

MAY 29, 2013

Mr. Joe Bob Perkins, CEO
Targa Resources Operating, LP
Targa Resources Corporation
1000 Louisiana, Suite 4300
Houston, Texas 77002

Re: CPF No. 4-2013-5001

Dear Mr. Perkins:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$34,000, and specifies actions that need to be taken by Targa Resources Operating, LP, to comply with the pipeline safety regulations. This is to acknowledge receipt of a partial payment, by wire transfer dated February 2, 2013, in the amount of \$14,100. The remaining penalty payment terms are set forth in the Final Order. When the civil penalty has been paid in full and the terms of the compliance order completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Rodrick M. Seeley, Director, Southwest Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Ms. Elizabeth Hawkins, Esquire, Senior Regulatory Counsel, Targa Resources Corporation

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**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)	
)	
Targa Resources Operating, LP,)	CPF No. 4-2013-5001
)	
Respondent.)	
)	

FINAL ORDER

Between June and September 2012, pursuant to 49 U.S.C. § 60117, a representative 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 Targa Resources Operating, LP (Targa or Respondent), in Sulphur, Louisiana. Targa is a subsidiary of Targa Resources Corporation, which owns and operates over 10,000 miles of natural gas gathering and NGL pipelines, 22 gas processing plants, and 13 storage terminals in Louisiana, Kentucky, Texas, Mississippi, Florida, New Jersey, Tennessee, Washington, Maryland and the Gulf of Mexico.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated January 2, 2013, 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 Targa had violated 49 C.F.R. §§ 195.403 and 195.575 and proposed assessing a civil penalty of \$34,000 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct one of the alleged violations.

Targa responded to the Notice by letter dated January 29, 2013 (Response). The company contested the allegations contained in Item 1 and offered additional information in response to the Notice. Targa did not contest the allegations contained in Item 2, and paid the proposed penalty for this item, in the amount of \$14,100.

Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 195 as follows:

¹ Pipeline Safety Violation Report (Violation Report), (May 10, 2011) (on file with PHMSA), at 1.

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.403, which states, in relevant part:

§ 195.403 Emergency response training.

- (a) ...
- (b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:
 - (1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and
 - (2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.
- (c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

The Notice alleged that Respondent violated two provisions of 49 C.F.R. § 195.403. First, it alleged that Targa violated § 195.403(b) by failing to review with personnel their performance in meeting the objectives of the company's emergency response program per the requirements of § 195.403. Specifically, the Notice alleged that the last review of the program was conducted in February and June of 2010, but that it had not been done again during the 15 months prior to the PHMSA inspection.

Second, the Notice alleged that Respondent violated § 195.403(c) by failing, in 2011, to require and verify that its supervisors maintained a thorough knowledge of the company's emergency response procedures for which they were responsible.

In its Response, Targa asserted that it did not use a "review of the emergency response program" to fulfill the requirements of § 195.403(b). Instead, the company used its "Annual Personnel Performance Reviews" to satisfy the regulation. Additionally, Targa contended that such "Annual Personnel Performance Reviews" also satisfied the requirements of § 195.403(c) by establishing a means of requiring and verifying that its supervisors maintained a thorough knowledge of the company's emergency response procedures. In support of its position, Targa provided four examples of its employee performance reviews.

Upon reviewing the record and considering Targa's argument, I find that Respondent violated both 49 C.F.R. § 195.403(b) and (c) by failing to review the performance of its employees as specifically related to the company's emergency response training program and by failing to ensure that its supervisors maintained a thorough knowledge of that portion of Targa's emergency response program for which they were responsible. The documents provided by Targa only give general information about each employee and the skills he or she has in performing his or her job. Specifically, under #3, "Job Knowledge," the only provision in the performance review forms that could be considered evidence of its compliance with § 195.403(b) and (c) contains no information about the employee's emergency response training or the employee's knowledge of emergency procedures. It merely discusses the employee's

“understanding of essential functions, and duties within the scope of the position.” This generic description does not amount to documentation or evidence confirming that the employee’s performance met the objectives of the company’s emergency response training program under § 195.403(b) or (c).

Accordingly, I find that the documents supplied by Targa fail to establish the company’s compliance with § 195.403. When coupled with the undisputed allegation that a Targa employee had acknowledged to the PHMSA inspector that the company’s Emergency Response training had been inadvertently removed from the company’s block training program due to an administrative oversight in 2011, I am convinced that Respondent violated 49 C.F.R. § 195.403(b) and (c).

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.575(c), which states:

§ 195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

- (a) . . .
- (c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.

The Notice alleged that Respondent violated 49 C.F.R. § 195.575(c) by failing to inspect and electronically test three electrical insulation devices since the date they were first installed. Specifically, the Notice alleged that Targa, in violation of its own procedure, *Targa Liquid Pipeline Corrosion Procedures for Electrical Isolation*, failed to inspect three insulating devices installed on what is referred to as the “Orange Extension Pipeline” since they were installed.

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. § 195.575(c) by failing to properly inspect three electrical insulation devices installed on the Orange Extension Pipeline.

These findings of violation will be considered prior offenses 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.² 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; and any effect

² The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Pub. L. No. 112-90, § 2(a)(1), 125 Stat. 1904, effective January 3, 2012, increased the civil penalty liability for violating a pipeline safety standard to \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.

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 damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$34,000 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$19,900 for Respondent's violation of 49 C.F.R. § 195.403(b) and (c), for failing to review with company personnel their performance in meeting the objectives of the company's emergency response training program. Additionally, it alleged that the company failed to ensure that its supervisors maintained a thorough knowledge of Targa's emergency response procedures. As previously noted, I found that Targa's employee performance reviews did not serve to satisfy the requirements in § 195.403(b) and (c) that the company evaluate each employee's performance in meeting the specific safety objectives outlined in paragraph (a) of that regulation. By failing to include emergency response as a specific element in its performance review process, Respondent was unable to verify and document that its employees were adequately trained to deal with pipeline emergencies. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$19,900 for violation of 49 C.F.R. § 195.403.

Item 2: The Notice proposed a civil penalty of \$14,100 for Respondent's violation of 49 C.F.R. § 195.575(c), for failing to properly and timely inspect three insulating devices installed on the Orange Extension Pipeline. Targa paid the proposed penalty, which serves to close this Item with prejudice and authorizes PHMSA to make a finding of violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$14,100 for violation of 49 C.F.R. § 195.575(c).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$34,000**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-341), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, Oklahoma 73125. The Financial Operations Division telephone number is (405) 954-8893.

Failure to pay the \$34,000 civil penalty in full will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 195.403 and 195.575, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. 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:

1. With respect to the violation of § 195.403 (**Item 1**), Respondent must review its emergency response program with company personnel, including controllers at the HackBerry Storage Facility, and, if necessary, make appropriate changes to the company's emergency response training program to ensure its effectiveness. In addition, Targa must verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures for which they are responsible to ensure compliance.
2. Respondent must complete and submit all documentation listed in Paragraph 1 of this Proposed Compliance Order within forty-five (45) days after receipt of the Final Order.
3. It is requested (not mandated) that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Rodrick Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses; and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

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 and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request, grants a stay, all other terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued