

WARNING LETTER

VIA ELECTRONIC MAIL TO: michael_garthwaite@kindermorgan.com,
danielle_stephens@kindermorgan.com

February 26, 2021

Mr. Michael Garthwaite
Vice President – Operations and Engineering, Central Division
Kinder Morgan Liquid Terminals, LLC
8500 W 68th St.
Argo, Illinois 60501

CPF 3-2021-5006W

Dear Mr. Garthwaite:

From March 6th, 2017 through July 28th, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the records and facilities of Kinder Morgan Liquid Terminals, LLC (KMLT) located in Chicago, Illinois; Wood River, Illinois; Indianapolis, Indiana; Dayton, Ohio; and Cincinnati, Ohio.

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. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

KMLT failed to follow its own written procedure, *T-O&M 1102, "Response to Abnormal Operations (Pressure & Flow Control)"* (revised June 29, 2016) by not properly recording the abnormal operation that occurred on October 28th, 2016, in a timely manner. Specifically, this KMLT procedure requires an "incident report" to be completed and filed "no more than thirty days following the incident." According to records provided to PHMSA by KMLT, the incident report was not completed until August 17th, 2017, which is 263 days beyond what the procedure allows.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

KMLT failed to follow its own written procedure, *T-O&M 903, "External Corrosion Control for Buried or Submerged Pipelines"* (revised October 29, 2015) regarding casing isolation. Specifically, Section 3.8 of the procedure requires testing of "...electrical isolation by comparing the casing-to-soil potentials to the matching pipe-to-soil potentials...". In accordance with the procedure, test leads to the casing or a vent pipe and test leads to the carrier pipe are required points for this comparison. Casings at the following locations did not have one or more of the required testing points in 2016:

- Casings 1, 4, 6, 7, 8, 9 on the 14" line and casing 1b on the 8" line.

3. §195.573 What must I do to monitor external corrosion control?

(a) . . .

(e) *Corrective action.* You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

KMLT failed to correct identified deficiencies in corrosion control as required by 49 C.F.R. §195.401(b). Specifically, the company discovered cathodic protection (CP) conditions that could adversely affect the safe operation of its pipeline, but failed to correct them within a reasonable time.

CP reads for Tank 80-4 met the -850mV criterion in 2014 but the reads were marginal. As a precaution, an additional six anodes were scheduled to be installed in November of 2015 but this never happened. The 2015, 2016 annual CP surveys for Tank 80-4 at the Argo Terminal revealed that CP on the tank did not meet the -850 mV criterion any longer. Despite not meeting the established criterion, the six anodes remained uninstalled at the time of the PHMSA inspection in 2017. Documentation provided to PHMSA showed the tank CP readings still did not meet the -850 mV criterion as of December 19, 2017. That is three consecutive annual surveys with noncompliant CP reads for Tank 80-4. Therefore, KMLT failed to correct identified CP deficiencies within a reasonable time.

While KMLT allows for the 100mV shift criterion, the native potentials for Tank 80-4 were not available and a depolarization survey had not been conducted as of the PHMSA inspection in 2017 and therefore the 100mV criterion could not be verified as legitimate.

In a separate instance of not correcting identified CP deficiencies in a timely manner, the pipe-to-soil readings for both the “Tank 63-1 West Line” and the “Tank 63-1 East Line” did not meet the -850 mV criterion during the 2016 and 2017 annual surveys.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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 Kinder Morgan Liquid Terminals, LLC 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 3-2021-5006W**. 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,

Gregory A. Ochs
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration