Sunoco Logistics Partners L.P.
Twin Oaks Terminal
4041 Market St
Aston, PA 19014-3197

VIA FEDERAL EXPRESS
US Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Attn: Mr. Byron Coy, Director, Eastern Region
820 Bear Tavern Road, Suite 103
Trenton, NJ, 08628

October 31, 2014

RE: CPF-1-2014-5005 - Unit 3241 Greensburg Area, PA System Inspection

Dear Mr. Coy,

Sunoco Pipeline L.P. (SPLP) is in receipt of the Notice of Proposed Violation and Proposed Civil Penalty, CPF-1-2014-5005, dated October 2, 2014 (NOPV) regarding the above referenced inspection that was conducted by PHMSA's Eastern Region in April of 2013. The NOPV asserts that SPLP failed to comply with 49 CFR §195.573(e), which requires operators to "correct any identified deficiency in corrosion control as required by 195.401(b)," which, in turn, requires a condition "[to be corrected] . . within a reasonable time." The NOPV also cites to SPLP's Procedure titled "Section 195.573 Monitoring External Corrosion Control" last revised 10/31/2010, claiming that SPLP failed to take "remedial actions" in response to cathodic protection deficiencies "prior to the next test interval as defined in Part 195." The NOPV appears to focus strictly on the time periods during which the pipe-to-soil readings were below minus 0.85V for test stations 7245+00 and 7636+69 without regard to other information. However, simply evaluating whether the readings were below the NACE criteria, without more, is not the end of the inquiry in determining compliance and is not in keeping with SPLP's procedure or the mitigating factors which are considered in the penalty calculation. Instead, specific facts and actions taken by SPLP to maintain and improve the CP system should be given appropriate consideration in the context of both the segment identified with the low CP readings, and in relation to ongoing work required to assess and evaluate CP on adjacent segments while SPLP also worked to implement a long term solution that would provide a more balanced and improved overall CP system. Accordingly, SPLP requests that PHMSA reconsider the cited finding and NOPV and withdraw, or at a minimum, substantially reduce the Proposed Civil Penalty assessed in light of the totality of the circumstances presented in this response.

SPLP's Procedure 195.401 incorporates the language from 49 CFR 195.401 by providing that deficiencies shall be "corrected within a reasonable period of time," which is undefined in both the regulation and the procedure. However, as noted in the NOPV, SPLP's Procedure 195.573 provides further specificity (and an alternative) on the timing of addressing external corrosion deficiencies by requiring SPLP personnel to "take[]" remedial action prior to the next test interval "*unless an engineering evaluation determines alternative measures to be adequate*" (emphasis added). SPLP did just that by evaluating alternative measures while also working on remedial action as initially described in an e-mail dated February 14, 2014 and further below.

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Specifically, SPLP's Corrosion Department simultaneously implemented evaluations and actions to:

1.) attempt temporary resolution of the low CP readings; and

2.) implement a long-term improvement for the system by installing a new rectifier and ground bed.

Although, multiple attempts to temporarily resolve the low CP readings, while providing interim readings in the acceptable range, did not prove to be effective as a long-term cathodic protection remedy, the new ground bed installed ultimately provided significant CP system performance improvement.

Through this letter, SPLP is clarifying the record by resubmitting information relevant to corrective measures, engineering evaluations and actions taken by SPLP's Corrosion Department personnel in response to the low CP readings during the interval cited in CPF-1-2014-5005. Specifically, SPLP inserted a temporary bond across an insulating joint to provide CP current from an adjacent system to the area of the low readings. While the temporary bond was in place, an evaluation occurred to determine the most effective location to install a new CP system to permanently increase the cathodic protection levels in the area. After determining the desired location for the new ground bed, the protracted negotiating/permitting process began with the property owner / township.

After the location for the new CP system had been determined and the process for securing the right-of-way (ROW) had begun, the temporary bond was removed to accommodate a CIS survey on the line segment adjacent to where the new system was planned. The temporary bond had been in place for 10 months before it was removed. The decision was made to leave the temporary bond disconnected after the CIS was concluded to prevent the area east of the bond from being deprived of sufficient CP current for a prolonged period of time.

In the meantime, the process to acquire a ROW agreement for the new CP system took longer than initially expected. Due to this delay, an alternate survey was conducted on Station No. 7245+00. The alternate survey consisted of collecting pipe-to-soil measurements adjacent to the pipe to illustrate a net protective current effect in the area. The alternate survey did not prove a consistent net protective condition in the area. Pursuit of the site for the new ground bed continued and the new CP system was installed in Nov/Dec, 2012 and it was energized in December 2012. Refer to Page 4 for specific items noted by SPLP.

Given the totality of the circumstances provided above and below, SPLP's actions were in keeping with the explicit language and spirit of SPLP's Procedure 195.573 and should not be the basis for any civil penalty or a civil penalty in the magnitude assessed in the NOPV of $29,500. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, PHMSA 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; any effect that the penalty may have on

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Respondent's ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. The nature, circumstances, and gravity of the violation favor a substantial reduction of the penalty, including as evidenced by the lack of any adverse impact on the environment. Further, when evaluating an operator's *culpability*, PHMSA has stated that it considers the extent to which the operator deserves the blame for the violation that occurred. *Belle Fourche Pipeline Co.,* CPF No. 5-2009-5042, at 19, 2011 WL 7006607 (Nov. 21, 2011). With regard to *culpability,* SPLP personnel were cognizant of the regulatory requirements, took numerous steps to address the issue, and were unable to fully correct the deficiencies by the next test interval; however, they nonetheless employed alternative measures as they were permitted to do by SPLP's procedure. Similarly, with regard to *good faith in attempting to comply,* PHMSA looks at the attempt by the operator to comply with the cited regulation prior to the occurrence of the violation. *Kinder Morgan Liquids Terminals LLC,* CPF No. 1-2011-5001, at 11, 2012 WL 6184429 (Oct. 17, 2012). If an operator makes a clear, demonstrable effort to comply with the cited regulation when the violation occurred, PHMSA has found it appropriate to reduce the civil penalty. SPLP made a clear effort to comply with Sections 49 CFR §195.573(e) and 195.401(b) by following its own procedures, completing the required CP testing, conducting further evaluations to determine the effectiveness of the temporary measures implemented to resolve the low CP readings, while simultaneously working to implement a long term CP system improvement despite encountering unforeseen delays in acquiring right-of-way consent from third parties to access land needed to install the ground bed. As such, SPLP acted in good faith to correct the low CP condition.

Based on the information provided herein, SPLP maintains that it was in compliance with the regulations and its own procedures and requests that the NOPV, along with the associated Proposed Civil Penalty be dismissed. In the alternative, SPLP requests that the Proposed Civil Penalty be reduced to reflect the substantial efforts that SPLP took to achieve compliance with the regulations. Should you have any questions or require further information, please contact Albert Kravatz of our Twin Oaks Office at 610-859-5755 or Ed Patterson of our Icedale Office at 610-942-1924.

Respectfully Submitted,

David Chalson
Senior Vice President, Operations
Sunoco Pipeline L.P.

cc: Kevin Dunleavy, Chief Counsel, Sunoco, Inc.
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SPLP Corrosion Department Actions Taken in Response to Low CP Readings

After determining there were low CP readings, the SPLP Corrosion Department took actions to provide supplemental protection, consistent with SPLP's Procedure 195.573 which allows for engineering evaluation to determine whether alternative measures would be adequate, and conduct additional CP testing in the interim period until a new CP installation could be completed.

The comments PHMSA extracted from SPLP email dated 2/16/2014 are not complete and entirely accurate as noted in CPF-1-5005 Page 2 Data Table.

Below is the complete timeline of events as it was sent to PHMSA in the email referenced above:

Test Station 7245+00

3/24/2009, a resistance wire was installed into critical bond with PNG, at their request, to reduce the amount of current returning from SPLP system to PNG.

11/20/09, pipe-to-soil potential measurement during annual survey was observed to be -0.64V, significantly lower than what it traditionally had been. Note in Proactive database reads " *...the resistance wire that was installed on 3-24-2009 has caused several low readings between Altoona pump station and the PNG Bond..."*

1/15/10, follow-up survey was conducted after an insulating joint at Altoona P/S (Sta. No. 7144+99) was bonded across, to allow more CP current to travel west of Altoona. This action raised pipe-to-soil potential to -1.09V. Note in Proactive database reads " *... Special Survey after a #4 continuity cable was used to bypass Altoona P/S thus allowing C.P. current from the eastern side of the P/S to provide cathodic protection to the line segment on the western side of the P/S. A new ground bed is being planned for the line segment west of Altoona P/S..."*

9/9/10, after research and investigation of nearby properties, a leading potential site for new CP system was identified and sent to ROW Dept. to start negotiation/permitting process.

9/30/10, pipe-to-soil potential measurement during annual survey was observed to be -0.91V, confirming the CP current flowing through the temporary bond across Altoona P/S was holding pipe-to-soil potential at acceptable level.

12/1/10, bond at Altoona P/S disconnected to accommodate close interval survey east of Altoona. Note in Proactive database reads " ...The continuity cable that was used to bypass Altoona P/S was disconnected so that the CIS survey between Altoona station and the Juniata River could be done with what will be a normal arrangement..."

12/28/10, follow-up survey conducted in area verified readings still low with Altoona bond disconnected. Bond remained disconnected, with knowledge that a new CP system was forthcoming, pending ROW acquisition.

10/11/11, pipe-to-soil potential measurement during annual survey was observed to be -0.74V, confirming readings were still low with Altoona bond disconnected. Bond remained disconnected, with knowledge that a new CP system was forthcoming, pending ROW acquisition.

4/17/12, side drain survey conducted as follow up to low reads, due to extended time to acquire ROW for new groundbed.

8/21/2012, fully executed contract to install new CP system on Allegheny Twp. property was received. Location of new groundbed planned for approximate Sta. No. 7299+85.

10/26/12, pipe-to-soil potential measurement during annual survey was observed to be -0.56V, confirming readings were still low with Altoona bond disconnected. Bond remained disconnected, with knowledge that a new CP system was imminent.

12/17/2012, new Mile Hill Rectifier CP system is energized.

Test Station 7636+69

9/30/10, pipe-to-soil potential measurement during annual survey was observed to be -0.84V. Adjacent reading at test point 7634+80 was also lower than normal at -0.82V.

12/28/10, follow-up survey conducted in area verified the pipe-to-soil reading went up to -0.95V at Sta. No. 7634+80 (189' from 7636+39). With knowledge that this reading went up, the technician determined that the CP had increased to an adequate level at both test points.

10/12/11, pipe-to-soil potential measurement during annual survey was observed to be -0.73V.

2/1/12, follow-up survey showed that the pipe-to-soil potential went up to -0.89V.

4/17/12, follow-up survey in the area showed that the pipe-to-soil potential remained higher (-1.03V).

10/24/12, pipe-to-soil potential measurement during annual survey was observed to be -0.99V

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These entries from the SPLP Corrosion Database Record show that SPLP actively evaluated and made adjustments to address the low CP readings and the entries provide a more comprehensive picture of all of the activities that occurred than had been provided in the NOPV.