



By Electronic Mail

May 17, 2024

Mr. Bryan Lethcoe
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration
US Department of Transportation
8701 South Gessner, Suite 630
Houston, Texas 77074

**Re: CPF 4-2024-015-NOPV
Notice of Probable Violation, Proposed Civil Penalty and Compliance Order**

Dear Mr. Lethcoe:

Pursuant to § 190.208, Sunoco Pipeline L.P. (“SPLP” or “Company”) submits this written response to a Notice of Probable Violation (“NOPV”), Proposed Civil Penalty (“PCP”) and Proposed Compliance Order (“PCO”) (collectively referred to as the “Notice”) issued on March 25, 2024, by the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) and received by SPLP on March 27, 2024. The PHMSA Notice alleges seven (7) violations, includes a PCP in the amount of \$39,400 and a PCO requiring remedial actions to ensure compliance with the pipeline safety regulations. PHMSA considered the circumstances and supporting documents regarding two (2) items described in the Notice and has issued those as Warnings.

On March 27, 2024, SPLP requested PHMSA provide the Case File and Civil Penalty Worksheet as allowed by § 190.208(c) and § 190.209(b)(2) and Docket No. PHMSA 2016-0101. PHMSA provided the Case File via electronic mail on March 29, 2024. On April 18, 2024, SPLP requested an extension of time to respond until May 17, 2024 and by letter dated April 19, 2023, PHMSA approved this request; thus, this response is timely.

By way of background, this Notice was issued following an inspection of the SPLP Big Flats and Montello pipeline system in New York and Pennsylvania from June 6 through December 1, 2022. SPLP provides this comprehensive response which contests certain findings and explains certain underlying circumstances and indicates the steps the Company will take to address certain findings.

Please note that this submission contains certain confidential business information and confidential security information that is protected from public disclosure under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. Should PHMSA receive a FOIA request for this information, the Agency is required to notify SPLP and provide the Company with an adequate opportunity to substantiate its claim, prepare redactions, and/or object, if warranted.



The Company appreciates PHMSA's review and consideration of this submission and shares PHMSA's commitment to pipeline safety, public safety, and pipeline integrity. Should you have any questions please contact me at (713) 989-7126 or via email at todd.nardozzi@energytransfer.com.

Sincerely,

Todd Nardozzi
Director – DOT Compliance

cc: Todd Stamm, SVP Operations
Matt Stork, VP Tech Services
Chris Lason, VP Asset Integrity

1. **§ 195.428 Overpressure safety devices and overfill protection systems.**
 - (a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.
 - (b)
 - (c)
 - (d) After October 2, 2000, the requirements of paragraphs (a) and (b) of this section for inspection and testing of pressure control equipment apply to the inspection and testing of overfill protection systems.

Sunoco failed to inspect and test each overfill protection system to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used at intervals not exceeding 15 months, but at least once each calendar year in accordance with § 195.428(a) & (d). Specifically, Sunoco failed to inspect the overfill protection devices on twenty-two (22) breakout tanks at the Montello, PA station in 2020 and 2021. Sunoco completed the inspections for 2022 after PHMSA identified this issue during the inspection. Sunoco failed to provide inspection records for the twenty-two (22) breakout tanks in 2020 and 2021.

Proposed Civil Penalty

\$39,400

SPLP Response

SPLP neither admits nor denies the allegation of the Probable Violation of § 195.428(d) described in Item 1 of the Notice. The Company confirms that the required inspections of the overfill protection devices have been included in the Company computerized maintenance management system and all inspections have occurred and have been documented as appropriate within the required frequency as specified in § 195.428(a) since the time of the PHMSA inspection. Inclusion in the computerized maintenance management system will ensure that the inspection frequencies required by § 195.428(a) and related Company SOPs will be achieved.

2. § 195.49 Annual report

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

Sunoco failed to annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated in accordance with § 195.49. Specifically, Sunoco failed to submit complete

and accurate annual reports for 2019, 2020, 2021, and 2022 with respect to bare pipe mileage. The 2017 annual report indicated Sunoco operated 283.2 miles of bare pipe, but zero bare pipe mileage was reported after 2017. PHMSA reviewed records indicating Sunoco operates bare pipe on the Big Flats to Montello pipeline system. This mileage has not been included in the annual report submission for the past 4 years.

Proposed Compliance Order

For Item 2 of the Notice pertaining to Sunoco's failure to submit complete and accurate annual reports, Sunoco must revise and resubmit its previously submitted annual reports to accurately reflect the amount of bare pipe mileage and provide copies to the Director, Southwest Region within **30** days of receipt of the Final Order

SPLP Response

SPLP neither admits nor denies the allegation of the Probable Violation of § 195.49 described in Item 2 of the Notice. SPLP will rectify the mileage of bare pipe in its system(s) and file supplemental annual reports as needed for calendar years 2018 through 2022 and provide copies of such to the Director, Southwest Region within 30 days of receipt of the Final Order.

3. § 195.452 Pipeline integrity management in high consequence areas

(a)

(i) *What preventive and mitigative measures must an operator take to protect the high consequence area? —*

(1) *General requirements.* An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls.

Sunoco failed to conduct a risk analysis of each pipeline facility that could affect a high consequence area (HCA) to identify additional actions to enhance public safety or environmental protection in accordance with § 195.452(i)(1) and Section 5.2 of Energy Transfer, LP's *Pipeline Integrity Management Plan* (Rev. 6, Feb. 1, 2022), which required Sunoco to conduct a facility threat/risk analysis for new facilities and/or newly determined existing facilities within 15 months of the HCA determination and to conduct the assessment within 5 years. Specifically, Sunoco failed to conduct a risk analysis at the Tonawanda/Buffalo Sun and Rochester Sun/Alaskan facilities.

Proposed Compliance Order

For Item 3 of the Notice pertaining to Sunoco's failure to conduct a risk analysis of each pipeline facility that could affect an HCA to identify additional actions to enhance public safety or environmental protection, Sunoco must conduct a risk analysis at the Tonawanda/Buffalo Sun and Rochester Sun/Alaskan facilities and submit records of the analysis to the Director, Southwest Region within **90** days of receipt of the Final Order.

SPLP Response

SPLP neither admits nor denies the allegation of Probable Violation of § 195.452(i)(1) described in Item 3 of the Notice. SPLP has completed mechanical integrity inspections at Tonawanda/Buffalo Sun and at Rochester Sun/Alaskan. SPLP will complete the facility threat/risk analysis at these facilities and submit records of the analysis to the Director, Southwest Region within 90 days of receipt of the Final Order.

4. **§ 195.583 What must I do to monitor atmospheric corrosion control?**
 (a)
 (c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by § 195.581.

Sunoco failed to provide protection against corrosion that was found during an inspection in accordance with § 195.583(c). Specifically, photos from an inspection on GForm 311650 at Berne Junction in the Montello area showed corrosion on the valve body that required remediation. However, the report concluded that no remediation was required, and Sunoco has failed to remediate the corrosion.

Proposed Compliance Order

For Item 4 of the Notice pertaining to Sunoco's failure to provide protection against corrosion that was found during an inspection, Sunoco must remediate the identified corrosion, retrain the technician that performed the inspection on GForm 311650, and submit records of the remediation and retraining to the Director, Southwest Region within **90** days of receipt of the Final Order.

SPLP Response

SPLP neither admits nor denies the allegation of Probable Violation of § 195.583(c) described in Item 4 of the Notice. SPLP will remediate the identified corrosion, retrain the technician that performed the inspection documented on GForm 311650, and submit records of the remediation and retraining to the Director, Southwest Region within 90 days of receipt of the Final Order.

5. **§ 195.563 Which pipelines must have cathodic protection?**
 (a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in § 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

Sunoco failed to have cathodic protection in operation not later than one (1) year after its pipeline is constructed, relocated, replaced, or otherwise changed in accordance with § 195.563(a). Specifically, Sunoco replaced the tank bottoms on tanks 510 and 511 at the Montello station on May 4, 2006, and August 9, 2004, respectively. Despite this change to both tanks, Sunoco failed to install cathodic protection as required by § 195.563(a).

Proposed Compliance Order

For Item 5 of the Notice pertaining to Sunoco's failure to have cathodic protection in operation not later than 1 year after its pipeline is constructed, relocated, replaced, or otherwise changed, Sunoco must revise its existing procedures to ensure that any such tanks that receive a new bottom receive a cathodic protection system and provide the revised procedures to the Director, Southwest Region within **90** days of receipt of the Final Order.

SPLP Response

SPLP disagrees with the PHMSA finding of Probable Violation of § 195.563(a) and the PCO associated with the same. In the case of Tanks 510 and 511 at the Montello Station it was determined that cathodic protection was not necessary for the safety of the tank and as such there cannot be a violation of § 195.563(a).

Tanks 510 and 511 had new double bottoms installed in 2006 and 2004, respectively. The new bottoms were constructed by cutting a slot in the shell around the entire circumference of the tanks approximately 5-inches above the original tank bottoms, installing an HDPE liner on top of the original tank bottom, pouring a concrete foundation on top of the HDPE liner and original bottom, then finally installing a new steel bottom on top of the concrete. A standard drawing of this type of tank bottom configuration is included with this submission under Attachment A.

