



Colonial Pipeline Company

Angie Kolar
SVP Operations Services & Chief Risk Officer

678-762-2290
akolar@colpipe.com

June 6, 2022

Via Electronic Mail

Mr. Gregory A. Ochs
Director, Central Region
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 480
Kansas City, MO 64106

**Re: Colonial Pipeline Company
Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance
Order, CPF 3-2022-026-NOPV
Request for Settlement Conference and Hearing**

Dear Mr. Ochs:

Colonial Pipeline Company (Colonial or the Company) is committed to and shares the objective of the Pipeline and Hazardous Materials Safety Administration (PHMSA or the Agency) to protect public health and the environment, and ensure pipeline safety. Consistent with that commitment, the Company cooperated with PHMSA during its 2020 and 2021 control room management (CRM) inspections and engaged in meaningful dialogue to address misperceptions and concerns related to our CRM practices, some of which appear to now form the initial basis for the issuance of the above referenced Notice of Probable Violation (NOPV), Proposed Civil Penalty, and Proposed Compliance Order (PCO) to Colonial on May 5, 2022. Colonial looks forward to continuing to work in a cooperative and transparent manner with PHMSA in response to the issuance of the NOPV and PCO in order to resolve factual misunderstandings and otherwise resolve all outstanding issues.

One item that we feel compelled to address in more detail in this letter are the statements around the May 7, 2021 cybersecurity attack on our Company. Colonial's prompt, methodical and appropriate response to that unprecedented, criminal act illustrated our highest commitment to pipeline safety and protection of this critical infrastructure and neighboring communities. Moreover, we put transparency and cooperation with our regulators and public officials as top priorities. Throughout those challenging times of carefully assessing, manually operating and ultimately restarting all operations, we worked in full cooperation and close coordination with PHMSA and many other federal and state agencies.

Shortly after the ransom note was discovered, one of our control room employees made the brave and immediate decision to begin a voluntary and proactive controlled shut down of our entire pipeline operations, using our supervisory control and data acquisition (SCADA) system and



following our normal operating procedures. That decision was not only proven to be the correct one, it was the best demonstration of stop work authority in a safety first culture. It was unclear at that the time whether the criminals had only infiltrated the information technology (IT) systems of Colonial or whether the attack had reached the operational technology (OT) systems. Accordingly, Colonial quickly took its OT systems, including SCADA, offline to contain the threat and limit potential impacts to the public and the environment. This was the first time that Colonial has ever taken its 5,500 miles of pipeline fully offline in this manner.

Shortly thereafter, manual operations were implemented, where appropriate, as Colonial went through the methodical, safe and appropriate process of assessing, containing and addressing the risks to its IT and OT systems and physical assets. Colonial undertook and coordinated extensive efforts to physically inspect and monitor thousands of miles of pipe over a several day period in order to maintain the safety and integrity of the system while it was offline. The response to the cybersecurity attack was an all hands on deck exercise, aided by experts, our regulators and public officials. To be clear, any suggestion in the NOPV and PCO that an alleged lack of a communication plan for manual operations caused a delay in the restart of our system is not factual. The lead item to the restart of Colonial's pipeline system was the painstaking process of confirming that all IT and OT systems needed for operations were ready for safe operations. That full restart, which was preceded by manual operations, was accomplished in just five (5) days.

With safety as its priority, Colonial returned the pipeline to normal operation as quickly, as safely, and as securely as possible, while simultaneously working side by side with federal, state, and local agencies. As noted by PHMSA's Deputy Administrator, "As a result of the close collaboration with PHMSA, within days, the pipeline [Colonial] was able to move nearly a million barrels of fuel on a manual basis." The short amount of time it took to restart the pipeline was driven entirely by Colonial's paramount and methodical commitment to safety of the public, including the Company's information and operational technology systems and physical assets. We look forward to further discussing this aspect and all other aspects of this matter with you.

It is with this same spirit of steadfast commitment to safety, collaboration, and cooperation that Colonial respectfully requests the opportunity to convene an informal settlement meeting with PHMSA to discuss the issues of fact and law raised by the NOPV, the proposed civil penalty, and the PCO obligations, pursuant to the Pipeline Safety Act, 49 U.S.C. § 60117(b)(1)(B). In the event that the parties are unable to resolve the issues and in order to preserve Colonial's rights, the Company is timely filing the attached request for a hearing and statement of issues for the NOPV, including the associated proposed civil penalty and PCO, pursuant to 49 C.F.R. §§ 190.208 and 190.211. Colonial respectfully requests that PHMSA refrain from scheduling a hearing in order to provide the parties with sufficient time to attempt to resolve these issues.

Thank you for your consideration of this request for a settlement meeting and request for hearing. If you have any questions, please do not hesitate to contact me.



Respectfully,

DocuSigned by:
Angela Kolar
D400B201A80C4DD...

cc: Joseph A. Blount, President & CEO
Quintin Frazier, Director, Pipeline Compliance