

March 29, 2024

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

Re: Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (CPF 3-2024-004 NOPV)

Dear Mr. Ochs,

Pembina Cochin LLC and its subsidiary, Vantage Pipeline US LP (collectively Pembina), values the partnership it has with the Pipeline and Hazardous Material Safety Administration (PHMSA) in assuring public safety and regulatory compliance. Pembina continues to maintain plans, procedures, and standards that meet or exceed PHMSA regulations while maintaining a safety culture that proactively promotes and recognizes operational compliance as a top priority.

This letter is confirming the receipt of the Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (CPF 3-2024-004 NOPV). As a result of the August 15 to September 28, 2022, Pembina Control Room Management (CRM) plan, procedure, and record inspection conducted in Edmonton, Alberta, Canada by PHMSA representatives, it is alleged Pembina committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR), Part 195. Pembina appreciates PHMSA's efforts during the audit and the valuable input regarding areas to improve our plans, procedures, and records. We find this process useful to further refining our Pipeline Safety Programs.

Pembina's Response to the Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order

- A) Regarding Item Number 2 of the Notice pertaining to failing to provide records which would demonstrate implementation of API RP 1165 associated with the SCADA system that became operational on November 1, 2017, Pembina must complete an audit of the SCADA system against API 1165 (incorporated by reference, see § 195.3) and correct any deficiencies identified within 90 days of receipt of the Final Order.
 - a. Pembina is not contesting the allegations.
 - b. Pembina will complete an audit of the SCADA system against API 1165 (incorporated by reference, see § 195.3) and correct any deficiencies identified.

Pembina Pipeline Corporation

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- Pembina is requesting an extension of time, the request is, 120 Days instead of the 90 days of receipt of the final order.
 - Pembina is anticipating that additional time will be required to manage the dedicated employees time, or the hiring of a third-party contractor to perform the audit. After the audit is complete, it will take Pembina time to analyze the audit results, update the SCADA System, and depending on the number of identified deficiencies, and time it takes to update the SCADA system, Pembina is anticipating they may not be able to meet the 90-day timeline.
- B) Regarding Item Number 3 of the Notice pertaining to Pembina pipeline's records not being adequate to demonstrate thoroughness of point-to-point verifications, Pembina must amend its point-to-point verification procedure to provide a thorough verification process and then conduct a point-to-point verification on Vantage Block Valve MP008, West Spur Lateral WSL02, and Ottawa and Tampico within 60 days of receipt of the Final Order.
- a. Pembina is not contesting the allegations.
 - b. Pembina will be amending the point-to-point procedure to provide a thorough verification process.
 - c. Pembina will utilize the amended point-to-point procedure to conduct a point-to-point verification on Vantage Block Valve MP008, Vantage West Spur Lateral Block Valve WSL02, Ottawa, and Tampico.
 - Pembina is requesting an extension of time, the request is, 120 Days instead of the 60 days of receipt of the final order. Pembina is also requesting the Case File along with the supporting documents regarding the Notice.
 - Pembina is anticipating that additional time will be required to update, validate, publish, and train employees on the revised point-to-point procedure.
 - In addition, Pembina knows there are many safety-related points at the reference locations noted in the notice, Pembina is requesting the additional time to review the PHMSA Case File and supporting documents to have a better understanding of the requested safety-related points needing verification. If the entire site(s) safety-related points need point-to-point verification conducted, Pembina will need the additional time to manage any pipeline operational challenges as well as employees time.
- C) Regarding Item Number 4 of the Notice pertaining to Pembina failing to have an Internal Communication plan for safe manual operation of the pipeline, a procedure to test the plan, and failure to conduct tests of the plan, Pembina must develop an Internal Communication plan for safe manual operation of the pipeline and, a procedure to test the plan, and then test the plan within 60 days of receipt of the Final Order.

- a. Pembina is not contesting the allegations.
 - b. Pembina will pay the proposed civil penalty of \$34,200 and advise the Regional Director of the payment in writing.
 - c. Pembina will develop an Internal Communication Plan for the safe manual operation of their US pipeline assets.
 - d. Pembina will develop a procedure to test the Internal Communication Plan.
 - e. Pembina will test the Internal Communication Plan according to the Procedure.
 - Pembina is requesting an extension of time, the request is, 120 Days instead of the 60 days of receipt of the final order.
 - Pembina is anticipating that additional time requested will be required to develop, validate, publish, and train employees on the Internal communication Plan and Test Procedure prior to the actual testing of the Internal Communications Plan.
 - Internal Communications Plan testing may require the additional extension of time for coordinating all resources needed for the test, while continuing to operate and maintain the pipeline safely.
- D) Regarding Item Number 5 of the Notice pertaining to Pembina failing to test its back up control room system in 2020 due to complications with COVID-19 (COVID). Per the March 20, 2020, COVID Stay of Enforcement and Notice of Enforcement Discretion, operators were informed that any noncompliance due to COVID must be promptly documented and PHMSA must be promptly notified, which Pembina failed to do. By not completing the required testing of SCADA backup systems 5 during the period from October 2, 2019, to January 13, 2021, and not filing documentation with PHMSA about the lack of completion of this test due to COVID, Pembina failed to follow § 195.446(c)(4).
- a. Pembina is not contesting the allegations.
 - b. Pembina will pay the proposed civil penalty of \$33,500 and advise the Regional Director of the payment in writing.
- E) Regarding Item Number 7 of the Notice pertaining to Vantage's failure to follow its procedure for reviewing safety related points in SCADA taken off-scan, forced or manual and false alarms once each calendar month for the years 2019, 2020 and 2021, Pembina must amend its procedure to demonstrate compliance and conduct the monthly review using the plan. Pembina must provide to PHMSA three consecutive months of records of the monthly reviews that demonstrate compliance within 120 days of receipt of the Final Order.
- a. Pembina is not contesting the allegations.
 - b. Pembina will be amending our procedure to demonstrate compliance and conduct the monthly review using the plan.

