



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 26, 2016

Mr. Ryan Coffey
Executive Vice President – Operations
Transwestern Pipeline Company, LLC
800 E. Sonterra Blvd.
San Antonio, TX 78258

CPF 5-2016-1003W

Dear Mr. Coffey:

Between April and December 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Arizona Corporation Commission, pursuant to Chapter 601 of 49 United States Code, inspected the Transwestern Pipeline system in Texas, New Mexico, Colorado, Arizona and California.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. §192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

(e) Actions to address particular threats. If an operator identifies any of the following threats, the operator must take the following actions to address the threat.

(1) Third party damage. An operator must utilize the data integration required in paragraph (b) of this section and ASME/ANSI B31.8S, Appendix A7 to determine the susceptibility of each covered segment to the threat of third party damage. If an operator identifies the threat of third party damage, the operator must implement comprehensive additional preventive measures in accordance with §192.935 and monitor the effectiveness of the preventive measures. If, in conducting a baseline assessment under §192.921, or a reassessment under §192.937, an operator uses an internal inspection tool or external corrosion direct assessment, the operator must integrate data from these assessments with data related to any encroachment or foreign line crossing on the covered segment, to define where potential indications of third party damage may exist in the covered segment.

An operator must also have procedures in its integrity management program addressing actions it will take to respond to findings from this data integration.

Energy Transfer failed to track the number of locate request tickets it receives in HCAs and integrate that data as part of the process to evaluate the threat of Third Party Damage. This evaluation is required in order to implement and evaluate comprehensive additional preventive measures to mitigate the threat of third party damage.

2. § 192.467 External corrosion control: Electrical isolation.

(a) Each buried or submerged pipeline must be electrically isolated from other underground metallic structures, unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.

As revealed by the annual Cathodic Protection Surveys, casings were not electrically isolated or “shorted” to the pipeline at multiple pipeline locations for the time period between 2012 and 2015, the interval covered during this inspection. The casings must either be electrically isolated from the carrier pipeline or cathodically protected as a single unit.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2016-1003W**. 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).

Sincerely,

A handwritten signature in black ink, appearing to read "C. Hoidal". The signature is fluid and cursive, with the first name "Chris" and last name "Hoidal" clearly distinguishable.

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Dunphy (#149794)