

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 4, 2018

Bradley Shamla
Vice President, US Operations
Enbridge Pipelines (Southern Lights) L.L.C.
7701 France Avenue S, Suite 600
Edina, MN 55435

CPF 3-2018-5009W

Dear Mr. Shamla:

From February 27th to July 27th, 2017 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the records and facilities of your Southern Lights pipeline system (Line 13) in Illinois, Wisconsin and Minnesota.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. §195.64 National Registry of Pipeline and LNG Operators.

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe, that costs \$10 million or more.

Enbridge did not notify PHMSA of the construction of a breakout tank built in Manhattan, IL in 2015. Enbridge began construction of a third breakout tank at the Manhattan terminal in 2015 with a capacity of 491,000 barrels at an estimated cost greater than \$10 million. No notice was sent to PHMSA of construction.

2. §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.

Enbridge did not follow its manual of written procedures for corrosion control. Cathodic protection monitoring records showed that the Line 13 casing at milepost 341.69 was electrically shorted to the carrier pipe from 2013 through 2016. PHMSA also observed the casing to be shorted during the inspection on April 13, 2017. Enbridge procedures require that the shorted condition be cleared, however no attempt to clear the short was made.

3. §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.

Enbridge inspected the surface conditions of the Line 13 pipeline right-of-way at intervals that exceeded 3 weeks. Aerial patrol reports showed that the interval between the 3rd and 4th patrol in the annual sequence was not within a 3-week interval during February of 2016.

- MP 0-98 – Exceedance by 2 days
- MP 98 to 251 – Exceedance by 2 days
- MP 251 to Delevan – Exceedance by 2 days
- Delevan to Streator takeoff – Exceedance by 2 days
- Streator to Manhattan – Exceedance by 3 days

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. Also, for LNG facilities, an additional penalty of not more than \$76,352 for each violation may be imposed. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Enbridge being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2018-5009W**. 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).

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration