



U.S. Department  
of Transportation  
**Pipeline and Hazardous  
Materials Safety  
Administration**

**APR 28 2008**

1200 New Jersey Ave. S.E.  
Washington, DC 20590

**VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Ms. Patricia A. Totten  
Vice President, General Counsel and Secretary  
TE Products Pipeline Company, LLC  
TEPPCO Partners, L.P.  
1100 Louisiana St., Ste 1600  
Houston, TX 77002-5221

**Re: CPF No. 4-2006-5049**

Dear Ms. Totten:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$51,000, and specifies actions to be taken to comply with the pipeline safety regulations. I acknowledge receipt of and accept your wire transfer for \$51,000 as payment in full of the civil penalty assessed in the Final Order. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed.

Thank you for your cooperation in this matter.

Sincerely,

*William H. Gault*  
for

Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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**In the Matter of** )  
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**TE Products Pipeline Company, LLC,** )  
**a subsidiary of TEPPCO Partners, L.P.,** )  
 )

**Respondent** )  
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\_\_\_\_\_ )

**CPF No. 4-2006-5049**

**FINAL ORDER**

On May 23-27 and June 6-10, 2005, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration's Office of Pipeline Safety (OPS) and the New York Public Service Commission conducted an on-site pipeline safety inspection of TE Products Pipeline Company's (Respondent) integrity management program (IMP) at the company's offices in Houston, Texas.<sup>1</sup> Respondent's pipeline system transports refined petroleum products, liquefied petroleum gas, and petrochemicals from Texas to the Northeast. As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated November 29, 2006, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed multiple violations of 49 C.F.R. § 195.452 and proposed a civil penalty of \$51,000 for the alleged violations. The Notice also proposed that Respondent take certain measures to correct the alleged violations.

On December 28, 2006, Respondent submitted a wire transfer in the amount of the proposed civil penalty (\$51,000), thereby waiving any further right to respond and authorizing the entry of this Final Order, as provided under 49 C.F.R. § 190.209. Respondent also submitted a written response dated December 28, 2006, in which Respondent did not contest the allegations of violation and agreed to the terms of the proposed compliance order. Respondent further submitted correspondence concerning the progress of its corrective actions by letters dated: March 30, 2007; May 31, 2007; October 31, 2007; February 19, 2008; and February 27, 2008.

**FINDINGS OF VIOLATION**

Pursuant to 49 U.S.C. § 60122 and 49 C.F.R. §§ 190.209(a)(1) and 190.213, I find that Respondent violated 49 C.F.R. Part 195, as follows:

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<sup>1</sup> TE Products Pipeline Company, LLC is the operator of the pipeline system subject to this enforcement action and is one of several subsidiaries of TEPPCO Partners, L.P.

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(6) and (i)(3), which state:

**§ 195.452 Pipeline integrity management in high consequence areas.**

(a) . . . .

(f) *What are the elements of an integrity management program?* . . . . An operator must include, at minimum, each of the following elements in its written integrity management program . . . .

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section) . . . .

(i) *What preventive and mitigative measures must an operator take to protect the high consequence area?* . . . .

(3) *Leak detection.* An operator must have a means to detect leaks on its pipeline system. An operator must evaluate the capability of its leak detection means and modify, as necessary, to protect the high consequence area. An operator's evaluation must, at least, consider, the following factors—length and size of the pipeline, type of product carried, the pipeline's proximity to the high consequence area, the swiftness of leak detection, location of nearest response personnel, leak history, and risk assessment results.

I find that Respondent violated 49 C.F.R. § 195.452(f)(6) and (i)(3) by failing to evaluate the capabilities of its leak detection means and modify them, as necessary, to protect high consequence areas, as more fully set forth in the Notice. At the time of the inspection, Respondent had not evaluated its leak detection means.

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(5), (j)(2), and (j)(3) which state:

**§ 195.452 Pipeline integrity management in high consequence areas.**

(a) . . . .

(f) *What are the elements of an integrity management program?* . . . . An operator must include, at minimum, each of the following elements in its written integrity management program . . . .

(5) A continual process of assessment and evaluation to maintain a pipeline's integrity (see paragraph (j) of this section) . . . .

(j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?* —

(1) *General* After completing the baseline integrity assessment, an operator must continue to assess the line pipe at specified intervals and periodically evaluate the integrity of each pipeline segment that could affect a high consequence area.

(2) *Evaluation* An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the

factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of this section), and decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).

(3) *Assessment intervals* An operator must establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity. An operator must base the assessment intervals on the risk the line pipe poses to the high consequence area to determine the priority for assessing the pipeline segments. An operator must establish the assessment intervals based on the factors specified in paragraph (e) of this section, the analysis of the results from the last integrity assessment, and the information analysis required by paragraph (g) of this section.

**Item 2A:**

I find that Respondent violated 49 C.F.R. § 195.452(f)(5) and (j)(2), as quoted above, by failing to include in its integrity management program a documented process for conducting periodic evaluations as frequently as needed to assure pipeline integrity based on the risk factors specific to its pipelines, as more fully set forth in the Notice. Additionally, at the time of the inspection, there was no evidence that Respondent had actually performed any periodic evaluations.

**Item 2B:**

I find that Respondent violated 49 C.F.R. § 195.452(f)(5) and (j)(3), as quoted above, by failing to include in its integrity management program a documented process for determining assessment intervals based on each pipeline's risk to high consequence areas, as more fully set forth in the Notice. At the time of the inspection, Respondent had merely applied the same sequence from its baseline assessment using a five-year "default" rotation for reassessments, rather than calculating reassessment intervals based on the process set forth in § 195.452(j)(3).

**Item 3:** The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(7) and (k), which state:

**§ 195.452 Pipeline integrity management in high consequence areas.**

(a) . . . .

(f) *What are the elements of an integrity management program?* . . . An operator must include, at minimum, each of the following elements in its written integrity management program . . .

(7) Methods to measure the program's effectiveness (see paragraph (k) of this section) . . . .

(k) *What methods to measure program effectiveness must be used?* An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas . . . .

I find that Respondent violated 49 C.F.R. § 195.452(f)(7) and (k) by failing to implement methods to measure program effectiveness, as more fully set forth in the Notice. At the time of the inspection, Respondent had developed three methods to evaluate the effectiveness of its program, but had not actually implemented them. The methods were: biennial reports, triennial audits, and implementation of performance and process measures.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent. Having reviewed the record and considered the assessment criteria in 49 U.S.C. § 60122, I assess Respondent a civil penalty of \$51,000, which amount has already been paid by Respondent.

### **COMPLIANCE ORDER**

The Notice also proposed a compliance order with respect to each of the violations. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquid by pipeline or who owns or operates a hazardous liquid pipeline facility is required to comply with the applicable safety standards established under Chapter 601. Respondent has submitted documentation of the corrective actions it has taken. Unfortunately, those measures have not fully satisfied the terms of the proposed compliance order. Accordingly, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Respondent must—

1. Develop and document its leak detection capability evaluation process; perform an evaluation of leak detection capabilities in accordance with that process and § 195.452(i)(3); and identify the modifications to those capabilities, as necessary, to protect high consequence areas. Submit documentation that this item has been completed, including the outcome of the evaluation.
2. Document a process for periodic evaluations in accordance with § 195.452(j)(2) and demonstrate performance of the evaluations. Submit the process documentation and the outcome of the evaluations.
3. Document a process for determining integrity assessment intervals in accordance with § 195.452(j)(3) and document the justification for each interval determined by that process. The process must include an analysis of previous integrity assessments results. In determining reassessment intervals, note that the five-year maximum interval in § 195.452(j)(3) is merely a “default” value and that actual assessment intervals must be determined based on the actual risk each line pipe poses to high consequence areas, as specified in the regulation. Submit documentation that this item has been completed.
4. Identify specific program performance measures and perform a program effectiveness evaluation, in accordance with § 195.452(k). Document the outcome of this evaluation and submit the documentation.
5. Maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and report the total cost as follows: (a) total cost associated with

preparation, revision of plans and procedures, and performance of studies and analyses; and (b) total cost associated with any physical changes to the pipeline infrastructure, including replacements and additions.

- 6 Complete each of the above items and submit documentation of compliance within 30 days of receipt of this Final Order. Documentation shall be submitted to the Director, Southwest Region, Office of Pipeline Safety, 8701 South Gessner, Suite 1110, Houston, TX 77074.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent demonstrating good cause for an extension.

Failure to comply with this Final Order may result in administrative assessment of civil penalties up to \$100,000 per day for each violation and in referral to the Attorney General for appropriate relief in a district court of the United States. The terms and conditions of this Final Order shall be effective upon receipt.

*William Hobbs*

*for*

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

APR 28 2008

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Date Issued