

May 3, 2019

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. 3-2018-5013

Dear Mr. Warren:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Permian Express Partners, LP. It makes one finding of violation and assesses a civil penalty of \$5,400. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer dated January 9, 2019. 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. Allan Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Greg McIlwain, Senior Vice President of Operations, Permian Express Partners,
LLC, 1300 Main Street, Houston, TX 77002

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)

Permian Express Partners, LLC,)
a subsidiary of Energy Transfer Partners, LP,)

Respondent.)

CPF No. 3-2018-5013

FINAL ORDER

From August 15, 2017, through July 25, 2018, 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 Permian Express Partners, LLC's (Permian Express or Respondent) Pegasus Pipeline in Sugar Land, Corsicana, and Sour Lake, Texas. Permian Express is a subsidiary of Energy Transfer Partners, LP.¹ The Pegasus Pipeline, which transports crude oil, originates in Patoka, Illinois, and terminates in Jefferson County, Texas.²

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated December 12, 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 Permian Express had violated 49 C.F.R. § 195.573 and proposed assessing a civil penalty of \$5,400 for the alleged violation.

Permian Express responded to the Notice by letter dated January 11, 2019 (Response). The company did not contest the allegation of violation and paid the proposed civil penalty of \$5,400 by wire transfer on January 9, 2019. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make a finding of violation and to issue this final order without further proceedings.

¹ Energy Transfer Partners website, *available at* <http://www.sunocologistics.com/Customers/Business-Lines/Crude-Oil/253/> (last accessed Feb. 8, 2019); Energy Transfer Partners, List of Subsidiaries, *available at* <https://www.sec.gov/Archives/edgar/data/1276187/000127618718000011/ete2017listofsubsidiaries-htm> (last accessed Feb. 8, 2019).

² Pipeline Safety Violation Report (Violation Report), (Dec. 12, 2018) (on file with PHMSA), at 1.

FINDING OF VIOLATION

In its Response, Permian Express did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.573(a)(1), which states:

§ 195.573 What must I do to monitor external corrosion control?

(a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

The Notice alleged that Respondent violated 49 C.F.R. § 195.573(a)(1) by failing to conduct tests on a cathodically protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. Specifically, the Notice alleged that Permian Express failed to conduct pipe-to-soil potential tests on the southern end of the Pegasus Pipeline in calendar year 2016. Permian Express conducted a survey after it discovered the omission in January 2017.

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. § 195.573(a)(1) by failing to conduct tests on a cathodically protected pipeline at least once each calendar year, but with intervals not exceeding 15 months.

This finding of violation will be considered a prior offense 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; 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

³ These amounts are adjusted annually for inflation. See 49 C.F.R. § 190.223; Revisions to Civil Penalty Amounts, 83 Fed. Reg. 60732, 60744 (Nov. 27, 2018).

damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$5,400 for the violation cited above.

Item 1: The Notice proposed a civil penalty of \$5,400 for Respondent's violation of 49 C.F.R. § 195.573(a)(1), by failing to conduct tests on a cathodically protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. Permian Express neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of **\$5,400** for violation of 49 C.F.R. § 195.573(a)(1), which was paid in full by wire transfer on January 9, 2019.

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

May 3, 2019

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued