

July 24, 2018

Mr. Kelcy L. Warren
Chief Executive Officer and Chairman of the Board of Directors
Energy Transfer Partners, LP
8111 Westchester Drive
Dallas, TX 75225

Re: CPF No. 1-2018-5009

Dear Mr. Warren:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Sunoco Pipeline, LP. It makes findings of violation and assesses a civil penalty of \$163,700. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer dated March 20, 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
Mr. Ryan Coffey, Executive Vice President of Operators, Energy Transfer Partners, LP,
1 Fluor Daniel Drive, Bldg. A, Level 3, Sugar Land, TX 77478

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)	
)	
Sunoco Pipeline, LP,)	CPF No. 1-2018-5009
 a subsidiary of Energy Transfer Partners, LP,)	
)	
Respondent.)	
)	

FINAL ORDER

From April 11, 2016, through November 18, 2016, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Sunoco Pipeline, LP (Sunoco or Respondent), in Delaware, Michigan, New York, New Jersey, Ohio, and Pennsylvania. A wholly-owned subsidiary of Energy Transfer Partners, LP,¹ Sunoco owns and operates liquid and natural gas pipelines throughout the United States.²

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 Sunoco had committed three violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of \$163,700 for the alleged violations.

After requesting and receiving an extension of time to respond, Energy Transfer Partners, LP, on behalf of Sunoco, responded to the Notice by letter dated February 28, 2018 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$163,700 by wire transfer dated March 20, 2018. 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, Sunoco did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

¹ Response, at 1.

² Sunoco website, *available at* <http://www.sunocologistics.com/> (last accessed May 10, 2018).

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.412(a), which states:

§ 195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

The Notice alleged that Respondent violated 49 C.F.R. § 195.412(a) by failing to inspect the surface conditions on or adjacent to each pipeline right-of-way at intervals not exceeding three weeks, but at least 26 times each calendar year. Specifically, the Notice alleged that during calendar year 2016, records indicated that Sunoco exceeded the 3-week inspection interval 11 times for the Taylor (Detroit), Darby Creek, and Ft. Mifflin units.

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. § 195.412(a) by failing to inspect the surface conditions on or adjacent to its pipeline rights-of-way at intervals not exceeding three weeks, but at least 26 times each calendar year.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.420(b), which states:

§ 195.420 Valve maintenance.

(a)

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

The Notice alleged that Respondent violated 49 C.F.R. § 195.420(b) by failing to inspect each mainline valve at intervals not exceeding 7½ months, but at least twice each calendar year. Specifically, the Notice alleged that after reviewing mainline-valve inspection records for 2013-2016, PHMSA discovered that Sunoco had failed to perform inspections at the required interval in 90 instances on the Fostoria (Inland), Lima (Inland), Inter-refinery System, Big Flats, Montello-Kingston-Bald Eagle, and Trenton Area units.

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. § 195.420(b) by failing to inspect its mainline valves at intervals not exceeding 7½ months but at least twice each calendar year.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a), which states:

§ 195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore.....	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore.....	At least once each calendar year, but with intervals not exceeding 15 months.

The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a) by failing to inspect each onshore pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months. Specifically, the Notice alleged that in eight instances, Sunoco exceeded the 39-month interval within the Inter-refinery System, Northeast Refinery Complex, and Darby Creek units.

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. § 195.583(a) by failing to inspect each onshore pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months.

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 \$163,700 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$30,900 for Respondent’s violation of 49 C.F.R. § 195.412(a), for failing to inspect the surface conditions on or adjacent to each pipeline right-of-way at intervals not exceeding three weeks, but at least 26 times each calendar year. Sunoco did not contest the proposed penalty and paid the amount in full. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$30,900 for

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).

violation of 49 C.F.R. § 195.412(a).

Item 2: The Notice proposed a civil penalty of \$79,200 for Respondent's violation of 49 C.F.R. § 195.420(b), for failing to inspect each mainline valve at intervals not exceeding 7½ months, but at least twice each calendar year. Sunoco did not contest the proposed penalty and paid the amount in full. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$79,200 for violation of 49 C.F.R. § 195.420(b).

Item 3: The Notice proposed a civil penalty of \$53,600 for Respondent's violation of 49 C.F.R. § 195.583(a), for failing to inspect each onshore pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months. Sunoco did not contest the proposed penalty and paid the amount in full. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$53,600 for violation of 49 C.F.R. § 195.583(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a civil penalty of **\$163,700**, which amount was paid in full by wire transfer on March 20, 2018.

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

July 24, 2018

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued