ENERGY TRANSFER

Energy Transfer Company
1300 Main Street
Houston, Texas 77002
713.857.5479 (Cell)
Nathan.Hlavaty@energytransfer.com

June 2, 2017

Mr. Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641

RE: CPF No. 3-2017-1006W
Rover Pipeline, LLC – Warning Letter

Dear Mr. Beshore:

This letter responds to the Warning Letter issued to Rover Pipeline, LLC (Rover or the Company) by the Pipeline and Hazardous Materials Safety Administration (PHMSA) on May 8, 2017. The Warning Letter relates to inspections performed in March and April 2017, by the Michigan Public Service Commission (MIPSC) on behalf of PHMSA, regarding the construction of a section of the Rover Pipeline near Pinckney, Michigan. The Warning Letter makes three allegations of noncompliance with 49 C.F.R. Part 192.303 regarding construction procedures and specifications.

Rover shares PHMSA's and MIPSC's commitment to pipeline safety and takes allegations of noncompliance with the pipeline safety rules seriously. Toward that end, Rover's Regulatory Compliance personnel attend construction inspections so that appropriate clarifications are discussed and to facilitate necessary corrections. For the inspections at issue, Regulatory Compliance personnel were in attendance and requested that the MIPSC communicate any concerns so that they could be addressed. At the completion of the inspection, Rover was under the impression that any concerns noted by the MISPC were resolved. No post inspection briefing was conducted by the MISPC, contrary to the Pipeline Safety Act which requires PHMSA/certified states to provide a briefing within 30 days after completion of an inspection to outline any concerns. *49 U.S.C. 60108(e).*

For those reasons, Rover was surprised to receive the Warning Letter, which contains allegations that appear to be based on a misunderstanding of the facts and/or misapplication of the law, and that should have been capable of resolution had the MIPSC provided Rover with a post inspection briefing required by law. In order to clarify the relevant facts and applicable law associated with the Warning Letter, the Company provides responses below to the allegations of noncompliance. Based on these clarifications and supporting documentation, Rover respectfully requests that PHMSA

withdraw the Warning Letter, and that these allegations will not be considered prior violations in subsequent enforcement.

PHMSA Allegation

1. **§192.303 Compliance with specifications or standards.**

   Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

   a) Rover personnel did not follow standard API 1104 section 6.3.1 for multiple qualification when qualifying their welders for the ET Rover Pipeline project.

      On March 24, 2017, MIPSC staff observed the qualification of welders to API 1104 multiple qualification. When the MIPSC arrived, they noted that two branches were ready to be grinded for final fit. When the MIPSC asked who prepared the branches, they were told by a welding inspector that they were cut by the welder assistants and not by the welder qualifying. MIPSC was further told that the welder assistant could grind to prepare the branch surface and observed the welder assistant lay out the branch on the pipe.

      API 1104 Section 6.3.1 states "For the second test, the welder shall lay out, cut, fit, and weld a full-sized branch-on-pipe connection." The Rover welder did not lay out or fit the full size branch as required by API 1104.

Rover Response

On March 24, 2017, the qualification of welders on the Rover pipeline was at all times performed by qualified personnel in compliance with PHMSA regulations, API Standard 1104, and project procedures. *See Attachment A, N. Chestang, Welding Inspection Report (Mar. 24, 2017); C. Reed, Welding Inspection Report (Mar. 24, 2017)* ("all testing was done in accordance to API 1104 and ETC specifications."). The welders, not the welder helpers, laid out, cut, fit, and welded the pipe. Prior to the welder cutting the pipe and final fit up, the welder helpers prepped and cleaned the branch test pipe after grinding off mill scale. This is consistent with PHMSA regulations, API 1104, project procedures, and standard industry practice.

During the inspection, the MIPSC inspector inquired about Rover's use of a template/mechanical cutting device to cut out the branch test pipe for the multiple welder qualification. Rover clarified its use of the template during welding testing, consistent with API 1104 and project procedures, and provided the inspector with Request for Information, RFI-PL-009 (Mar. 14, 2017) (Attachment B). The senior welding inspector further explained to MIPSC that welders, not the welder helpers, were laying out and cutting the branches, which was subsequently confirmed by the welding inspectors in the presence of the MIPSC. The MIPSC inspector acknowledged that she misunderstood and Rover believed that any concerns were resolved to MIPSC's satisfaction.

