



January 16, 2020

Via: Electronic Mail & FedEx

Allan Beshore, Director
Central Region
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
901 Locust Street, Suite 462
Kansas City, MO 64106



Re: Panhandle Eastern Pipeline Co.
Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order
CPF 3-2019-1004

Dear Mr. Beshore:

Pursuant to 49 C.F.R. Part 190.208, Panhandle Eastern Pipeline Co. (PEPL or Company) submits this written response to a Notice of Probable Violation (NOPV), Proposed Civil Penalty (PCP) and Proposed Compliance Order (PCO) issued on December 12, 2019, by the Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA's NOPV alleges two (2) violations and includes a PCP of \$12,000 and a PCO proposing one (1) remedial requirement to address the alleged violations.

On January 7, 2020, PEPL requested PHMSA to provide the Case File and Civil Penalty Worksheet. PHMSA provided such on January 9, 2020 via electronic mail. The NOPV, received by PEPL on December 17, 2019, provided for 30 days following receipt to submit written comments, thus this response is timely. PEPL provides this written response to (1) respond to both allegations in the NOPV and (2); provide corrective information to certain items found in the Pipeline Safety Violation Report.

PHMSA NOPV

By way of background, this enforcement action was issued following an inspection of a PEPL Safety Related Condition Report (SRC) submitted to PHMSA on April 11, 2019 that involved an exceedance of Maximum Allowable Operating Pressure (MAOP).

The two (2) allegations in the NOPV concern maximum allowable operating pressure (MAOP) and pressure limiting and regulating station requirements set forth in 49 C.F.R. Part 192.619 and 192.739 respectively. In particular, PHMSA alleges that PEPL allowed operation at a level that exceeded MAOP plus allowable buildup of 10%, and failed to install equipment to protect its pressure regulating station from certain conditions that might prevent proper operation.

With respect to the alleged violation of 49 C.F.R. Part 192.619, PHMSA proposes to issue PEPL a PCP of \$12,000. While PEPL neither admits nor denies the allegation of the violation of 49 C.F.R. Part 192.619, the Company is not contesting the NOPV or associated PCP. PEPL is arranging for payment of the PCP and will advise PHMSA in writing when payment via wire transfer is complete.

To address the alleged violation of 49 C.F.R. Part 192.739, PHMSA proposes to issue PEPL a PCO that would require the Company to install equipment or a device to protect the Johns Manville regulator station(s) located in Defiance, OH from dirt, liquids, or other conditions that might prevent proper operation. The PCO requires this equipment or device be installed within 90 days of the receipt of the Final Order and documentation of the measures taken be submitted to PHMSA.



Again, PEPL neither admits nor denies the allegation of the violation of 49 C.F.R. Part 192.739, but is not contesting the NOPV and also intends to comply with the PCO and submit documentation of such to PHMSA within 90 days of the date of the Final Order.

Corrections to Pipeline Safety Violation Report

With respect to the discussion of the evidence supporting the alleged violation of 49 C.F.R. Part 192.739 the Pipeline Safety Violation Report indicates some incorrect facts. PEPL wishes to correct these facts and such corrections are supported by the SRC report dated April 11, 2019 and the follow up email from PEPL to PHMSA dated May 28, 2019 which are both contained in the "Evidence Exhibit A" section of the Pipeline Safety Violation Report.

First, page twelve (12) of the Pipeline Safety Violation Report under the description of the evidence incorrectly states that "ET installed a relief valve downstream on June 10, 2019, to prevent recurrence". As supported by the information contained in the SRC report dated April 11, 2019 and the follow up email to PHMSA dated May 28, 2019, the actual date of installation of the relief valve was April 10, 2019. Specifically, the second page of the SRC report identifies the "Future Corrective Action" as "installation of a relief valve downstream of the worker/monitor to prevent recurrence" and is noted as completed on April 10, 2019. The follow up email from PEPL dated May 28, 2019 also notes April 10, 2019 as the date that installation of this relief valve is was complete. PEPL therefore took prompt remedial action to prevent a recurrence of MAOP exceedance at the Johns Manville # 8 regulator station located in Defiance, OH by installation of the relief valve.

Second, page twelve (12) of the Pipeline Safety Violation Report under the description of the evidence incorrectly indicates that the May 28, 2019 email states "that on the same day a similar regulator failure to lock up occurred at the Johns Manville #2 station". To the contrary, the email states in fact that the regulators did lock up, specifically the email states that "PEPL has a very similarly equipped and configured meter station at the Johns Manville #2 plant in Defiance. Plant #2 also experienced a shut down on April 7 at very nearly the identical time. Review of the pressure trend at the J-M #2 station indicates an abrupt and momentary pressure increase to approximately 63 psi, indicating the Singer Axial flow regulators did lock up and respond appropriately to abrupt drop in volume flowing through the meter station." As such, the Pipeline Safety Violation Report should be reflect these corrections.

PEPL shares PHMSA's commitment to pipeline safety, public safety, and pipeline integrity and appreciates PHMSA's consideration of the corrected facts and statements above. Further, as set forth above, and without admitting to the alleged violations, PEPL intends to perform the items requested by PHMSA in the PCO and make payment of the PCP.

Sincerely,

Todd
Nardozi

Digitally signed by
Todd Nardozi
Date: 2020.01.16
09:08:58 -06'00'

Todd Nardozi
Sr. Manager – DOT Compliance
Energy Transfer Partners

cc: Eric Amundsen, SVP of Operations
Dutch Schuman, VP of Operations
Scott Gallagher, Director of Technical Operations
Mark Milliken, VP – Technical Services
Danny Nichols, Sr. Director Regulatory Compliance
Dawn McGuire, Esq., Assistant General Counsel, ET