

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

April 27, 2021

Eric Amundsen
Senior Vice President of Operations
Energy Transfer, LP
Transwestern Pipeline Company, LLC
1300 Main Street
Houston, Texas 77002

CPF 4-2021-038-NOPV

Dear Mr. Admundsen:

From July 13, 2020 through September 30, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Arizona Corporation Commission (ACC) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Transwestern Pipeline Company, LLC's (Transwestern) natural gas pipeline facilities located in Arizona, California, New Mexico, and Texas.

Based on the inspection, it is alleged that Transwestern has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

Transwestern failed to take prompt remedial action to correct the pipe-to-soil potential deficiencies as noted on their annual pipe-to-soil potential survey records for calendar years 2018, 2019, and 2020 on its WTX 30-inch loop segment.

PHMSA representatives inspected Transwestern’s WTX 30-inch loop segment’s annual pipe-to-soil potential survey records for calendar years 2017, 2018, 2019, and 2020. The survey records revealed that the pipe-to-soil potentials at Test Station 2957+17 AM T254 did not meet the requirements of § 192.463 for calendar years 2018, 2019, and 2020. Transwestern uses negative 0.85 volts with reference to copper-copper sulfate half-cell current applied and minimum negative polarization voltage shift of 100 millivolts for its criteria to meet § 192.463. The negative 0.85 volts with current applied must also consider voltage drops for valid voltage measurements. Transwestern utilizes synchronized current interrupters to perform “instant off” pipe-to-soil potential surveys to account for voltage drops. Transwestern has also established a depolarized pipe-to-soil potential survey as the baseline for meeting minimum negative polarization voltage shift of 100 millivolts. The following table lists the deficient pipe-to-soil potential readings for Test Station 2957+17 AM T254:

Survey Date	Pipe-to-Soil Potential	Pipe-to-Soil Potential Instant Off	Pipe-to-Soil Potential Depolarized
2/11/2018	-1.475 V	-0.584 V	-0.498 V
4/15/2019	-0.843 V	-0.530 V	-0.498 V
11/14/2019	-1.026 V	-0.535 V	-0.498 V
4/23/2020	-1.112 V	-0.551 V	-0.498 V

Transwestern unsuccessfully attempted to remediate the deficient pipe-to-soil potentials by installing a groundbed and rectifier at their WT2 Station in 2019, as well as installing a bond with a foreign pipeline. During the records review, Transwestern communicated to PHMSA representatives that it issued a maintenance request to recoat this pipeline segment and install a new groundbed and rectifier to restore pipe-to-soil potentials that meet § 192.463.

Transwestern failed to take prompt action as required by § 192.465(d) after the first deficiency was found in 2018, and CP readings remained deficient in 2019 and again in 2020.

2. § 192.471 External corrosion control: Test leads.

(a) Each test lead wire must be connected to the pipeline so as to remain mechanically secure and electrically conductive.

Transwestern failed to maintain a test lead at Test Station 1865+15 on its Phoenix Lateral in order to remain mechanically secure and electrically conductive as required by § 192.471(a).

PHMSA and ACC representatives inspected Transwestern’s Phoenix Lateral annual pipe-to-soil potential survey records for calendar years 2017, 2018, 2019, and 2020. Transwestern’s 2018, 2019, and 2020 survey records indicated that the test lead at Test Station 1865+15 EPNG Xing Bond Box was not electrically connected to the pipeline. The following table lists the readings found on the pipe-to-soil potential survey records:

Survey Date	Pipe-to-Soil Potential	Pipe-to-Soil Potential Instant off	Foreign Pipe-to-Soil Potential
4/25/2017	-1.944 V	-1.348 V	-.688 V
5/16/2018	-0.144 V	-0.094 V	-1.0362 V
5/17/2018	-1.091 V	-0.918 V	N/A
6/5/2019	-0.0912 V	-0.0856 V	-0.8722 V
7/15/2020	-0.9303 V	-0.8934 V	-0.8611 V

The test station is located at a foreign pipeline crossing with El Paso Natural Gas Company’s pipeline. Three additional El Paso Natural Gas Company’s pipelines cross the Phoenix Lateral in the immediate vicinity. Transwestern utilized remote readings and “mini” close-interval surveys to obtain the pipe-to-soil potential reading in 2018 and 2020. Transwestern repaired the test lead on July 16, 2020, restoring the electric continuity.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to Item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Transwestern Pipeline Company, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item

With respect to Item 2, the Pipeline and Hazardous Materials Safety Administration has reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2021-038-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: Kathryn Harryman, Senior Specialist, Interstate Regulatory Compliance, Energy Transfer, Kathryn.harryman@energytransfer.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue Transwestern Pipeline Company, LLC (Transwestern) a Compliance Order incorporating the following remedial requirements to ensure compliance with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Transwestern failing to take prompt remedial action to correct the pipe-to-soil potential deficiencies at Test Station 2957+17 AM T254 as required by § 192.465(d), Transwestern must present PHMSA with a remedial work/maintenance plan that will ensure the pipe-to-soil potentials in this segment of WTX 30-Inch Loop will consistently meet the minimum requirements of § 192.463 within **60** days of receipt of the Final Order.
- B. In regard to Item A, Transwestern must present PHMSA with documentation confirming that the remediation has been completed within **180** days of receipt of the Final Order.

It is requested (not mandated) that Transwestern Pipeline Company, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, P.E., Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.