PHMSA Allegation

b) During the application of a two part epoxy coating to a girth weld on the mainline between station numbers 4740+00 and 4755+00, the Rover contractor did not follow procedures for curing the applied coating.

On April 4, 2017, the MIPSC observed the contractor make several coating repairs to a section of pipe that was damaged during lowering-in. After preparing the surface and applying the two part repair to the damage, the repair crew used a heat gun to speed drying time. According to a Request for Information (RFI) regarding the clarification of Procedure Corrosion Control-6.0306-Coating of Field Joints, the response indicated that "At no time can heat be applied to accelerate cure time." The RFI was approved on March 27, 2017 and shows that it was distributed to the client, field engineer, construction manager, QC/QA, and the project manager.

Rover Response

PHMSA regulations and Rover's coating procedures at issue, Corrosion Control Procedure 6.0306, Coating of Field Joints, Valves, Tie-Ins, Girth Welds, and Short Sections of Pipe Using Two Part Epoxy (Attachment C), do not address whether heat can be applied to accelerate cure time during coating. Rover maintains a Request for Information (RFI) process by which construction related questions or clarifications regarding engineering, design or specifications are addressed, documented, and communicated to the project. On March 27, 2017, Rover responded to a RFI to clarify, among other things, that heat should not be applied to accelerate coating cure time (Attachment D, RFI, Rover-PL-010 Rev. 0).

Despite this RFI, there was an isolated instance where contractors used a heat gun to speed drying time on April 4, 2017. The Company discussed this with the contractors at issue and, both prior to the issuance of the Warning Letter and shortly thereafter, communicated (again) to the entire Rover team, including contractors, that heating of applied coating is not permitted (Attachment E, RFI, Rover-Const-023 Rev. 0; Rover-Const-023 Rev. 1).

PHMSA Allegation

c) During the welding of a girth weld on the mainline between station numbers 4740+00 and 4755+00, the Rover welder did not weld within the welding parameters on the root bead pass and the hot pass.

On April 11, 2017, the MIPSC observed the welding inspector take readings of voltages on a girth weld. The root bead pass was measured at 55 volts. Then on the hot pass, the volts were again found at 55 volts. Welding procedure ETC-Al12A- Rover specifies the range for volts on the root bead pass and the hot pass as 18-38 volts. The welder was asked on both passes to readjust when the high voltages were noted. The parameters were all within specification from that point on.

Rover Response

The April 11, 2017, welding on the Rover pipeline was performed at all times in compliance with previously qualified and approved welding procedures and specifications. The welding inspector observed the welding and continuously monitored the amperages and voltages to confirm that they were within project specifications. At one point, the welding inspector's meter temporarily showed an inaccurate voltage reading due to insufficient contact with the welding cable. The welding inspector confirmed with the welder that his machine was operating correctly and the inspector verified that the amperages were within specification. After several inaccurate voltage readings, the welding inspector adjusted his meter to ensure sufficient contact with the cable, which confirmed the actual voltage reading was well within the specifications of the approved welding procedure (31 volts and 165 amps). At no point did the welding inspector ask the welder to readjust due to the inaccurate readings.

The weld was completed, visually inspected, radiographically tested, and confirmed to be consistent with Rover standards and specifications. *See Attachment F, J. Spivey, Welding Inspection Report (Apr. 11, 2017).* This issue was observed by the MIPSC and the welding inspector explained the issue with the insufficient connection to the welding cable and how he confirmed the accurate readings. After this discussion, Rover believed that all concerns were resolved to MIPSC's satisfaction.

Summary

Rover appreciates PHMSA's consideration of these issues and is available to meet with PHMSA and/or the MIPSC to discuss them further. In light of the above, Rover respectfully requests that PHMSA withdraw the Warning Letter and that the allegations will not be considered prior violations in any future enforcement.

We look forward to continuing to work cooperatively with PHMSA and the MIPSC to ensure the safety and integrity of the Rover pipeline. We further understand that going forward the MIPSC will be providing post inspection briefings so these issues can be clarified and resolved as expeditiously and efficiently as possible.

Sincerely,

Nathan Hlavaty
Director – Interstate Regulatory Compliance
Energy Transfer – Rover Pipeline, LLC

Enclosures