

May 3, 2019

Mr. Jimmy D. Staton
President and Chief Executive Officer
Southern Star Central Gas Pipeline, Inc.
4700 Highway 56
Owensboro, KY 42301

Re: CPF No. 3-2018-1002

Dear Mr. Staton:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$29,300. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon receipt of payment. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Allan C. Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Shawn Patterson, Vice President and Chief Operations Officer, Southern Star Central Gas Pipeline, Inc.

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

¹ SSCGP website, available at <https://www.sscgp.com/about-southern-star/> (last accessed January 29, 2019).

(a) Each pressure relief station or pressure limiting station or group of those stations installed to protect a pipeline must have enough capacity, and must be set to operate, to insure the following:

(1)

(2) In pipelines other than a low pressure distribution system:

(i) If the maximum allowable operating pressure is 60 p.s.i. (414 kPa) gage or more, the pressure may not exceed the maximum allowable operating pressure plus 10 percent, or the pressure that produces a hoop stress of 75 percent of SMYS, whichever is lower;

The Notice alleged that Respondent violated 49 C.F.R. § 192.201(a)(2)(i) by failing to set a pressure limiting device at a pressure that would not exceed the maximum allowable operating pressure (MAOP) plus 10 percent.² Specifically, the Notice alleged that a relief valve at SSCGP's Tonganoxie, Kansas compressor station was set to a pressure 21 percent higher than the MAOP of the downstream pipeline that the relief valve was intended to protect. The pipeline had an MAOP of 500 p.s.i.g., while the relief valve was set to operate at 605 p.s.i.g.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.201(a)(2)(i) by failing to set a pressure limiting device at a pressure that would not exceed the MAOP plus 10 percent.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.³ In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I 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 its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$29,300 for the violation cited above.

Item 1: The Notice proposed a civil penalty of \$29,300 for Respondent's violation of 49 C.F.R.

² The regulation provides an alternative maximum pipeline pressure, namely, "a hoop stress of 75 percent of SMYS [i.e., specified minimum yield strength], whichever is lower." The Notice, however, did not include this alternative standard nor did SSCGP contest the allegation of violation.

³ These amounts are adjusted annually for inflation. See 49 C.F.R. § 190.223; Revisions to Civil Penalty Amounts, 83 Fed. Reg. 60732, 60744 (Nov. 27, 2018).

§ 192.201(a)(2)(i), for failing to set a pressure limiting device at a pressure that would not exceed the MAOP plus 10 percent. SSCGP requested elimination of the proposed civil penalty based on the company's 2018 installation of overpressure-protection devices at its Tonganoxie facility that purportedly comply with 49 C.F.R. Part 192. While the company's corrective actions taken subsequent to the PHMSA inspection are commendable, they do not warrant a reduction or elimination of a proposed penalty under the agency's penalty-assessment criteria. Further, Respondent has not shown any other circumstance that would justify reduction or elimination of the proposed penalty.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of **\$29,300** for violation of 49 C.F.R. § 192.201(a)(2)(i).

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$29,300 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of the Final Order by Respondent. Any petition submitted must contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including any corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. If Respondent submits payment of the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

May 3, 2019

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued