

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 14, 2015

Mr. Ronald McClain
President
Products Pipelines
1001 Louisiana St., Suite 1000
Houston, TX 77002

CPF 2-2015-5001S

Dear Mr. McClain:

Enclosed for your signature is a Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, Southern Region and Plantation Pipe Line Company in accordance with §190.(b)(2). Once signed by both parties the Associate Administrator for Pipeline Safety will issue a Consent Order, incorporating the terms of the agreement, in lieu of the Safety Order proposed by the Southern Region via the Notice of Proposed Safety Order referenced above.

Please sign the Consent Agreement and return the signed original to me. If you have any questions on this matter or any other pipeline safety issue please call me at (404) 832-1160.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

Enclosure: Consent Agreement

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY**

Southern Region
Atlanta, GA 30303

In the Matter of)
)
Plantation Pipe Line Company)
)
Respondent)

CPF 2-2015-5001S

CONSENT AGREEMENT

On March 9, 2015, the Pipeline and Hazardous Materials Safety Administration (PHMSA), U.S. Department of Transportation, issued to Plantation Pipe Line Company¹ (PPL or Respondent) a Notice of Proposed Safety Order (Notice). The Notice alleged that conditions exist on PPL's 665-mile CNG pipeline in Mississippi, Alabama, Georgia, South Carolina, and North Carolina that pose a pipeline integrity risk to public safety, property, or the environment.

The Notice also proposed that Respondent take certain corrective measures to correct the alleged conditions and ensure that the public, property, and the environment are protected from the potential risk.

PPL responded to the Notice by letter dated April 8, 2015 (Response). Respondent acknowledged receipt of the proposed safety order and requested an informal consultation,² which was held on April 23, 2015, via a teleconference with the Office of Pipeline Safety, Southern Region.

During the informal consultation, PHMSA and PPL agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and that entry into this Consent Agreement is the most appropriate means of resolving the Notice; therefore, pursuant to 49 C.F.R. Part 190, without adjudication of any issue of fact or law, and upon consent and agreement of Respondent and PHMSA ("the Parties"), the Parties agree as follows:

I. General Provisions

1. Respondent acknowledges that as operator of the pipeline, Respondent and its pipeline system are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101 et seq., and the regulations and administrative orders issued thereunder. For purposes of this

¹ PPL is a subsidiary of Kinder Morgan, Inc.

² PPL's Response is incorporated into this Consent Agreement in whole (see attached).

Consent Agreement, Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. 60101 et seq. and the regulations and orders issued thereunder.

2. Respondent does not admit or deny any allegation or conclusion in the Notice but agrees, for purposes of this Consent Agreement, that the condition identified in the Notice exists and agrees to address it by completing the actions specified in Section II of this agreement ("Corrective Measures"). These actions, including any work plans and schedules, shall be incorporated into this agreement. This Consent Agreement does not constitute a finding of violation of any Federal law or regulation and therefore may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of the violation of any law, rule, regulation or requirement, except in a proceeding to enforce the provisions of this agreement or in future PHMSA enforcement actions.

3. After Respondent returns this signed agreement, PHMSA's representative will present it to the Associate Administrator for Pipeline Safety ("Associate Administrator") recommending that the Associate Administrator adopt the terms of this agreement by issuing an administrative order (Consent Order) incorporating the terms of this Consent Agreement. The terms of this agreement constitute an offer of settlement until accepted by the Associate Administrator.

4. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Consent Agreement, including all rights to administrative or judicial hearings or appeals.

5. This Consent Agreement shall apply to and be binding upon PHMSA, and upon Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this agreement.

6. For all transfers of ownership or operating responsibility of Respondent's pipeline, Respondent must provide a copy of this Consent Agreement to the prospective transferee at least 30 days prior to such transfer and simultaneously provide written notice of the prospective transfer to the PHMSA Regional Director who issued the Notice.

7. This Consent Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this agreement, and the Parties acknowledge that there are no representations, agreements or understandings related to the settlement other than those expressly contained in this agreement, except that the terms of this agreement may be construed by reference to the Notice.

8. Nothing in this Consent Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101 et seq., and the regulations and orders issued thereunder. Nothing in this agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

9. This Consent Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This agreement is not a permit,

or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

10. This Consent Agreement does not create rights in, or grant any cause of action to, any third party not party to this agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this agreement. The U.S. Department of Transportation, its officers, employees, agents, and representatives are not liable for any cause of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this agreement.

