

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 20, 2013

Mr. Ryan Coffey
Executive Vice President, Operations
Energy Transfer Partners
800 Sonterra Boulevard, #400
San Antonio, Texas 78258

CPF 3-2013-1015

Dear Mr. Coffey,

On July 10, 2012, 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 inspected records of Energy Transfer Partners' Panhandle Eastern Pipeline Company's (PEPL) Meter & Regulator (M&R) stations and associated pipeline segments in Centertown, Missouri, and Auburn, Illinois.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. **§192.619 Maximum allowable operating pressure - Steel or plastic pipelines.**
 - (a) **No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section.**

PEPL operated the pipeline downstream of the Centertown, Missouri, M&R station and the Auburn, Illinois, M&R station at pressures which exceeded the established Maximum Allowable Operating Pressure (MAOP).

On October 28, 2011, PEPL's working and monitor regulators at Centertown, Missouri's, M&R station malfunctioned allowing the pressure to reach approximately 486 psig, which exceeded the MAOP of 99 psig. The malfunction was caused by moisture left in the upstream pipeline, from a previous hydro-test, getting into the pilot regulator. As a result, the regulator failed to limit the pressure downstream. This pipeline operated above 110 psig for approximately 9 hours.

PEPL operated the Centertown, Missouri, M&R station and piping above the established MAOP, which is a violation of §192.619.

2. §192.619 Maximum allowable operating pressure - Steel or plastic pipelines.

(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section.

On April 6, 2012, PEPL's working and monitor regulators at Auburn, Illinois's, M&R station froze-up resulting in the pressure downstream of the station reaching approximately 550 psig, which exceeded the MAOP of 307 psig. The malfunction was due to moisture in the pipeline, station heaters not operating, and the transfer of the supply to a higher pressure pipeline. The pipeline was operated above its MAOP for approximately 1-½ hours.

PEPL operated the Auburn, Illinois, M&R station and piping above the established MAOP which is a violation of §192.619.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$92,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$46,200
2	\$46,200

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material submitted in response to this enforcement action may be 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 3-2013-1015** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Linda Daugherty
Director, Central
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*