

## NOTICE OF AMENDMENT

### OVERNIGHT EXPRESS DELIVERY

November 26, 2019

Mr. Eric Amundsen  
Senior VP, Operations  
Energy Transfer Company  
1300 Main Street  
Houston, Texas 77002

CPF 1-2019-5010M

Dear Mr. Amundsen:

From September 10-12, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Energy Transfer Company (ETC)'s procedures for operations & maintenance in Houston, Texas.

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

1. **§ 195.12 What requirements apply to low-stress pipelines in rural areas?**
  - (a) ...
  - (e) *Changes in unusually sensitive areas.*
    - (1) **If, after June 3, 2008, for Category 1 rural low-stress pipelines or October 1, 2011 for Category 2 rural low-stress pipelines, an operator identifies a new USA that causes a segment of pipeline to meet the criteria in paragraph (b) of this Section as a Category 1 or Category 2 rural low-stress pipeline, the operator must:**
      - (i) **Comply with the IM program requirement in paragraph (c)(1)(iii)(A) or (c)(2)(iii)(A) of this Section, as appropriate, within 12 months following the date the area is identified regardless of the prior categorization of the pipeline; and**
      - (ii) **Complete the baseline assessment required by paragraph (c)(1)(iii)(C) or (c)(2)(iii)(C) of this Section, as appropriate, according to the schedule in § 195.452(d)(3).**

ETC’s written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies for each pipeline system were inadequate. Specifically, ETC’s procedures failed to require that changes in unusually sensitive areas (USAs) be handled in accordance with § 195.12(e).

During the inspection, the PHMSA inspectors requested ETC’s procedures relative to § 195.12(e). ETC provided its Determination of Regulated Gathering Pipelines – HLA.06, dated 04/01/18 (Procedure). The Procedure did not include adequate details which specified ETC’s process to identify changes in USAs. The PHMSA inspectors asked ETC where the applicable information was documented and ETC was not able to provide a response.

Therefore, ETC’s procedures failed to include adequate details, per the requirements of § 195.12(e).

**2. § 195.12 What requirements apply to low-stress pipelines in rural areas?**

**(a) ...**

**(f) Record Retention. An operator must maintain records demonstrating compliance with each requirement applicable to the category of pipeline according to the following schedule.**

ETC’s written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies for each pipeline system were inadequate. Specifically, ETC’s procedures failed to require records be kept in accordance with § 195.12(f).

During the inspection, the PHMSA inspectors requested ETC’s procedures relative to § 195.12(f). ETC provided its DOT Record Keeping – HLA.22, dated 04/01/18 (Procedure). ETC does not have procedures or record requirements for low stress pipelines in rural areas. The PHMSA inspectors asked ETC where the applicable information was documented and ETC was not able to provide a response.

Therefore, ETC failed to include adequate details in its procedures, per the requirements of § 195.12(f).

**3. § 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 insure 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.**

ETC’s written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies for each pipeline system were inadequate. Specifically, ETC’s procedures failed to include sufficient guidance for emergency response

supervisors to be knowledgeable of emergency response procedures for which they are responsible, per the requirements of § 195.403(c).

Section 195.403(c) states:

Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under § 195.402 for which they are responsible to ensure compliance.

During the inspection, the PHMSA inspectors requested ETC's procedures relative to § 195.403(c). ETC provided its Emergency Response Training Exercises – HLA.10, dated 02/01/18 (Procedure). The Procedure did not include adequate details on the following:

- Defining Emergency response supervisor role
- Emergency response supervisor training requirements
- Emergency response supervisor knowledge verification requirements
- Training and knowledge verification documentation

During the inspection, the PHMSA inspectors asked ETC where the applicable information was documented and ETC was not able to provide a response.

Therefore, ETC failed to include guidance in its procedures for emergency response supervisors, per the requirements of § 195.403(c).

**4. § 195.402 Procedural manual for operations, maintenance, and emergencies.**

**(a) ...**

**(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:**

**(1) ...**

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

ETC's written procedures for conducting normal operations and maintenance activities for each pipeline system were inadequate. Specifically, ETC's procedures failed to include details describing the interval and method for performing ultrasonic thickness inspections of breakout tanks in accordance with the incorporated by reference version of API Standard 653 (API 653) and § 195.432(b).

Section 195.432(b) states:

Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3). The risk- based internal inspection procedures in API Std 653, section

6.4.3 cannot be used to determine the internal inspection interval.

During the inspection, the PHMSA inspectors requested ETC's procedures for inspecting in-service breakout tanks, to include performing ultrasonic inspections of tank shells. ETC provided its Inspection of In-Service Breakout Tanks – HLA.05, dated 04/01/18 (Procedure). The Procedure Section 4.0 stated, "Every 15 years Max: Ultrasonic inspection."

The Procedure did not include adequate details on the following:

- Ultrasonic thickness inspection interval when the corrosion rate is not known, per API 653 Section 6.3.3.2(a)
- Ultrasonic thickness inspection interval when the corrosion rate is known, per API 653 Section 6.3.3.2(b)
- Process for what is checked/tested during an ultrasonic thickness inspection

Therefore, ETC failed to include adequate details in its procedures that describe the interval and method for performing ultrasonic thickness inspections of breakout tanks, per the requirements of § 195.432(b).

**5. § 195.402 Procedural manual for operations, maintenance, and emergencies.**

**(a) ...**

**(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:**

**(1) ...**

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

ETC's written procedures for conducting normal operations and maintenance activities for each pipeline system were inadequate. Specifically, ETC's procedures failed to include sufficient guidance for corrosion control supervisors to maintain a thorough knowledge of corrosion control procedures for which they are responsible, per the requirements of § 195.555.

Section 195.555 states:

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for insuring compliance.

