Indiana Department of Labor/IOSHA, preferably by telephone, in a prompt manner. Please be advised that a request for an informal conference cannot extend the fifteen working day period for filing a petition for review. Informal conferences frequently resolve any possible disputes, and therefore you are urged to take advantage of this opportunity. Because of the limited time period and in order to facilitate scheduling, any requests for an informal conference should be made promptly upon your receipt of the safety order(s) and notification(s) of penalty.

Right to Contest - You are hereby also notified that you are entitled to seek administrative review of the safety order(s), penalty(ies), or both by filing a written petition for review at the above address postmarked within fifteen working days of your receipt of the safety order(s) and notification(s) of penalty. ("Working days" means Mondays through Fridays, but does not include Saturdays, Sundays, legal holidays under a state statute or days

on which the Indiana Department of Labor's offices are closed during regular business hours). If you do not file such a petition for review (contest), the safety order(s) and penalty(ies) shall be deemed final orders of the Board of Safety Review and not subject to review by any court or agency. The issuance of a safety order does not constitute a finding that a violation has occurred unless no petition for review is filed, or if a petition for review (contest) is filed, it must contain a statement of its basis and should reference the above inspection number. Upon receipt of your petition for review, we will affirm, amend or dismiss the safety order(s) and notification(s) of penalty. If we affirm, your petition for review will be granted (unless it was not timely) and the dispute will be certified by the Board of Safety Review for further proceedings. The Board of Safety Review is an independent agency appointed by the governor with authority to conduct hearings and to issue decisions concerning disputed safety order(s) and notification(s) of penalty. If we amend the safety order(s) or notification(s) of penalty, your petition for review shall be deemed moot. However, you will then be given an opportunity to file a petition for review concerning the amended safety order(s) and notification(s) of penalty.

Please be advised that an employee or representative of employees may file a petition for review to contest the reasonableness of the time stated in the safety order(s) for the abatement of any violation.

Posting - Upon receipt of any safety order(s) you are required to post such safety order(s), or a copy thereof, unedited, at or near each place an alleged violation referred to in the safety order(s) occurred. However, if your operations are such that it is not practicable to post the safety order(s) at or near each place of alleged violation, such safety order(s) shall be posted, unedited, in a prominent place where it will be readily observable by all affected employees. For example, if you are engaged in activities which are physically dispersed, the safety order(s) may be posted at the location from which the employees operate to carry out their activities. You must take steps to ensure that the safety order is not altered, defaced, or covered by other material. Posting shall be until the violation is abated, or for three working days, whichever is longer.

Penalties - Penalties are due within fifteen (15) working days of receipt of this notification unless contested. Abatement does not constitute payment of penalties.

Abatement - The conditions cited in the safety order(s) must be corrected (abated) on or before the date shown for each item on the safety order(s) and notification(s) of penalty unless:

(1) You file a petition for review concerning the violation, in which case the full abatement period shall commence from the issuance of a final decision by the Board of Safety Review or the courts which requires compliance with the safety order; or

(2) The abatement period is extended by the granting of a petition for modification of abatement date.

PMAs - The petition for modification of abatement date is a manner in which you may seek additional time to correct (abate) a violation without having to file a petition for review concerning the safety order, or after the expiration of the time period to file such a petition for review when it becomes apparent that you need extra time to abate the violation. A petition for modification of abatement date shall be in writing and shall include the following information:

(1) All steps you have taken, and the dates of such actions, in an effort to achieve compliance during the prescribed abatement period.

(2) The specific additional abatement time necessary in order to achieve compliance.

(3) The reasons such additional time is necessary, including the unavailability of professional or technical personnel or of materials and equipment, or because necessary construction or alteration of facilities cannot be completed by the original abatement date.

(4) All available interim steps being taken to safeguard employees against the cited hazard during the abatement period.

(5) A certification that a copy of the petition has been posted, and if appropriate, served on the authorized representative of affected employees, and a certification of the date upon which such posting and service was made.

A petition for modification of abatement date shall be filed with the Indiana Department of Labor/IOSHA no later than the close of the next working day following the date on which abatement was originally required. A later-filed petition shall be accompanied by the employer's statement of exceptional circumstances explaining the delay. A copy of such petition shall be posted in a conspicuous place where all affected employees will have notice thereof or near such location where the violation occurred. The petition shall remain posted until the time period for the filing of a petition for review of the Commissioner's granting or denying the petition expires. Where affected employees are represented by an authorized representative, said representative shall be served a copy of such petition.

Notification of Corrective Action - Correction of the alleged violations which have an abatement period of thirty (30) days or less should be reported in writing to us promptly upon correction. A "Letter of Abatement" form and an "Abatement Photographs" worksheet are enclosed for your assistance in providing adequate documentation of abatement. Reports of corrections should show specific corrective action on each alleged violation and the date of such action. On alleged violations with abatement periods of more than thirty (30) days, a written progress report should be submitted, detailing what has been done, what remains to be done, and the time needed to fully abate each such violation. When the alleged violation is fully abated, we should be so advised. Timely correction of an alleged violation does not affect the initial proposed penalty.

Followup Inspections - Please be advised that a followup inspection may be made for the purpose of ascertaining that you have posted the safety order(s) and corrected the alleged violations. Failure to correct an alleged violation may result in additional penalties for each day that the violation has not been corrected.

Employer Discrimination Unlawful - The law prohibits discrimination by an employer against an employee for filing a complaint or for exercising any rights under this Act. An employee who believes that he/she has been discriminated against may file a complaint no later than 30 days after the discrimination occurred with the Indiana Department of Labor/IOSHA at the address shown above.

Notice to Employees - The law gives an employee or his/her representative the opportunity to object to any abatement date set for a violation if he/she believes the date to be unreasonable. The contest must be mailed to the Indiana Department of Labor/IOSHA at the address shown above within fifteen (15) working days (excluding weekends and State holidays) or receipt by the employer of this safety order and penalty.

If you wish additional information, you may direct such requests to us at the address or telephone number stated above.

Indiana Department of Labor
Indiana Occupational Safety and Health Administration

NOTICE TO EMPLOYEES OF INFORMAL CONFERENCE

An informal conference has been scheduled with IOSHA to discuss the safety order(s) issued on 08/03/2011. The conference will be held at the IOSHA office located at 402 West Washington Street, Room W195, Indianapolis, IN 46204 on _____ at _____. Employees and/or representatives of employees have a right to attend an informal conference.

Safety Order 1 Item 1 Type of Violation: **Serious**

29 CFR 1910.146(c)(4): When the employer decided that its employees would enter permit spaces, the employer did not implement a written permit space entry program that complied with 29 CFR 1910.146:

Facility - NIPSCO RM Schahfer Station did not implement a written program that complied with 29 CFR 1910.146 where employees enter permit required confined spaces to perform work including, but not limited to the precipitator, baghouse #14, waterbox and V-14 heater.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Safety Order 1 Item 2 Type of Violation: **Serious**

29 CFR 1910.146(d)(2): Under the permit-required confined space program required by 29 CFR 1910.146(c)(4), the employer did not identify and evaluate the hazards of permit spaces before employees entered:

NIPSCO RM Schahfer Generating Station did not identify and evaluate hazards in permit spaces including, but limited to percipitators, baghouse #14, water boxes, and air heaters.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Safety Order 1 Item 3 Type of Violation: **Serious**

29 CFR 1910.146(d)(3)(i): Under the permit-required confined space program required by 29 CFR 1910.146(c)(4), the employer did not develop and implement the means, procedures, and practices necessary for safe permit space entry operations, including specifying acceptable entry conditions:

Facility - NIPSCO RM Schahfer Station did not specify acceptable entry conditions where employees entered permit required confined spaces such as not limited to precipitator, waterbox, V-14 heater, baghouse 14, absorber.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Safety Order 1 Item 4 Type of Violation: **Serious**

29 CFR 1910.146(d)(3)(iii): Under the permit-required confined space program required by 29 CFR 1910.146(c)(4), the employer did not develop and implement the means, procedures, and practices necessary for safe permit space entry operations, including isolating the permit space:

Facility - NIPSCO RM Schahfer Station did not isolate the permit space where employees entered permit required confined spaces such as not limited to waterbox, and V-14 heater.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Safety Order 1 Item 5 Type of Violation: **Serious**

29 CFR 1910.146(d)(3)(v): Under the permit-required confined space program required by 29 CFR 1910.146(c)(4), the employer did not develop and implement the means, procedures, and practices necessary for safe permit entry operations, including verifying that conditions in the permit space were acceptable for entry throughout the duration of an authorized entry:

