

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

September 12, 2017

John Pickering
Senior Vice President, Manufacturing
Philadelphia Energy Solutions Refining and Marketing, LLC
3144 Passyunk Avenue
Philadelphia, PA 19145

CPF 1-2017-6007M

Dear Mr. Pickering:

Between October 14 and November 16, 2015, 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 (U.S.C.) inspected certain procedures of Philadelphia Energy Solutions Refining and Marketing, LLC's (PES) operation and maintenance manual and integrity management program along with associated records in Philadelphia, Pennsylvania.

Based on this inspection, PHMSA has identified the apparent inadequacies found within PES'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...

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations: ...

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

PES's procedures for operating, maintaining and repairing the pipeline system in accordance with each of the requirements of Subpart F and Subpart H of Part 195 were inadequate. Specifically, PES did not prepare procedures for inspecting crossings under navigable waters in accordance with § 195.412(b).

During this inspection, the PHMSA representative requested to review its procedure for inspecting crossings under navigable waters. In response, PES presented its *Operations & Maintenance Manual for DOT-Regulated Pipelines 49 CFR 195 Revision Date: 7/19/2015, Subpart F- Operation and Maintenance, 195.412 Inspections of Rights-of-Way and Crossing Under Navigable Waters*. The procedure did not include a process for inspecting crossings under navigable waters in accordance with § 195.412(b).

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...

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

PES's procedures for operating, maintaining and repairing the pipeline system in accordance with each of the requirements of Subpart F and Subpart H of Part 195 were inadequate. Specifically, PES's *Operations & Maintenance Manual for DOT-Regulated Pipelines 49 CFR 195 Revision Date: 7/19/2015, Subpart F- Operation and Maintenance, Section 195.573 What Must I do to Monitor External Corrosion Control?* did not adequately require remedial actions to correct deficiencies found during monitoring for external corrosion in accordance with § 195.573(e).

Section 195.573 What Must I do to Monitor External Corrosion Control? states that cathodic protection system deficiencies "shall be evaluated, with remedial actions taken within a reasonable time (emphasis added)." The procedure also states "[i]f the bond current deviates significantly from acceptable levels, the reason shall be evaluated and remedial action (if required) initiated within a reasonable time (emphasis added)." However, the procedure did not specify a timeframe to correct the deficiencies "within a reasonable time."

3. §195.452 Pipeline integrity management in high consequence areas.

(f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

PES's process for identifying preventive and mitigative measures to protect the high consequence area in its written integrity management program was inadequate. Specifically, PES's *Pipeline Integrity Management Plan, Revision Date: 3/6/2015, 5.6.2. Preventive and Mitigative Measures, a. Emergency Flow Restricting Devices* did not contain clear instructions to determine if emergency flow restricting devices (EFRD) is needed on its pipeline segment to protect a high consequence area in the event of hazardous liquid pipeline release, in accordance with § 195.452(i)(4).

Section 195.452(i)(4) includes specific factors that must be considered in the determination of whether or not an EFRD is needed. PES's *Pipeline Integrity Management Plan, 5.6.2. Preventive and Mitigative Measures, a. Emergency Flow Restricting Devices* states: "If an EFRD is considered for use as a mitigative measure, the decision to use it must include the following factors: ..." Therefore, the procedure did not clearly require consideration for the factors listed in § 195.452(i)(4) to determine if an EFRD is needed.

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 **60 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 Philadelphia Energy Solutions Refining and Marketing, LLC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Acting Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1- 2017-6007M** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Robert Burrough
Acting Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

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