During the inspection, the PHMSA inspectors requested ETC's procedures relative to § 195.555. ETC provided its Corrosion Control Supervisor Qualifications – HLD.01, dated 04/01/18 (Procedure). The Procedure did not include adequate details on the following:

- Defining corrosion control supervisor role

- Corrosion control supervisor training requirements
- Corrosion control supervisor knowledge verification requirements
- Training and knowledge verification documentation

The PHMSA inspectors asked ETC where the applicable information was documented and ETC was not able to provide a response.

Therefore, ETC failed to include guidance in its procedures for emergency response supervisors, per the requirements of § 195.555.

**6. § 195.402 Procedural manual for operations, maintenance, and emergencies.**

**(a) ...**

**(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:**

**(1) ...**

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

ETC's written procedures for conducting normal operations and maintenance for each pipeline system were inadequate. Specifically, ETC's procedures failed to give sufficient guidance to protect pipelines against damage from fault currents or lightning.

Section 195.575(e) states:

If a pipeline is in close proximity to electrical transmission tower footings, ground cables, or counterpoise, or in other areas where it is reasonable to foresee fault currents or an unusual risk of lightning, you must protect the pipeline against damage from fault currents or lightning and take protective measures at insulating devices.

During the inspection, the PHMSA inspectors requested ETC's procedures relative to § 195.575(e). ETC provided its Induced AC Measurement and Mitigation – HLD.23, dated 04/01/18 (Procedure). The Procedure Section 7.1 stated, "...Note: Corrosion damage from induced AC on older pipelines is unlikely. AC corrosion may be a concern on newer pipelines with coating systems such extruded PE and FBE Damage as the result of lightning is usually a result of "arcing" or "melting" of the metal. A high current flow in a pipeline caused by lightning or fault currents can cause pipe wall penetration and insulator destruction."

The Procedure, however, did not give sufficient guidance for determining when protection against damage from fault currents or lightning is needed and how that protection must be installed.

Therefore, ETC failed to include adequate details in its procedures, per the requirements of § 195.575(e).

7. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**
- (a) ...
  - (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:
    - (1) ...
    - (3) **Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

ETC's written procedures for conducting normal operations and maintenance for each pipeline system were inadequate. Specifically, ETC's procedures failed to direct personnel to examine removed pipe for evidence of internal corrosion in accordance with § 195.579(c).

Section 195.579(c) states:

***Removing pipe.*** Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

During the inspection, the PHMSA inspectors requested ETC's procedures relative to § 195.579(c). ETC provided its Buried Pipe Inspections – HLD.35, dated 08/01/19 (Procedure).

The Procedure did not provide requirements for ETC to inspect the internal surface of the pipe for evidence of corrosion whenever pipe is removed from a pipeline. The Procedure also did not provide details for, if internal corrosion is found, how ETC requires corrective actions under § 195.585 to investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

The PHMSA inspectors also reviewed ETC's Pipeline Inspection G-Form – D.35.A, which is a form where ETC appears to document the results of internal corrosion inspections of removed pipe. The G-Form includes a question stating "Was an Internal Inspection Performed?" The G-Form did not contain any definition or explanation of any evaluation or grading related to internal corrosion found during pipe inspections, nor did the Procedure.

Therefore, ETC failed to include adequate details in its procedures, per the requirements of § 195.402(a).

8. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**
- (a) ...
  - (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:
    - (1) ...
    - (3) **Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

ETC's written procedures for conducting normal operations and maintenance activities for each pipeline system were inadequate. Specifically, ETC's procedures failed to include requirements for each buried or submerged pipeline to have an external coating for external corrosion control in accordance with § 195.557(a).

Section 195.557(a) states:

Except bottoms of aboveground breakout tanks, each buried or submerged pipeline must have an external coating for external corrosion control if the pipeline is -  
Constructed, relocated, replaced, or otherwise changed after the applicable date in §195.401(c), not including the movement of pipe covered by § 195.424;

During the inspection, the PHMSA inspectors requested ETC's procedures relative to § 195.557(a). ETC provided its Buried Pipe Inspections – HLD.35, dated 08/01/19 and Investigation of Pipeline Anomalies, dated 04/01/18 (Procedure).

The Procedure did not provide requirements for each buried or submerged pipeline to have an external coating for external corrosion control if the pipeline is constructed, relocated, replaced, or otherwise changed after the applicable date in § 195.401(c), as required by § 195.557(a). The PHMSA inspectors asked ETC where the applicable information was documented and ETC was not able to provide a response.

Therefore, ETC failed to include adequate details in its procedures regarding the requirements of § 195.557(a).

9. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**
- (a) ...
  - (e) ***Emergencies.*** The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(1) ...

**(6) Minimization of public exposure to injury and probability of accidental ignition by assisting with evacuation of residents and assisting with halting traffic on roads and railroads in the affected area, or taking other appropriate action.**

ETC's written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies for each pipeline system were inadequate. Specifically, ETC's procedures failed to include details for minimizing public exposure to injury and probability of accidental ignition in accordance with § 195.402(e)(6).

During the inspection, the PHMSA inspectors requested procedures relative to § 195.402(e)(6). ETC provided its Field Emergency Response Procedures – HLA.08, dated 11/01/15 (Procedure). The Procedure failed to include details on minimizing public exposure to injury and probability of accidental ignition, including provisions for assisting with evacuation of residents and assisting with halting traffic on roads and railroads in the affected area, or taking other appropriate actions.

Therefore, ETC failed to include adequate guidance in its procedures regarding § 195.402(e)(6).

#### 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 Enforcement 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 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 Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2019-5010M** 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](mailto:robert.burrough@dot.gov). Larger files should be sent on USB flash drive 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  
Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration

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