



1300 Main Street  
Houston, TX 77002

September 13, 2019

**By Electronic Mail**

Mary McDaniel, Director  
Southwest Region  
Pipeline and Hazardous Materials Safety Administration  
U.S. Department of Transportation  
8701 South Gessner Road, Suite 630  
Houston, TX 77074

Re: Energy Transfer Company – Lone Star NGL – Gateway Justice Pipeline  
Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order  
CPF 4-2019-5016

Dear Ms. McDaniel:

Pursuant to 49 C.F.R. Part 190.208, Energy Transfer Company (ETC or Company) submits this written response to a Notice of Probable Violation (NOPV), Proposed Civil Penalty (PCP) and Proposed Compliance Order (PCO) issued on August 15, 2019, by the Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA's NOPV alleges six (6) violations and includes a PCP of \$73,600 and a PCO proposing two (2) remedial requirements to address two of the alleged violations. While ETC neither admits to nor denies the allegations, the Company is not contesting the NOPV, PCP or PCO and is arranging for payment of the PCP to be made. ETC provides this written response to explain the Company's efforts to resolve the underlying issues identified in the NOPV.

**PHMSA NOPV**

By way of background, this enforcement action was issued following an inspection of ETC's Lone Star NGL – East and West pipeline system (Gateway Justice Pipeline) in Houston, Abilene, Victoria and Midland, Texas from April 2 - October 29, 2018. The six (6) allegations in the NOPV concern the procedural manual for operations set forth in Part 195.402, pipeline integrity management in high consequence areas set forth in Part 195.452 and atmospheric corrosion control set forth in Part 195.583. In particular, PHMSA alleges that ETC failed to follow its written procedure for atmospheric corrosion inspections, failed to follow certain sections of its Integrity Management Plan (IMP) regarding periodic evaluation of pipeline segments, reassessment intervals, annual evaluations of program performance, conduction of an Emergency Flow Restricting Device (EFRD) evaluation and conduction of an atmospheric corrosion inspection at one location within the required timeframe. With respect to the NOPV allegations in Items 3, 4 and 6 relating to 49 C.F.R. Parts 195.452 and 195.583, 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 the related items as Warning Items. For those three NOPV items, ETC has taken efforts to resolve the issues and perform the required inspections or reviews as detailed in the NOPV items going forward.

To address the alleged violation in NOPV Item 2 of Part 195.452, PHMSA proposes to issue ETC a PCP of \$73,600. To address the alleged violations in NOPV Items 1 and 5 related to Parts 195.402 and 195.452 respectively, PHMSA proposes a PCO that would require the Company to (1) complete a review of the HLD.44 procedure and retrain its corrosion control personnel on the requirements of such and (2) conduct an EFRD evaluation of the Lone Star NGL pipeline and provide records of completion for both items to PHMSA within 90 days of the issuance of the Final Order.

**I. Procedure HLD.44 'Atmospheric Pipe Inspection' and Atmospheric Corrosion Control (Parts 195.402(a) and 195.583(a))**

PHMSA NOPV Items 1 and 6 collectively address issues identified regarding atmospheric corrosion control. Certain records reviewed during the inspection of the ETC Gateway Justice pipeline system failed to specify coating condition rankings as required by HLD.44, Section 7.3 and inspection of piping within the regulatory required timeframe specified in 195.583(a) and also in HLD.44 Section 4.0.

To address these issues, ensure compliance with both regulatory and procedural requirements, and also to satisfy PCO Item 1, ETC will review HLD.44 to ensure clear instruction is provided to users regarding coating condition rankings and documentation of such. Subsequent to this review and any necessary revisions, retraining will be provided to all corrosion control personnel that utilize this procedure. The updated HLD.44 procedure (if deemed necessary) and record of personnel training will be provided to PHMSA within 90 days of the issuance of the Final Order or upon completion by the Company; whichever occurs first.

**II. Pipeline Integrity Management in High Consequence Areas (Part 195.452)**

PHMSA NOPV Items 2 – 5 collectively address instances of the Company failing to follow certain sections of the ETC IMP.

Section 7 of the IMP requires the Company to perform annual re-evaluations of each pipeline segment that could affect a high consequence area (HCA) and perform integrity assessments at intervals not to exceed five (5) years. NOPV Items 2 and 3 address each of these requirements respectively.

Regarding the findings of Item 2, although documentation of the annual re-evaluations prior to 2017 were not available to be produced for PHMSA review, the Company has reasonable belief that the re-evaluations were performed. However, in lieu of the lack of documentation the Company is not contesting the NOPV. The Company will ensure that the requirements for the annual re-evaluations will be followed and documented as required by Section 7 of the IMP moving forward.

Regarding Item 3, the Company intends to revise the language included in Section 7 of the IMP to require re-assessments to occur within 5 years, not to exceed 68 months as allowed by 195.452(j)(3). This addition will provide the Company flexibility to complete integrity assessments beyond the 5 year interval if certain issues such as permitting or weather delays, tool failures, or any other unforeseen circumstances do not allow for re-assessments to be successfully performed within 60 months of the prior assessment. Should a re-assessment date extend into the 8-month window for any of the reasons specified above, the subsequent re-assessment date will be continued to be based off of the prior assessment date.

Regarding Item 4, the Company will ensure that the IMP Performance Measures Plan required by Section 9 of the IMP will be completed annually and presented to management as specified. This process will continue to ensure that the program is performing as intended and identify any potential improvements.

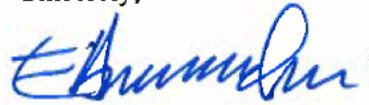
Regarding Item 5, the Company will locate the EFRD evaluation performed on the Gateway Justice pipeline system and provide this evaluation to PHMSA for review. If such evaluation cannot be located, the Company will undertake a new EFRD evaluation and provide the resulting report to PHMSA for review as required by PCP Item 2 within 90 days of the issuance of the Final Order or upon completion by the Company; whichever occurs first.

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Additionally, Item 5 addresses the lack of Company records that compare prior year(s) risk analysis results to current results. Moving forward, the risk analysis results will be reviewed and updated by the Pipeline Integrity Group periodically as new and improved technology becomes available annually during the risk model review meeting. The Pipeline Integrity Group will maintain all documentation of changes. Historical risk assessments will be maintained and comparisons will be run as a part of performance measures given in Section 9.0 of the IMP and the continuing assessment and re-evaluation procedures in Section 6.0 of the IMP.

ETC shares PHMSA's commitment to pipeline safety, public safety, and pipeline integrity, and in light of that commitment, appreciates PHMSA's consideration of this response.

Sincerely,



Eric Amundsen  
Senior VP of Operations  
Energy Transfer Partners

cc: Mark Milliken, VP – Technical Services  
Danny Nichols, Sr. Director - Regulatory Compliance  
Chris Lason, VP – Asset Integrity  
Delyn Houder, Sr. Manager – Corrosion Services  
Todd Nardozi, Sr. Manager - Regulatory Compliance