

**APRIL 9, 2014**

Mr. Kelcy L. Warren  
Energy Partners, LP  
3738 Oak Lawn Avenue  
Dallas, TX 75219

**Re: CPF No. 3-2013-1015**

Dear Mr. Warren:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$92,400. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated September 17, 2013. This enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Ms. Linda Daugherty, Director, Central Region, OPS

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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<b>In the Matter of</b>	)	
	)	
<b>Panhandle Eastern Pipe Line Company,</b>	)	<b>CPF No. 3-2013-1015</b>
	)	
<b>Respondent.</b>	)	
_____	)	

**FINAL ORDER**

On July 10, 2012, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the records of Panhandle Eastern Pipe Line Company's (PEPL or Respondent) meter and regulator stations in Centertown, Missouri and Auburn, Illinois. Panhandle Eastern Pipe Line Company, a subsidiary of Energy Partners LP, operates a 6,500-mile pipeline system with access to diverse supply sources and can deliver 2.8 Bcf/d of natural gas to Midwest and East Coast markets.<sup>1</sup>

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated August 20, 2013, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Energy Transfer Partners had violated 49 C.F.R. § 192.619(a) and proposed assessing a civil penalty of \$92,400 for the alleged violations.

PEPL responded to the Notice by letter dated September 17, 2013 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$92,400, as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to close the case with prejudice to Respondent.

**FINDINGS OF VIOLATION**

In its Response, PEPL did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 192.619(a), which states:

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<sup>1</sup> [http://www.panhandleenergy.com/comp\\_pep.asp](http://www.panhandleenergy.com/comp_pep.asp) (last accessed on January 6, 2014)

**§ 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, or the lowest of the following:...

The Notice alleged that Respondent violated 49 C.F.R. § 192.619(a) by operating the pipeline downstream of the Centertown, Missouri M & R station at a pressure that exceeded the established maximum allowable operating pressure (MAOP). Specifically, the Notice alleged that on October 28, 2011, PEPL's working and monitor regulators at the Centertown, Missouri's M & R station malfunctioned, allowing the operating pressure to reach 486 psig, which exceeded the MAOP of 99 psig. Due to moisture in the upstream pipeline, the pilot regulator failed to limit the pressure downstream. As a result, the pipeline operated above 110 psig for approximately 9 hours. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.619(a) by operating the pipeline downstream of Centertown, Missouri and Auburn, Illinois M & R stations at pressures that exceeded the established MAOP.

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 192.619(a), as stated above, by operating the pipeline downstream of the Auburn, Illinois M & R station at a pressure that exceeded the established MAOP. Specifically, the Notice alleged that on April 26, 2012, PEPL's working and monitor regulators at the Auburn, Illinois M & R station malfunctioned, allowing the operating pressure to reach 550 psig, which exceeded the MAOP of 307 psig. As a result, the pipeline operated above its MAOP for approximately 1½ hours. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.619(a) by operating the pipeline downstream of the Auburn, Illinois M & R station at a pressure which exceeded the established MAOP.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

**ASSESSMENT OF PENALTY**

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$92,400 for the violations cited above.

**Item 1:** The Notice proposed a civil penalty of \$46,200 for Respondent's violation of 49 C.F.R. § 192.619(a), for failing to operate the pipeline at a pressure below the established MAOP. PEPL neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$46,200 for violation of 49 C.F.R. § 192.619(a).

**Item 2:** The Notice proposed a civil penalty of \$46,200 for Respondent's violation of 49 C.F.R. § 192.619(a), for failing to operate the pipeline at a pressure below the established MAOP. Energy Transfer Partners neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$46,200 for violation of 49 C.F.R. § 192.619(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$92,400**, which has already been paid in full.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued