

December 10, 2018

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

Re: CPF No. 1-2018-5008

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Williams Field Services Company, LLC. It withdraws one of the allegations of violation, makes other findings of violation and assesses a reduced civil penalty of \$171,300. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon receipt of payment. 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
Company, LLC, One Williams Center, 43-4 ATTN: Amy Shank, Tulsa, OK 74172
Mr. Keith J. Coyle, Counsel for Williams, Babst Calland, 505 9th Street N.W., Suite 700
Washington, D.C. 20004

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 Field Services Company, LLC,)
a subsidiary of The Williams Companies, Inc.,)

Respondent.)
_____)

CPF No. 1-2018-5008

FINAL ORDER

On February 17, 2015, 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 investigation of an accident involving the pipeline system operated by Williams Field Services Company, LLC (Williams or Respondent), that occurred on February 11, 2015, at the Williams Field Services Houston M&R facility located at 933 Western Avenue in Houston, Pennsylvania (Accident). The Williams Companies, Inc., the parent company of Williams, owns and operates interstate gas pipeline and gathering operations spanning the United States.¹

The investigation arose out of an over-pressurization event at the Houston M&R facility and the release of approximately 51 barrels of ethane. As a result of the investigation, 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 violated 49 C.F.R. §§ 199.105(b), 199.225(a)(1), and 195.402(c)(3), and proposed assessing a civil penalty of \$192,900 for the alleged violations.

After requesting and receiving an extension of time to respond, Williams responded to the Notice by letter dated March 9, 2018 (Response). Williams contested one of the allegations, submitted additional information to demonstrate compliance, and requested a hearing on that single item. By letter dated April 13, 2018, Respondent withdrew its request for a hearing after consultation with the Director regarding the information demonstrating compliance, thereby authorizing the entry of this Final Order without further notice.

¹ The Williams Companies, Inc. website, available at <https://investor.williams.com/williams-partners-lp> (last accessed October 18, 2018).

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Parts 195 and 199, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 199.105(b), which at the time of the Accident stated:

§ 199.105 Drug tests required.

Each operator shall conduct the following drug tests for the presence of a prohibited drug:

(a) . . .

(b) *Post-accident testing.* As soon as possible but no later than 32 hours after an accident, an operator shall drug test each employee whose performance either contributed to the accident or cannot be completely discounted as a contributing factor to the accident. An operator may decide not to test under this paragraph but such a decision must be based on the best information available immediately after the accident that the employee's performance could not have contributed to the accident or that, because of the time between that performance and the accident, it is not likely that a drug test would reveal whether the performance was affected by drug use.²

The Notice alleged that Respondent violated 49 C.F.R. § 199.105(b) by failing to drug test each employee whose performance either contributed to an accident or could not be completely discounted as a contributing factor to the accident, as soon as possible but no later than 32 hours after the accident. Specifically, the Notice alleged that Williams drug-tested its Senior Pipeline Controller 36 hours after the Accident, four hours beyond the regulatory deadline.

In its Response, Williams contested this allegation of violation, noting that its pipeline controller received a post-accident drug test within 20 hours of the incident, well within the 32-hour regulatory deadline, and providing additional documentation. After reviewing the documents provided in Williams' response, the Director recommended withdrawal of the allegation of violation.

Accordingly, after considering all of the evidence, I hereby order the allegation that Williams violated 49 C.F.R. § 199.105(b) be withdrawn.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 199.225(a)(1), which at the time of the Accident stated:

§ 199.225 Alcohol tests required.

Each operator shall conduct the following types of alcohol tests for the presence of alcohol:

(a) *Post-accident.* (1) As soon as practicable following an accident, each operator shall test each surviving covered employee for alcohol if that

² Section 199.105(b) was subsequently amended on January 23, 2017 (*see* 82 Fed. Reg. 8001).

employee's performance of a covered function either contributed to the accident or cannot be completely discounted as a contributing factor to the accident. The decision not to administer a test under this section shall be based on the operator's determination, using the best available information at the time of the determination, that the covered employee's performance could not have contributed to the accident.³

The Notice alleged that Respondent violated 49 C.F.R. § 199.225(a)(1) by failing to test, as soon as practicable following an accident, each surviving covered employee for alcohol if that employee's performance of a covered function either contributed to the accident or could not be completely discounted as a contributing factor to the accident. Specifically, the Notice alleged that Williams failed to test the Senior Pipeline Controller who was performing a covered function during the Accident, for alcohol.

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. § 199.225(a)(1) by failing to test a covered employee for alcohol as soon as practicable following an accident when that employee's performance of a covered function either contributed to the accident or could not be completely discounted as a contributing factor to the accident.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(3), which states:

§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(3) by failing to follow its own manual of written procedures for operating, maintaining, and repairing the pipeline system in accordance with the requirements for pipeline repairs set forth in § 195.422. Specifically, the Notice alleged that Williams failed to follow its own *System Integrity Plan, Procedure 5.05-ADM-025 for Lockout/Tagout* and the control of hazardous energy sources when it replaced a faulty solenoid valve on valve MOV17 at the Houston M&R facility, resulting in an over-pressurization at the station.

Respondent did not contest this allegation of violation.⁴ Accordingly, based upon a review of all

³ Section 199.225(a)(1) was amended on January 23, 2017 (*see* 82 Fed. Reg. 8001).

⁴ In its Response, Williams noted that it had provided additional employee training regarding Lockout/Tagout procedures, replaced its previous procedure with *Procedure 02.10.70.26 – Midstream Lockout Tagout (Control of*

of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(c)(3) by failing to follow its manual of written procedures for repairing the pipeline in accordance with the requirements set forth in § 195.422.

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.⁵

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 \$192,900 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$21,600 for Respondent's violation of 49 C.F.R. § 199.105(b), for failing to conduct post-accident drug tests on each employee whose performance either contributed to the accident or could not be completely discounted as a contributing factor to the accident, as soon as practicable but no later than 32 hours after the accident. For the reasons stated above, Item 1 is withdrawn in its entirety. Accordingly, the proposed penalty for Item 1 in the amount of \$21,600 is not assessed.

Item 2: The Notice proposed a civil penalty of \$21,600 for Respondent's violation of 49 C.F.R. § 199.225(a)(1) by failing to test, as soon as practicable following the Accident, each surviving covered employee for alcohol if that employee's performance of a covered function either contributed to the Accident or cannot be completely discounted as a contributing factor to the Accident. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Although pipeline safety was minimally affected by this violation, Williams failed to comply with a requirement that was clearly applicable. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$21,600 for violation of 49 C.F.R. § 199.225(a)(1).

Item 3: The Notice proposed a civil penalty of \$149,700 for Respondent's violation of 49

Hazardous Energy Sources) and conducted training on the new procedure, and had installed a physical lockout switch at the Houston Meter site for local control only.

⁵ 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).

C.F.R. § 195.402(c)(3), for failing to follow its own manual of written procedures for operating, maintaining, and repairing the pipeline system in accordance with the pipeline repair requirements set forth in § 195.422. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. I would note that this particular violation was a casual factor to the Accident and Williams failed to comply with a regulatory requirement that was clearly applicable. 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. § 195.402(c)(3).

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 **\$171,300**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$171,300 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of the Final Order by Respondent. Any petition submitted must contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including any corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. If Respondent submits payment of the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived.

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

December 10, 2018

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued