

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 24, 2017

Mr. Wayne Simmons
Chief Operating Officer – Products Pipelines
Kinder Morgan Energy Partners
1001 Louisiana St., Suite 1000
Houston, TX, 77002

CPF 5-2017-1003W

Dear Mr. Simmons:

On April 18, 2016 and June 24, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), and the Arizona Corporation Commission (AZCC), pursuant to Chapter 601 of 49 United States Code, inspected your KM SFPP, L.P. South System in California and Arizona.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. **§192.467 External corrosion control: Electrical isolation**
(c) Except for unprotected copper inserted in ferrous pipe, each pipeline must be electrically isolated from metallic casings that are in part of the underground system. However, if isolation is not achieved because it is impractical, other measures must be take to minimize corrosion of the pipeline inside the casing.

As revealed by the annual Cathodic Protection Surveys, the case crossing on the LS111 pipeline segment located at MP95.280 is “shorted” to the pipeline and not electrically isolated

as required by §192.467 External corrosion control: Electrical isolation. The casing 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 \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in Kinder Morgan Energy Partners being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2017-1003W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 J. Dunphy (#152446)