

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

June 1, 2023

Mr. Stanley Chapman III
President US & MX Natural Gas Pipelines
ANR Pipeline Co.
700 Louisiana Street
Houston, Texas 77002

CPF 1-2023-049-WL

Dear Mr. Chapman:

From June 23, 2020 to April 6, 2022, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), and inspectors from the Michigan Public Service Commission (MPSC) and the Public Utilities Commission of Ohio (PUCO), acting as agents of PHMSA, pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected ANR Pipeline Co.'s (ANR) pipeline system located within PHMSA inspection system #1169, including inspection units for facilities located in Michigan, Ohio and Indiana.

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

- 1. § 191.25 Filing safety-related condition reports.**
 - (a) Each report of a safety-related condition under § 191.23(a)(1) through (9) must be filed (received by the Associate Administrator) in writing within 5 working days (not including Saturday, Sunday, or Federal holidays) after the day a representative of an operator first determines that the condition exists, but not later than 10 working days after the day a representative of an operator discovers the condition. Separate conditions may be described in a single report if they are closely related. Reporting methods and report requirements are described in paragraph (c) of this section.**

ANR failed to file a safety related condition (SRC) report within the reporting requirements of § 191.25(a). Specifically, ANR failed to file a report within 5 working days after the day a representative first determined that a condition existed, but not later than 10 working days after the day a representative of ANR discovered the condition, regarding an MAOP exceedance.

During the inspection, an MPSC inspector reviewed records pertaining to the TC Energy Pipeline – ANR SWML located in Big Rapids, Michigan. Records reflected that the compressor experienced a shutdown and certain valves did not operate as intended. The result was that a 20-foot section of the ANR- SWML pipeline experienced an over-pressure event. The line's MAOP was 903 psig, and the overpressure event caused the pressure on the 20-foot section to reach 1022 psig.

The inspector noted that ANR's MAOP Exceedance Report to PHMSA was submitted on June 1, 2020, but stated that ANR's discovery date of the overpressure occurred on May 5, 2020.

Therefore, ANR failed to report safety related condition in accordance with the reporting requirements of § 191.25.

2. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

ANR failed to follow their manual of written procedures for emergency response. Specifically, ANR failed to follow their Tier 3 (site-specific) Emergency Response Plan Maintenance (ERP) procedure, published 4/1/2020, regarding retaining copies of the Tier 3 ERP at Field Operations facilities.

Section 4.1.3 of the ERP, titled Maintaining Paper Copies of Tier 3 ERPs, required that a paper copy of the latest version of the ERP be stored at each Field Operations facility within the jurisdiction.

During the on-site inspection, PHMSA requested paper copies of the latest Tier 3 ERP at the Saint John's and LaGrange Compressor Stations. Neither location had the latest paper copy as required by their procedures. After the inspection was completed, ANR did show evidence that both compressor stations had obtained a paper copy of the latest version of the Tier 3 ERP.

Therefore, ANR failed to follow their manual of written procedures regarding retaining copies of its Tier 3 ERP at each Field.

3. **§ 192.739 Pressure limiting and regulating stations: Inspection and testing.**

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is....

(1) In good mechanical condition.

ANR failed to ensure that each pressure regulating station was in good mechanical condition in accordance with § 192.739(a)(1).

During the inspection, an MPSC inspector reviewed records of inspections and tests at the Lincoln Compressor Station for fuel gas regulators. The annual maintenance and work orders reflected that fuel gas regulator 105R was discovered to not be in working order during the September 2018 inspection and testing. The next inspection and testing was conducted in September 2019 and records indicated that the regulator was in the same, non-working status.

Therefore, ANR failed to ensure each pressure regulating station was in good mechanical condition in accordance with § 192.739(a)(1).

4. **§ 192.905 How does an operator identify a high consequence area?**

(a) ...

(c) *Newly identified areas.* When an operator has information that the area around a pipeline segment not previously identified as a high consequence area could satisfy any of the definitions in § 192.903, the operator must complete the evaluation using method (1) or (2). If the segment is determined to meet the definition as a high consequence area, it must be incorporated into the operator's baseline assessment plan as a high consequence area within one year from the date the area is identified.

