

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 23, 2018

Eric Amundsen
Senior Vice President of Operations
Energy Transfer
1300 Main Street
Houston, Texas 77002

CPF-4-2018-1013M

Dear Mr. Amundsen:

From January 5, 2018 to July 6, 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Energy Transfer's procedures for Tiger Pipeline, Fayetteville Express Pipeline, Transwestern Pipeline, Trunkline, and Sea Robin Pipelines in Houston, Texas.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Energy Transfer's plans or procedures, as described below:

1. §192.609 Change in class location: Required study.

Whenever an increase in population density indicates a change in class location for a segment of an existing steel pipeline operating at hoop stress that is more than 40 percent of SMYS, or indicates that the hoop stress corresponding to the established maximum allowable operating pressure for a segment of existing pipeline is not commensurate with the present class location, the operator shall immediately make a study to determine:

- (a) The present class location for the segment involved.**
- (b) The design, construction, and testing procedures followed in the original construction, and a comparison of these procedures with those required for the present class location by the applicable provisions of this part.**
- (c) The physical condition of the segment to the extent it can be ascertained from available records;**
- (d) The operating and maintenance history of the segment;**
- (e) The maximum actual operating pressure and the corresponding operating hoop stress, taking pressure gradient into account, for the segment of pipeline involved; and**
- (f) The actual area affected by the population density increase, and physical barriers or other factors which may limit further expansion of the more densely populated area.**

Energy Transfer's written procedures were found to be inadequate and must be amended to ensure that whenever an increase in population density indicates a change in class location for a segment of an existing steel pipeline operating at hoop stress that is more than 40 percent of SMYS, that the operator shall immediately conduct a study as required by §192.609. PHMSA inspectors reviewed SOP B.12: Evaluating Class Location Changes and SOP B.13: Surveillance for Class Location and HCA Determination and found that the requirement to conduct a study when there is an increase in population density is not clear. Energy Transfer Procedure B.12 states that an evaluation of class location is done annually and Procedure B.13 describes how personnel do surveillance to collect data on a continuous basis. Procedure B.12 does not say it will do an immediate study if there is an increase in population density. According to Procedure B.13, surveillance is continuous, which is contrary to B.12 which says evaluation is on an annual basis.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Energy Transfer maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Mary L. McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF-4-2018-1013M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*