- c. Pembina will provide to PHMSA within 120 days of receipt of the Final Order, three consecutive monthly record reviews utilizing the amended procedure to demonstrate compliance.

- F) Regarding Item Number 5 of the Notice pertaining to Pembina failing to test its back up control room system in 2020 due to complications with COVID-19 (COVID). Per the March 20, 2020, COVID Stay of Enforcement and Notice of Enforcement Discretion, operators were informed that any noncompliance due to COVID must be promptly documented and PHMSA must be promptly notified, which Pembina failed to do. By not completing the required testing of SCADA backup systems 5 during the period from October 2, 2019, to January 13, 2021, and not filing documentation with PHMSA about the lack of completion of this test due to COVID, Pembina failed to follow § 195.446(c)(4).
 - a. Pembina is not contesting the allegations.
 - b. Pembina will pay the proposed civil penalty of \$33,500 and advise the Regional Director of the payment in writing.

- G) Regarding Item Number 9 of the Notice pertaining to Pembina failing to complete the required review of its Alarm Management Plan to determine effectiveness for the year 2021 and it failed to complete the 2020 review in the require interval of once each calendar year not to exceed 15 months. The 2019 review was completed on March 15, 2019, and the 2020 review was completed on December 4, 2020. This represents an exceedance of 175 days. By not completing the review in 2021, and exceeding the time for the 2020 review, Pembina failed to meet the timeline of at least once each calendar year, not exceeding 15 months, failing to follow § 195.446(e)(4). Additionally, while Pembina did complete reviews in 2019 and 2020, the reviews were insufficient. The review forms provided only “Yes” or “No” responses. Per § 195.446(j)(1), operators must maintain records for review during inspection 8 documentation to demonstrate compliance with the requirements of § 196.446. The records did not provide details of the content to support the “Yes” or “No” response on the record document. Therefore, the records are insufficient to demonstrate that appropriate review was conducted on Pembina’s alarm management plan in 2019 and 2020, as required by § 195.446(e)(4).
 - a. Pembina is not contesting the allegations.
 - b. Pembina will pay the proposed civil penalty of \$33,500 and advise the Regional Director of the payment in writing.

- H) Regarding Item Number 11 of the Notice pertaining to Pembina failing to develop and implement a procedure which identified team training as required by § 195.446(h)(6) and identify those personnel who collaborate with controllers as required by § 195.446(b)(5) by January 23, 2018. Additionally, Pembina failed to conduct team training by January 23, 2019. Therefore, Pembina failed to follow § 195.446(h)(6).
 - a. Pembina is not contesting the allegations.

- b. Pembina will pay the proposed civil penalty of \$33,500 and advise the Regional Director of the payment in writing.
- I) Regarding Item Number 12 of the Notice pertaining to Vantage failing to qualify one controller under the US Operator Qualification (OQ) program. Records indicated the relevant controller was qualified under the Canadian OQ plan in and around September 2018. Version 1 of the OQ plan was dated October 18, 2017, with modifications in Version 2 dated January 10, 2019, that included moving the 9 SPCC in the Canadian Plan to a new format and initiated tracking in VeriForce. There was no language in the US OQ plan that indicated a coordination with the Canadian OQ Plan. In fact, section 4.3 of the CRM Plan explicitly stated, "[t]he SPCC follows Pembina's Canadian Training, Mentorship and Qualification (TMQ) program for Onboarding, training and mentoring operators. US Operators are qualified in accordance with the US OQ Program, not the Canadian TMQ." After the inspection, Pembina presented the PHMSA inspector the US controller qualification records dated August 19, 2021, for the relevant controller. Because the Canadian OQ plan was not compliant with the requirements of § 195.505, the relevant controller who was only qualified under the Canadian OQ plan was not adequately qualified between September 2018 and August 2021. Therefore, Vantage failed to follow § 195.505(b). Post inspection, the operator provided qualification records that met the requirements of the operators US Operator Qualification Plan. No further action required.
- a. Pembina is not contesting the allegations.
 - b. Pembina will pay the proposed civil penalty of \$1,800 and advise the Regional Director of the payment in writing.

Pembina's Response to the Warning Items

Regarding Warning Items 1, 6, 8, and 10, Pembina appreciates PHMSA's warning for the probable violations found during the audit and the potential for additional enforcement actions, if not promptly corrected.

- a. Pembina is not contesting the allegations.
- b. Pembina will review each of the Warning Items and promptly correct them if not already corrected.

Cost Analysis

Regarding PHMSA's request that Vantage maintain documentation of the safety improvement costs associated with fulfilling the Compliance Order.

- a. Pembina will submit the total safety improvement costs to Gregory Ochs, Director, Central Region, Pipeline and Hazardous Materials Safety Administration.

- Pembina is requesting an additional 30 days after the fulfilment of the Compliance Order to gather the total associated cost before sending.
- b. Pembina will submit these costs in two categories:
- Total cost associated with preparation/revision of plans, procedures, studies, and analyses, and
 - Total cost associated with replacements, additions, and other changes to pipeline infrastructure.

If you need further information or clarification regarding this matter, please contact Bob Bachmeier at (701)509-1626 (cell).

Sincerely,



Bob Bachmeier
Specialist, Regulatory
Pembina Pipeline Corporation U.S.
bbachmeier@pembina.com

CC:

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