



**By Electronic Mail**

October 26, 2020

Greg Ochs, 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 Company, LP  
Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order  
CPF 3-2020-1005

Dear Mr. Ochs:

Pursuant to 49 C.F.R. Part 190.208, Panhandle Eastern Pipeline Company, LP (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 September 9, 2020, by the Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA's NOPV alleges six (6) violations and includes a PCP of \$226,500 and a PCO proposing two (2) remedial requirements to address the probable violations detailed under Items 1 and 6.

The NOPV, received by PEPL on September 9, 2020, provided for 30 days following receipt to submit written comments. On October 9, 2020 PEPL requested an extension of time to respond until October 26, 2020 thus this response is timely. PEPL provides this written response to (1) respond to the allegations in the NOPV and (2) provide documentation to substantiate that all actions required by the PCO have been completed. While PEPL neither admits nor denies the allegations of violation of 49 C.F.R. Part 192, the Company is not contesting the NOPV or associated PCP and as such will arrange to make wire transfer payment in the amount of \$226,500. Upon PHMSA review of this response, the documentation submitted to fulfill the PCO and confirmation of payment of the PCP, PEPL requests that a Final Order be issued in this matter to reflect PEPL's completion of the PCO and that this matter is closed.

**PHMSA NOPV**

By way of background, this enforcement action was issued following an inspection of the PEPL system records in Houston, TX and records, facilities and rights-of-ways in Oklahoma, Kansas, Missouri, and Illinois over various dates from March 4, 2019 to September 20, 2019.

The six (6) allegations of non-compliance in the NOPV concern the following (1) Compressor Station Emergency shutdown requirements as set forth in Part 192.167 by failing to provide properly located emergency shutdown (ESD) systems at the Olpe Compressor Station; (2) Procedural Manual requirements as set forth in 192.605 by failing to make accurate maps available to appropriate operating personnel; (3) Transmission line record keeping requirements as set forth in 192.709 by failing to retain records of inspection and testing of pressure limiting and regulating devices; (4) Valve maintenance requirements as set forth in 192.745 by failing to inspect and partially operate valves that might be required during an emergency; (5) Identification of High Consequence Areas (HCA) as set forth in 192.905 by failing to complete the evaluation of one structure as a possible HCA; and (6) The continual process of evaluation and assessment to maintain pipeline integrity requirements as set forth in 192.937 by failing to run a risk analysis in calendar years 2017 and 2018.

With respect to the NOPV allegations in Items 2 and 5, relating to Parts 192.605 and 192.905, and as set forth in the NOPV, PHMSA has reviewed the circumstances and supporting documents and decided not to pursue additional enforcement or penalty assessment proceedings and issued these as Warning Items. For those two (2) NOPV items, PEPL has completed efforts to resolve the issues regarding the subject maps and the process for field identification of HCAs and will continue to ensure Company SOPs applicable to each item are followed going forward to ensure compliance with both requirements.

### **Item 1 – Compressor Stations: Emergency shutdown (Part 192.167)**

With respect to the probable violation of 49 C.F.R. Part 192.167(a)(4)(ii), PHMSA proposes to issue PEPL a PCO requiring the Company to install or otherwise make provisions for an exit gate near the no. 3 ESD that meets the requirements for compressor station design and construction found under 192.163(d). While PEPL neither admits nor denies the allegation of the violation of 49 C.F.R. Part 192.167, the Company is not contesting the NOPV or the associated PCO.

To directly address this finding, PEPL expeditiously completed steps to install a man gate with a crash bar near the no. 3 ESD stand located in the southwest corner of Olpe Station. This work, completed on November 25, 2019, brings this station into compliance with the requirements of 192.163(d). PEPL notified PHMSA of the completion of this work and provided photo documentation of such to PHMSA via electronic mail on December 18, 2019. PEPL has included this same documentation with this response under Attachment A to substantiate completion of this work and resolve PCO Item 1.

### **Items 3 & 4 – Transmission Lines; Record Keeping & Valve Maintenance**

With respect to the probable violations of 49 C.F.R Part 192.709 and 192.745, PHMSA proposes to issue PEPL a PCP in the amount(s) of \$20,400 and \$145,000 respectively. While PEPL neither admits nor denies the allegations of the violation of 49 C.F.R. Part 192.709 and 192.745, the Company is not contesting the NOPV or associated PCP.

These probable violations specifically involved missing records from the 2017 inspections and testing of pressure-limiting and regulating stations in both the Guymon Hansford Unit and Liberal (DCP) Unit. Additionally, numerous transmission line valves were not inspected in the Guymon Hansford Unit in 2017 and additional valves in the Liberal (DCP) Unit were found to not have been inspected in 2016 to 2018.

The Guymon Hansford Unit and the Liberal (DCP) Units while owned by PEPL, were both operated by a 3<sup>rd</sup> party over the time period of January 1, 1999 – July 2, 2018. The 3<sup>rd</sup> party operator in some cases utilized qualified contractors to perform 49 C.F.R. 192 required O&M maintenance and inspection functions including the inspections subject of these probable violations. The 3<sup>rd</sup> party previous operator pursued the inspection records from the contractor for the inspections that occurred during 2017 on all pressure-limiting and regulating stations, however, the contract company is no longer in business and no records were provided to substantiate the completion of the tasks and inspections detailed above. While it is the belief of PEPL that the inspections and testing of all pressure-limiting devices took place in 2017 no records have been located. In addition to the pressure-limiting devices, for the years 2016 through June 2018, no maintenance records on some transmission line valves for the units referenced above were found.

Beginning July 2, 2018, PEPL took over operation of the pipeline systems in the Guymon Hansford Unit and Liberal (DCP) Units from the 3<sup>rd</sup> party. Since that time PEPL has completed all required inspection and maintenance of the pressure-limiting, regulating stations and transmission line valves subject to this NOPV. Additionally, the Company has ensured that all devices and valves subject to the requirements of 49 C.F.R Part 192.709 and 192.745 respectively are in the Company's electronic maintenance program and are scheduled as required for future inspection and maintenance.

### **Item 6 – Risk Model**

With respect to the probable violation of 49 C.F.R Part 192.937, PHMSA proposes to issue PEPL a PCP in the amount(s) of \$61,100 and a PCO requiring the Company to run its risk model and integrate the results as required by its procedures. While PEPL neither admits nor denies the allegations of the violation of 49 C.F.R. Part 192.937 the Company is not contesting the NOPV, PCO or the associated PCP.

The finding of probable violation involves the Company failing to follow Section 5.1 of its Integrity Management Plan and run its risk model in calendar years 2017 and 2018. To address this finding and maintain compliance with the requirements of 49 C.F.R. 192.937 and Company procedures, PEPL has completed the 2019 and 2020 risk model runs and produced the resultant reports. At the close out of the inspection, the 2019 risk model report was shared with PHMSA. The 2019 and 2020 risk model reports are included with this submission under Attachment B. The Company believes these reports are compliant with regulatory requirements and company procedures and will also serve to resolve the requirements of PCO Item 2.

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PEPL shares PHMSA's commitment to pipeline safety, public safety, and pipeline integrity and appreciates PHMSA's consideration of this response. Further, as set forth above, and without admitting to the alleged violations, PEPL has performed the items requested by PHMSA in the PCO and will make payment of the PCP.

Sincerely,

Todd Nardozzi  
Director – Regulatory Compliance  
Energy Transfer

cc: Eric Amundsen, SVP of Operations  
David Minielly, VP of Operations  
Kevin Ferguson, Director of Technical Operations  
Mark Milliken, VP – Technical Services  
Dawn McGuire, Esq., Assistant General Counsel