II. Corrective Measures

- A. Within 30 days from the issuance of the Consent Order, submit to the Director, Office of Pipeline Safety, PHMSA Southern Region an *“Amended Comprehensive Steel Sleeve Assessment Work Plan”* (Amended Work Plan) for review and approval. This Amended Work Plan will supersede the *“Comprehensive Steel Sleeve Assessment Work Plan”* dated February 25, 2015, and, at a minimum, must include:
 - i. all the tasks described in PPL’s *“Comprehensive Steel Sleeve Assessment Work Plan”* dated February 25, 2015;
 - ii. a milestone schedule to accomplish all the tasks in the Amended Work Plan within one year after issuance of the Consent Order;
 - iii. a list of the 64 sleeves that PPL will excavate and inspect indicating the specific segment (e.g. CNG-1 30-inch, Collins to Helena), type of sleeve, and identified by mile post or stationing;
 - iv. a written process to integrate all the results from the 64 excavations, the metallurgical assessments, and the Type “A” sleeve removals with the results from the previously completed excavations/assessments and with the metallurgical assessments of the two release locations and to apply the lessons learned through this integration process to the remainder of the sleeves to determine if further mitigation is required;
 - v. a commitment to complete the Kiefner and Associates study described in PPL’s *“Comprehensive Steel Sleeve Assessment Work Plan”* dated February 25, 2015, within six months after all tasks described within the *“Amended Comprehensive Steel Sleeve Assessment Work Plan”* have been completed and that a copy of the Final Report of that study will be submitted to the OPS Southern Region;
 - vi. a commitment to implement the recommendations contained in the Kiefner report, if PPL disagrees with the recommendations in the Kiefner Report, PPL reserves the right to discuss these recommendations with OPS Southern Region and Kiefner and Associates; and,
 - vii. the name, phone number, and email address of PPL's point-of-contact for the Amended Work Plan.
- B. Provide to the OPS Southern Region all written metallurgical analysis reports resulting from the work undertaken on the CNG pipeline as a result of the leaks of August and December 2014 and all work completed under this Consent Order whether the reports were written before or after issuance of this Consent Order.

- C. Revise the Amended Work Plan as necessary to incorporate new information obtained during the implementation of the plan and/or to incorporate any improvement recommendations made by Kiefner and Associates as a result of the additional study PPL plans to undertake (Item A.v. above)
- D. Submit any such plan revisions to the Director, Office of Pipeline Safety, PHMSA Southern Region for review and approval. The Director may approve plan revisions incrementally. Once approved, the Amended Work Plan and all revisions will become incorporated into the Consent Order.
- E. Implement the Amended Work Plan, including any revisions to the plan.
- F. Beginning 60 days after the Consent Order's issuance, PPL is to prepare and submit monthly progress reports to the Director, Office of Pipeline Safety, PHMSA Southern Region. These reports should include documentation of the costs associated with implementing the Corrective Measures and include sufficient detail to allow the Director to track the progress of the project and to provide the Director (or his designated representatives) an opportunity to observe and inspect future field activities as they occur.
- G. The Director may grant an extension of time for compliance with any of the terms of the Consent Order upon a written request timely submitted demonstrating good cause for an extension.
- H. PPL may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.
- I. PPL agrees to maintain documentation of the costs associated with implementing the Corrective Measures set forth in the Notice and to submit such costs to the Regional Director with the monthly progress reports described in the Notice.

III. Review and Approval Process

11. With respect to any submission under Section II of this Consent Agreement that requires the approval of the Regional Director, the Director may: (a) approve, in whole or in part, the submission, (b) approve the submission on specified conditions, (c) disapprove, in whole or in part, the submission, or (d) any combination of the foregoing. If the Regional Director approves, approves in part, or approves with conditions, Respondent will take all action as approved by the Director, subject to Respondent's right to invoke the dispute resolution procedures in Section IV with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent with a written notice of the deficiencies. Respondent will correct all deficiencies within the time specified by the Director and resubmit it for approval.

IV. Dispute Resolution

12. The Regional Director and Respondent will informally attempt to resolve any disputes arising under this Consent Agreement. If Respondent and the Regional Director are unable to informally resolve the dispute within 15 days, Respondent may request in writing, within 10 days, a written determination resolving the dispute from the Associate Administrator for Pipeline

Safety providing all information that Respondent believes is relevant to the dispute. If the request is submitted as provided herein, the Associate Administrator will issue a final determination in writing. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this agreement during the pendency of the dispute resolution process except as agreed by the Regional Director or the Associate Administrator in writing.

V. Enforcement

13. This Consent Agreement, as adopted by the Consent Order, is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101 *et seq.* and 49 C.F.R. Part 190, including administrative civil penalties under § 60122 of up to \$200,000 per violation for each day the violation continues, if PHMSA determines that Respondent is not proceeding according to the terms of the agreement, determinations made by the Regional Director, or if appealed, decisions of the Associate Administrator. All work plans and associated schedules set forth or referenced in Section II will be incorporated into this Consent Agreement and are enforceable in the same manner.

VI. Record Keeping and Information Disclosure

14. Respondent agrees to maintain records demonstrating compliance with all requirements of this Consent Agreement for a period of at least five years following completion of all work to be performed. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Consent Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this agreement in accordance with 49 C.F.R. Part 7. Respondent must mark the claim of confidentiality in writing on each page, and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Consent Agreement in accordance with 49 C.F.R. Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and/or PHMSA policies, and other applicable regulations and Executive Orders.

VII. Modification

15. The terms of this Consent Agreement may be modified by mutual agreement of the parties. Such modifications must be in writing and signed by both parties.

VII. Termination

16. This Consent Agreement terminates upon completion of all terms set forth in Section II (Corrective Measures) as determined by the Director, Southern Region. Respondent may request written confirmation from PHMSA when this agreement is terminated. To the extent ongoing monitoring is required; PHMSA may terminate this agreement with respect to all other requirements with the exception of such monitoring. Nothing in this agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

IX. Ratification

17. The Parties undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Consent Agreement and to execute and legally bind such party to this document.

18. The Parties hereby agree to all conditions and terms of this Consent Agreement:

For PHMSA:

For Respondent:

Wayne T. Lemoi Date
Director, Office of Pipeline Safety
PHMSA Southern Region
U.S. Department of Transportation

Ronald G. McClain Date
President,
Products Pipelines
Plantation Pipe Line Company