U.S. Department of Transportation
Pipeline and Hazardous
Materials Safety Administration

1100 Main Street, Suite 800
Kansas City, MO 64105
(816) 329-3800

WARNING LETTER

VIA ELECTRONIC MAIL TO: richard.prior@southbow.com; erik.hughes@southbow.com

June 29, 2026

Richard Prior
Senior Vice-President and Chief Operating Officer,
South Bow Infrastructure Operations, Inc.
920 Memorial City Way, Suite 800
Houston, TX 77024

CPF 3-2026-018-WL

Dear Mr. Prior:

From September 8 through November 7, 2025, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), conducted an inspection of procedures and records for the South Bow Infrastructure Operations, Inc., control room located in Calgary, Alberta, Canada.

As a result of the inspection, it is alleged that South Bow Infrastructure Operations, Inc., has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected, and the probable violations are:

1. § 195.446 Control Room Management.

(a) . . . .
(c) *Provide adequate information*. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:
(1) . . . .
(2) Conduct a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when

other changes that affect pipeline safety are made to field equipment and SCADA displays.

South Bow failed to conduct a point-to-point verification between SCADA displays and related field equipment when changes that affect pipeline safety were made, as required by §195.446(c)(2).

In July of 2025, South Bow moved its LPCC from the TC Tower (TCT) location in Airdrie, Alberta, to the current location in Calgary, Alberta. PHMSA requested records of point-to-point testing that South Bow performed after moving the Liquid Pipeline Control Cener (LPCC) to the new control center in Calgary. South Bow failed to provide PHMSA with records to confirm that they performed a point-to-point as part of the control room location change. After South Bow received the post-inspection written preliminary findings report, South Bow provided additional records, but the records were incomplete and failed to show that South Bow followed its procedural requirements for conducting a point-to-point verification. The records provided indicated that South Bow tested SCADA operational functionality in general and server performance after they moved the LPCC to the new control room, but South Bow did not perform a point-to-point demonstrating verification of points from SCADA to the field end device and failed to provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities. Database records before and after the control room relocation were not compared to indicate that the points were the same.

South Bow's response to PHMSA after receiving the post-inspection written preliminary findings was that no field equipment monitored by SCADA was moved and there were no changes to field equipment or displays that affect pipeline safety.

PHMSA did not find evidence to validate this response. South Bow's records at the time of the control center move or at the time of the inspection do not show no changes that affect pipeline safety were made to field equipment or displays. Field equipment includes all equipment associated with getting information to the SCADA system hardware including communication equipment, routers, switches, repeaters, and other pieces of equipment as may be required for data to be communicated to the SCADA system. A laptop or cell phone can be part of field equipment, just as calling into a Citrix system to access SCADA data can be part of field equipment. Changing communication equipment can affect pipeline safety. When South Bow changed the control room location, equipment used for communication with the field was added or moved. Consequently, a point-to-point was required.

2. § 195.446 Control Room Management.

(a) . . . .
(e) ***Alarm Management.*** **Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:**
(1) . . . .

(5) Monitor the content and volume of general activity being directed to and required of each controller at least once each calendar year, but at intervals not exceeding 15 months, that will assure controllers have sufficient time to analyze and react to incoming alarms.

South Bow's written alarm management plan to provide for effective controller response to alarms failed to include provisions satisfying the requirement of § 195.446(e)(5). Specifically, South Bow's CRM Alarm Management Plan and the LPCC Workload Study Procedure failed to ensure records of general activity and controller response were complete. Controller workload review and associated records did not incorporate the time taken to acknowledge alarms based on severity or priority. By not reviewing the time to acknowledge alarms based on severity or priority, alarm rationalization was not confirmed. South Bow failed to effectively monitor the content and volume of general activity being directed to and required of each controller to assure controllers have sufficient time to analyze and react to incoming alarms.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $272,926 per violation per day the violation persists, up to a maximum of $2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023, and before December 30, 2024, the maximum penalty may not exceed $266,015 per violation per day the violation persists, up to a maximum of $2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023, and before December 28, 2023, the maximum penalty may not 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.

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 South Bow Infrastructure Operations, Inc., 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 3-2026-018. 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,

AJ McKean
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Erik Hughes, Manager U.S. Regulatory Compliance, erik.hughes@southbow.com