

WARNING LETTER

VIA ELECTRONIC MAIL

May 8, 2023

Greg McIlwain
Executive Vice President, Operations
Energy Transfer Company
1300 Main Street
Houston, Texas 77002

CPF 4-2023-026-WL

Dear Mr. McIlwain:

From September 14 through 23, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Florida Gas Transmission Co.'s (FGT) pipeline system in Maitland, FL.

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. **§ 191.23 Reporting safety-related conditions.**
 - (a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with § 191.25 the existence of any of the following safety-related conditions involving facilities in service:
 - (1)
 - (9) Any safety-related condition that could lead to an imminent hazard and causes (either directly or indirectly by remedial action of the operator), for purposes other than abandonment, a 20% or more reduction in operating pressure or shutdown of operation of a pipeline, UNGSF, or an LNG facility that contains or processes gas or LNG.

FGT failed to report safety-related conditions (SRCs) that resulted in a pipeline shutdown in accordance with § 191.23(a)(9). Specifically, FGT shut down its pipeline to repair conditions meeting SRC criteria on FLMEA-21. FGT detected multiple anomalies on its Lake Worth Electromagnetic Acoustic Transducer (EMAT) In-Line Inspection survey in April 2021 on FLMEA-21, an 18-inch natural gas pipeline, that resulted in Failure Pressure Ratios significantly

below a safe operating pressure. FGT failed to report the conditions to PHMSA despite shutting down the pipeline to repair conditions that met the SRC criteria.

2. § 192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

(a)

(b) *Data gathering and integration.* To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline

FGT failed to integrate existing data and information on the entire pipeline that could be relevant to the covered segment in the threat identification in its integrity program in accordance with § 192.917(b). Specifically, FGT recorded both Sanford Lateral and Lake Worth Right Of Way (ROW) Utility factors as 0 in its threat identification. However, Sanford Lateral shares ROW with Duke Energy electricity lines overhead and Lake Worth shares ROW with a 24-inch Florida Gas-owned line in parallel, so a more conservative selection for Utility factor should have been recorded in the threat identification.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. 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 may result in Florida Gas Transmission Co 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 4-2023-026-WL**. 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,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration