

SEPTEMBER 29, 2014

Mr. Rory L. Miller
Senior Vice President, Williams Energy, LLC
The Williams Companies, Inc.
One Williams Center
Tulsa, OK 74172

Re: CPF No. 4-2014-1002

Dear Mr. Miller:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$15,800, and specifies actions that need to be taken by Williams Energy, LLC, to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid 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. R. M. Seeley, Director, Southwest Region, OPS
Mr. Alan S. Armstrong, President, The Williams Companies, Inc.,
One Williams Center, Tulsa, OK 74172
Ms. Marie G. Sotak, Manager Pipeline Safety, Gas & Liquids, Williams Energy, LLC,
2800 Post Oak Blvd., L-11, Houston, TX 77056

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)	
)	
Williams Energy, LLC,)	CPF No. 4-2014-1002
)	
Respondent.)	
)	

FINAL ORDER

Representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, have reviewed the reports and notifications that Williams Energy, LLC (Williams or Respondent), a subsidiary of The Williams Companies, Inc.,¹ provided to PHMSA in January 2014 regarding the construction of a 20-inch offshore gas gathering pipeline running approximately 209 miles in length and generally referred to as the Keathley Canyon Connector. As of 2012, Williams reported operating 276 miles of gas transmission and gathering lines in Louisiana and the Gulf of Mexico and 23 miles of hazardous liquid pipelines in Louisiana.²

As a result of PHMSA’s review of Williams’ 2014 filings, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated March 3, 2014, 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 Williams had committed two violations of 49 C.F.R. Part 191 and assessing a civil penalty of \$15,800 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

Williams responded to the Notice by letter dated April 3, 2014 (Response). Respondent contested one of the allegations of violation, provided an explanation of its actions, and requested that the proposed civil penalty be reduced or eliminated. Respondent did not request a hearing and therefore has waived its right to one.

¹ <http://co.williams.com/williams/operations/midstream/> (last accessed July 21, 2014).

² Pipeline Safety Violation Report (Violation Report), (March 3, 2014) (on file with PHMSA), at 1.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 191, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 191.22(c)(1)(ii), which states:

§ 191.22 National Registry of Pipeline and LNG operators.

(a) . . .

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at *http://opsweb.phmsa.dot.gov* of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) . . .

(ii) Construction of 10 or more miles of a new pipeline;

The Notice alleged that Respondent violated 49 C.F.R. § 191.22(c)(1)(ii) by failing to timely notify PHMSA of the construction of 10 or more miles of a new pipeline. Specifically, the Notice alleged that Williams failed to notify PHMSA at least 60 days before the company began construction of a 209-mile offshore pipeline in the Gulf of Mexico. Construction of the pipeline began on October 15, 2013, approximately 83 days prior to the filing of the notification on January 6, 2014, or 143 days late.

Respondent contested this Item, asserting that it had “created the original PHMSA Notification Type G in the PHMSA Portal and indicated an anticipated construction start date of October 7, 2013.” It further asserted that “[a]t that time, Williams assumed the notification was submitted in final,” as indicated in an internal e-mail dated June 4, 2013.³ In support of its position, Williams provided a screenshot of the PHMSA reporting portal and an internal company e-mail indicating that company personnel had notified PHMSA of the pending construction. The screenshot showed the notification type, project status, start date, who entered and/or updated the information, and the last date the information was updated. The screenshot, however, did not show when the notification was made.

Based upon the evidence presented by Respondent, it is unclear whether Williams attempted but failed to timely submit the construction notice in June 2013. It is undisputed, however, that a complete submission of the construction notice was not made until January 6, 2014. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 191.22(c)(1)(ii) by failing to timely notify PHMSA of its construction of a 209-mile gas gathering pipeline in the Gulf of Mexico.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 191.22(b), as follows:

³ Response at 1.

§ 191.22 National Registry of Pipeline and LNG operators.

(a)

(b) [Operator Identification Number (OPID)] validation. An operator who has already been assigned one or more OPID by January 1, 2011, must validate the information associated with each OPID through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, and correct that information as necessary, no later than June 30, 2012.

The Notice alleged that Respondent violated 49 C.F.R. § 191.22(b) by inaccurately updating the company's OPID information with the National Registry of Pipeline and LNG Operators. Specifically, the Notice alleged that Williams failed to accurately update its Contact Information by listing only one individual and phone number for the following duties: DOT Compliance, Emergency Contact 24-7, Normal Operations 24-7, Senior Executive, NPMS and User Fee departments.

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. § 191.22(b) by failing to accurately update its OPID information with the National Registry of Pipeline and LNG Operators.

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. 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 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 \$15,800 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$15,800 for Respondent's violation of 49 C.F.R. § 191.22(c)(1)(ii), for failing to timely notify PHMSA of the construction of a new pipeline. As discussed above, I found that Williams did not report the construction of a new 209-mile pipeline until 143 days after the notification deadline and nearly half of the construction had been completed. Parties are required to notify PHMSA in advance of new construction so the agency can review the construction documents and, if necessary, observe construction to ensure that proper safety and construction protocols are being followed. Thus, the failure of an operator to make a timely construction notification potentially affects the long-

term safety of a pipeline.

While I have considered the evidence that Williams may have made some attempt to file a timely notification, I do not find this alone warrants a penalty reduction. PHMSA will, on occasion, reduce a proposed penalty where an operator can show that the violation was based upon the company's good-faith reliance on an incorrect interpretation of the regulations. In this case, however, Williams simply did not file a timely notification and had no system in place to monitor or assure compliance. Furthermore, this violation does not appear to be an isolated event. Other subsidiaries of The Williams Companies, Inc., have recently been charged with filing late reports, which suggests a more systemic problem than the present case alone would indicate.⁴ Accordingly, based upon the foregoing, I assess Respondent a civil penalty of \$15,800 for violation of 49 C.F.R. § 191.22(c)(1)(ii).

In summary, having reviewed the record and considered the assessment criteria for the Item cited above, I assess Respondent a total civil penalty of **\$15,800**.

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 (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, Oklahoma 73125. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$15,800 civil penalty 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 Item 2 in the Notice for violation of 49 C.F.R. § 191.22(b). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 191.22(b) (**Item 2**), Respondent updated its

⁴ The Violation Report states that on August 14, 2013, PHMSA issued: (1) a Warning Letter to Williams Field Services-Gulf Coast [CPF No. 4-2013-9001W], alleging that the company had filed a late notification on another pipeline construction project; and (2) a Notice of Probable Violation and Proposed Compliance Order to Williams Olefins Feedstock Pipelines, LLC [CPF No. 4-2013-5016], alleging that the company had filed a late notification on the acquisition of a new pipeline. The latter case has not yet been adjudicated. Williams has not challenged these allegations in the Violation Report.

operator Contact Information, previously provided, with the correct contact information for the individuals responsible for: DOT Compliance, Emergency Contact 24-7, Normal Operations Contact 24-7, the named Executive, NPMSA and User Fee.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order [CPF No. 4-2014-1002].

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