



U.S. Department of Transportation  
**Pipeline and Hazardous Materials  
Safety Administration**

8701 S. Gessner, Suite 630  
Houston TX 77074

## **NOTICE OF AMENDMENT**

### **ELECTRONIC MAIL - RETURN RECEIPT REQUESTED**

November 9, 2021

Greg McIlwain  
Senior Vice President, Operations  
Energy Transfer Company  
1300 Main Street  
Houston, Texas 77002

**CPF 4-2021-064-NOA**

Dear Mr. McIlwain:

From August 16, 2021 through August 20, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code, virtually inspected Energy Transfer Company's (ETC) Pipeline Integrity Management Program.

Based on the inspection, PHMSA has identified the apparent inadequacies found within ETC's plans or procedures, as described below:

**1. § 195.402 Procedural manual for operations, maintenance, and emergencies.**

**(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to ensure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

**§ 195.401 General requirements.**

**(a)...**

**(b) An operator must make repairs on its pipeline system according to the following requirements:**

**(1) *Non-Integrity management repairs.*** Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

ETC's written procedure for non-integrity management (IM) related repairs is inadequate because it does not include classifications for anomalies to establish repair schedules. ETC's *Energy Transfer Company and Affiliates DOT Hazardous Liquids Integrity Management Program, Appendix H* (Revision Date: April 15, 2020) does not include classifications for the anomalies that require specific time frames for repairs to be carried out on the non-IM pipeline segments. The review of repair records and the *Integrity Segment Summary* (ISS) reports show that anomalies in non-HCA areas are being carried out and repairs are being scheduled; however, there is no written process guiding the practice. Part 195.401(b)(1) requires that non-IM repairs be corrected within a reasonable time and if a condition presents an immediate hazard to persons or property, the affected part of the system may not be operated until the unsafe condition is corrected.

ETC's *Integrity Management Program* procedures must be amended to provide guidance for classification of anomalies and associated time frames for non-IM repairs.

**2. § 195.402 Procedural manual for operations, maintenance, and emergencies.**

**(a) *General.*** Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to ensure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

**§ 195.591 - In-Line inspection of pipelines.**

When conducting in-line inspection of pipelines required by this part, each operator must comply with the requirements and recommendations of API Std 1163, *Inline Inspection Systems Qualification Standard*; ANSI/ASNT ILI-PQ, *Inline Inspection Personnel Qualification and Certification*; and NACE SP0102-2010, *Inline Inspection of Pipelines* (incorporated by reference, see § 195.3). An in-line inspection may also be conducted using tethered or remote control tools provided they generally comply with those sections of NACE SP0102-2010 that are applicable.

ETC's written procedure for conducting in-line inspection of its pipelines is inadequate. ETC's *Pipeline Integrity In Line Inspection Specification, Spec. Number: PI-1.3, 4.3 Performance Standards* (Revision Date: March 15, 2019) fails to comply with § 195.591 because it does not include the requirements regarding "Probability of Identification" as per section 6.2.4 of API Standard 1163 (API Standard 1163, "In-Line Inspection Systems Qualification" Second edition, April 2013, IBR approved for §195.591).

Additionally, ETC's *Pipeline Integrity In Line Inspection Specification, Spec. Number: PI-1.3* (Revision Date: March 15, 2019) is inadequate because it does not comply with section 10.3.3 "Calibration and Standardization" of API 1163, which requires an operator to ensure a consistent and accurate inspection by documenting procedures for the qualification and calibration of an In-Line Inspection system and analysis software. The amended procedure must also comply with Annex C, C.1.7 "Prerun Function Check" of API 1163 to ensure that the tool is in working condition and C.1.10 "Postrun Function Check" to verify the functional operation of the tool.

Energy Transfer must amend its procedures in accordance with § 195.591 and API 1163.

#### Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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. 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, revised procedures, or a request for a hearing under § 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Energy Transfer Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Mary L. McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration.

In correspondence concerning this matter, please refer to **CPF 4-2021-064-NOA** 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

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

cc: Todd Nardozzi, Director, Regulatory Compliance, Energy Transfer Company,  
[todd.nardozzi@energytransfer.com](mailto:todd.nardozzi@energytransfer.com)