ANR failed to incorporate a newly identified High Consequence Area (HCA) into their baseline assessment plan within one year from the date the area was identified, in accordance with § 192.905(c).

In early 2020, ANR was notified that a PHMSA Integrated Inspection (including unit 4563) was planned for that year. In April 2020, ANR self-reported to the PHMSA Eastern Region Director its failure of incorporating a newly identified HCA within PHMSA inspection unit 4563 into its baseline assessment plan within one year, pursuant to § 192.905(c).

During the unit inspection, PHMSA reviewed ANR's records pursuant to this new HCA. The records reflected that during February 2018, ANR's operational personnel identified a new identified site (IS), KNU Design Center, within the 300 ft buffer from the ANR right-of-way located in the town of Ferdinand, Indiana. This right-of-way houses three ANR pipelines: Mainline Loop Line 1-501; Mainline 501; and Mainline loop 2-501. A site identification field form was completed regarding the population and structure update for this newly identified site. On Feb 20, 2018, the ANR GIS data entry personnel received the site identification form and entered a portion

of the site identification, but failed to enter the correct attribute data into the geographic information system (GIS) needed to flag the IS.

Subsequently, ANR conducted a July 2019 Desktop Population Density Survey which discovered the 2018 oversight/ administration error.

Therefore, ANR failed to incorporate a newly identified HCA into their baseline assessment plan within one year from the date the area was identified, in accordance with § 192.905(c).

5. § 192.933 What actions must be taken to address integrity issues?

(a) ...

(d) *Special requirements for scheduling remediation-*

(1) *Immediate repair conditions. An operator's evaluation and remediation schedule must follow ASME/ANSI B31.8S, section 7 in providing for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure in accordance with paragraph (a) of this section or shut down the pipeline until the operator completes the repair of these conditions. An operator must treat the following conditions as immediate repair conditions...*

ANR's evaluation and remediation schedule failed to follow ASME/ANSI B31.8S, 2004 Edition (B31.8S), Section 7, as required by § 192.933(d)(1). Specifically, ANR failed to schedule the evaluation of Feature 720 of its 2016 Mainline 100 magnetic flux leakage (MFL) in-line inspection (ILI) as an immediate repair condition pursuant to Section 7.2.1 of B31.8S.

B31.8S, Section 7.2.1 states in part (emphasis added):

Indications requiring immediate response are those that might be expected to cause immediate or near-term leaks or ruptures based on their known or perceived effects on the strength of the pipeline. This would include... Also in this group would be any metal-loss indication affecting a detected longitudinal seam, if that seam was formed by direct current or low-frequency electrical resistance welding **or by electrical flash welding**. The operator shall examine these indications within a period not to exceed 5 days following determination of the condition.

During the inspection, an MPSC inspector reviewed a 2017 Pipe Engineering Final Memo, dated March 1, 2017 (Memo) as well as the September 2018 Post ILI verification dig report regarding the 2016 ILI "ANR 0-100 Bridgeman to Woolfolk, MLV 60 to MLV 68 MFL". The Memo identified Feature 720 to be an external metal loss feature with a peak depth of 45% under a casing and associated with a seam weld. Feature 720 is in an HCA area, the pipe was manufactured by AO Smith and installed in 1949, and the longitudinal seam welds were produced by the electrical flash welding (EFW) method.

The tool run date for this ILI was Aug 10, 2016, with a preliminary report submitted on August 25, 2016, and a final report dated October 11, 2016. The actual date of the examination dig for Feature 720 was September 19, 2018, over 1 year and 11 months past the 5-day requirement.

Therefore, ANR failed to follow § 192.933(d)(1) by not following the evaluation and remediation scheduling requirements of B31.8S, Section 7 pursuant to an immediate repair condition of metal loss affected a longitudinal seam formed by EFW.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 items identified in this letter. Failure to do so will result in ANR Pipeline Co 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 1-2023-049-WL**. 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,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration