



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Avenue SE
Washington DC 20590

MAR 20 2019

Mr. Alan S. Armstrong
President and Chief Executive Officer
The Williams Companies, Inc.
One Williams Center
Tulsa, OK 74172

Re: CPF No. 1-2018-5007

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Williams Partners, LP. It makes findings of violation and assesses a civil penalty of \$174,100. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer dated March 9, 2018. This enforcement action is now closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Robert Burrough, Director, Eastern Region, Office of Pipeline Safety, PHMSA
Ms. Amy Shank, Director-Pipeline Safety & Asset Integrity, Williams Field Services

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

_____)
In the Matter of)

Williams Partners, LP,)
a subsidiary of The Williams Companies, Inc.,)

Respondent.)
_____)

CPF No. 1-2018-5007

FINAL ORDER

On January 20, 2015, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), investigated an accident that occurred at the Williams Field Services' Houston Metering and Regulating Station (Houston M&R Station), near the town of Houston, Pennsylvania. Williams Field Services is a subsidiary of Williams Partners, LP (collectively, Williams or Respondent). Williams has pipeline operations that include the gathering, processing and interstate transportation of natural gas and natural gas liquids, owning and operating more than 33,000 miles of pipelines in the United States.¹

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated January 18, 2018, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Williams had committed two violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of \$174,100 for the alleged violations.

Williams responded to the Notice by letter dated March 9, 2018 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$174,100. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make findings of violation and to issue this final order without further proceedings.

FINDINGS OF VIOLATION

In its Response, Williams did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

¹ The Williams Companies, Inc., owns the majority shares of Williams Partners, LP. See <http://co.williams.com/operations-2/>. Current as of September 19, 2018.

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.52(a)(2), which states:

§ 195.52 Immediate notice of certain accidents.

(a) *Notice requirements.* At the earliest practicable moment following discovery of a release of the hazardous liquid or carbon dioxide transported resulting in an event described in § 195.50, the operator of the system must give notice, in accordance with paragraph (b) of this section, of any failure that:

- (1) ...
- (2) Resulted in either a fire or explosion not intentionally set by the operator;²

The Notice alleged that Respondent violated 49 C.F.R. § 195.52(a)(2) by failing to provide notice to the National Response Center (NRC) at the earliest practicable moment following the discovery of a release of hazardous liquid at the Houston M&R Station that resulted in a fire and explosion. Specifically, the Notice alleged that on December 25, 2014, at 13:23 Eastern Standard Time (EST), a Williams representative notified the NRC of a release that had occurred at the Houston M&R Station on December 24, 2014, at 23:50 EST. According to the Notice, the accident was reported to the NRC 13 hours and 33 minutes after Williams had confirmed the release.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 195.52(a)(2) by failing to provide notice to the NRC at the earliest practicable moment following the discovery of a release of hazardous liquid at the Houston M&R Station that resulted in a fire and explosion.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.202, which states:

§ 195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

The Notice alleged that Respondent violated 49 C.F.R. § 195.202 by failing to follow written construction specifications or standards during the commissioning of the Houston M&R Station, which was placed into service in September 2014. Specifically, the Notice alleged that Williams failed to commission a new nitrogen system when commissioning the Houston M&R Station. According to the Notice, the backup nitrogen system was designed to automatically activate in the event of the loss of main instrument air supply to the station and that would allow continued temporary operation of the valves, overpressure protection, and safety devices at the station. After the accident, PHMSA reviewed Williams' procedures, facility-design information, construction records, accident report (Form F7000.1), incident analysis causal map, and Supervisory Control and Data Acquisition (SCADA) data, and conducted interviews with Williams personnel.

² Section 195.52 was amended on January 23, 2017, to require that notice of an accident be provided at the earliest practicable moment, but no later than one hour after confirmed discovery. 82 Fed. Reg. 7999.

The Notice alleged that Williams' procedure (*Pre-Startup Safety Review, Procedure No. 9.09-ADM-001-PSSR Procedure Revision 8*, dated 1/1/2011) required verification that construction had been performed "in accordance with design and specifications" (*Section 2.1.3*), and that equipment and assets had been inspected, tested and calibrated in accordance with design and specifications (*Section 2.1.3.2*). According to PHMSA, such verification did not take place for several reasons.

First, PHMSA alleged that Williams' own post-accident investigation revealed that the outlet valves on the backup nitrogen system had all been closed (indicating they had not functioned), and that Williams could not provide documentation of pre-service testing or pre-accident maintenance. Second, PHMSA alleged that the Houston M&R Station Piping and Instrumentation Diagram had incorrectly identified the backup nitrogen system as two air storage racks. Finally, PHMSA alleged that Williams' own causal analysis of the accident had found at least five deficiencies in the company's own specifications and procedures, including a lack of guidelines for standard facility procedures, a failure to identify issues with the backup air system during project design, execution or commissioning, and inadequate design documentation to correctly implement back-up.

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. § 195.202 by failing to follow written construction specifications or standards during the commissioning of the Houston M&R Station, which was placed into service in September 2014.

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 \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.³ 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; 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 \$174,100 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$24,400 for Respondent's violation of 49 C.F.R. § 195.52(a)(2), for failing to provide notice to the NRC at the earliest practicable moment

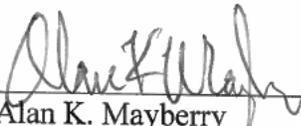
³ These amounts are adjusted annually for inflation. See, e.g., Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

following the discovery of a release of hazardous liquid that resulted in a fire and explosion at the Houston M&R Station. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Williams did give evidence of its updated internal procedures to provide a more robust process for ensuring compliance, as well as increased training to forestall a future reporting problem. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$24,400 for violation of 49 C.F.R. § 195.52(a)(2).

Item 2: The Notice proposed a civil penalty of \$149,700 for Respondent's violation of 49 C.F.R. § 195.202, for failing to follow written construction specifications or standards during the commissioning of the Houston M&R Station, which was placed into service in September 2014. Williams neither contested the allegation nor presented any evidence or argument justifying elimination of the proposed penalty. Williams did provide documentation of revised procedures (*Pre-Startup Safety Review, Procedure No. 9.09-ADM-001*), along with accompanying training focused on correct engineering, robust company standards, design reviews and operational expertise. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$149,700 for violation of 49 C.F.R. § 195.202.

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 **\$174,100**, which has 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.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

MAR 20 2019

Date Issued