Facility - NIPSCO RM Schahfer Station did not verify that conditions are acceptable where employees entered permit required confined spaces such as not limited to waterbox, V-14 heater, absorber coal feeder.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Safety Order 1 Item 6 Type of Violation: **Serious**

29 CFR 1910.146(d)(5)(i): Under the permit-required confined space program required by 29 CFR 1910.146(c)(4), the employer did not evaluate permit space conditions when entry operations were conducted by testing conditions in the permit space to determine if acceptable entry conditions existed before entry was authorized to begin:

Facility - NIPSCO RM Schahfer required air monitoring measurements for gases like ammonia and ozone where the gas detector lacked sensors for measuring those gases and where employees noted measurements of "0" where sensors where absent for such gases. Employee(s) marked "N/A", not applicable or nothing for gases such as ammonia and sulfur dioxide on the entry permit where both the permit and the confined space assessment identified such gases a hazard.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Safety Order 1 Item 7 Type of Violation: **Serious**

29 CFR 1910.146(d)(6): Under the permit-required confined space program required by 29 CFR 1910.146(c)(4), the employer did not provide at least one attendant outside the permit space into which entry was authorized for the duration of entry operations:

Facility: NIPSCO did not provide at least one attendant outside the permit space where employees entered to perform work in permit spaces including but limited to the precipitator, U15 furnace, absorber, bag house 14, V14 heater.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Indiana Department of Labor

Occupational Safety and Health Administration

Inspection Number: 315048132
Inspection Dates: 04/05/2011 - 07/05/2011
Issuance Date: 08/03/2011

Safety Order and Notification of Penalty

Company Name: NIPSCO RM Schahfer Generating Station
Inspection Site: 2723 East 1500 North, Wheatfield, IN 46392

Safety Order 1 Item 8 Type of Violation: **Serious**

29 CFR 1910.146(d)(9): Under the permit-required confined space program required by 29 CFR 1910.146(c)(4), the employer did not develop and implement procedures for summoning rescue and emergency services, for rescuing entrants from permit spaces to rescued employees, and for preventing unauthorized personnel from attempting a rescue:

Facility - NIPSCO RM Schahfer Station did not develop and implement procedures for summoning rescue services where employees entered permit required confined spaces such as not limited to precipitator, waterbox, baghouse 14, V-14 heater, absorber, coal feeder.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Safety Order 1 Item 9 Type of Violation: **Serious**

29 CFR 1910.146(g)(1): The employer did not provide training so that all employees whose work was regulated by 29 CFR 1910.146, Permit-required confined spaces, acquired the understanding, knowledge, and skills necessary for the safe performance of the duties assigned:

Facility NIPSCO RM Schahfer Station did not train employees to acquire the necessary knowledge to safely perform work duties in permit-required spaces such as but not limited to precipitator, water box, bag house #14, and V-14 heater.

Date By Which Violation Must be Abated: **08/29/2011**
Proposed Penalty: **$5,000.00**

Robert A. Kattau
Director, Industrial Compliance

Indiana Department of Labor
Indiana Occupational Safety and Health Administration
402 West Washington Street
Room W195
Indianapolis, IN 46204-2751
Phone: 317/232-1979 Fax: 317/233-8509

INVOICE/DEBT COLLECTION NOTICE

Company Name: NIPSCO RM Schahfer Generating Station
Inspection Site: 2723 East 1500 North, Wheatfield, IN 46392
Issuance Date: 08/03/2011

Summary of Penalties for Inspection Number 315048132

Safety Order 01, Serious	=	$45,000.00
Total Proposed Penalties		$45,000.00

Penalties are due within fifteen (15) working days of receipt of this notification unless contested. Make your check or money order payable to: "Indiana DOL/IOSHA". Please indicate IOSHA's Inspection Number (indicated above) on the remittance.

IOSHA does not agree to any restrictions or conditions or endorsements put on any check or money order for less than full amount due, and will cash the check or money order as if these restrictions, conditions, or endorsements do not exist.

Corrective action, taken by you for each alleged violation should be submitted to this office on or about the abatement dates indicated on the Safety Order and Notification of Penalty.

A work sheet has been provided to assist in providing the required abatement information. A completed copy of this work sheet should be posted at the worksite with the safety order(s).

Robert A. Kattau
Director, Industrial Compliance

8-3-11
Date