§ 195.565 regarding installation of cathodic protection on breakout tanks provides that...*you must install the system in accordance with ANSI/API RP 651 (incorporated by reference, see § 195.3). However, you don't need to comply with ANSI/API RP 651 when installing any tank for which you note in the corrosion control procedures established under § 195.402(c)(3) why complying with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of the tank.*

Section 5.1.4 of ANSI/API RP 651¹ discusses the limitations of external cathodic protection associated with certain types of tank pads such as concrete. Cathodic protection is an effective means of corrosion control only if it is possible to pass electrical current between the anode and cathode (tank bottom). In the case of a double bottom tank such as those at issue here the passage of electrical current between an anode and cathode (tank bottom) is not possible. Further, the new tank bottom rests on a homogeneous concrete foundation with a liquid impervious liner underneath, thus the new bottom is not resting on a corrosive environment.

Energy Transfer SOP.HLD.48 'Installation of Cathodic Protection on Breakout Tanks' Section 7.2 and Appendix B outlines the reasons why cathodic protection would be ineffective for tanks such as those with a double bottom configuration. A copy of this SOP is included with this submission under Attachment B. Specific to the PHMSA PCO, the Company notes that Section 4.0 of this same SOP requires installation of cathodic protection within one year of construction of a breakout tank or installation of a new floor in a breakout tank (if a cathodic protection system was not already in place) unless the tank is subject to the conditions detailed in Section 7.2 and Appendix B describing why cathodic protection would be ineffective.

In order to monitor and confirm the lack of corrosive environment, SPLP installed two (2) ER corrosion probes in the concrete pad of tanks 510 and 511 before laying the new floor plates on top of the concrete. A standard drawing of the installation of the corrosion probes is included with this submission under Attachment C. The new floors were then welded up and seal welded to the tank shells around the perimeter of the tanks. The ER probes allow corrosion measurements of steel coupons in the same environment as the tank bottom. The ER corrosion probe data, specifically the mils per year (MPY) corrosion rate, indicates that the corrosion rate of the steel in the environment

¹ Incorporated by Reference § 195.3 - ANSI/API RP 651, "Cathodic Protection of Aboveground Petroleum Storage Tanks," 3rd edition, January 2007

the tank bottoms are in contact with are negligible. The ER corrosion probe data for both tanks 510 and 511 is included with this submission under Attachment D.

For the reasons detailed above and the additional information included with this submission, the Company requests that PHMSA withdraw the Probable Violation of § 195.563(a) and the PCO associated with the same.

6. § 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.

Sunoco failed to follow its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies in accordance with § 195.402(a). Specifically, Sunoco failed to follow Section 4.0 of its *Internal Corrosion Monitoring Devices* (HLD 33; Jan. 15, 2022) procedure which requires bi-annual inspections of all electric resistance (ER) probes. Sunoco failed to inspect the ER probes on the Caledonia Discharge at the Buckeye Inlet twice in 2020. Records indicated the ER probes were inspected only once in January 2020.

SPLP Response

SPLP neither admits nor denies the allegation of the Probable Violation of § 195.402(a) described in Item 6 of the Notice. The Company does confirm that the required inspections of the ER probe devices have been included in the Company computerized maintenance management system and all inspections have occurred and have been documented as appropriate within the required frequency as specified in § 195.579 since the time of the PHMSA inspection. Inclusion in the computerized maintenance management system will ensure that the required inspection frequencies will be achieved.

7. § 195.573 What must I do to monitor external corrosion control?

(a)

(c) *Rectifiers and other devices.* You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier	At least six times each calendar year, but with intervals not exceeding 2 ½ months
Reverse current switch	
Diode	
Interference bond whose failure would jeopardize structural protection	
Other interference bond	At least once each calendar year, but with intervals not exceeding 15 months.

Sunoco failed to electrically check for proper performance of each rectifier at least six times each calendar year, but with intervals not exceeding 2 ½ months in accordance with § 195.573(c). Specifically, Sunoco failed to inspect the Dominion L1 critical bond (inspected 5/7/2021 and 10/8/2021) and the Route 63 NFG critical bond (inspected 7/31/2019 and 11/26/2019) at intervals not exceeding 2 ½ months.

SPLP Response

SPLP neither admits nor denies the allegation of Probable Violation of § 195.573(c) described in Item 7 of the Notice. The Company confirms that the required inspections of the critical bond devices located at the Dominion L1 line crossing of line ID 12002.01 BALD-CRNG-8 and the Route 63 NFG line crossing of line ID 12002.03 CALE-BUF2-8, will be included in the Company computerized maintenance management system. After discovery of the missing inspections the corrosion technician responsible for this area received remedial training on the requirements of § 195.573(c) and Company SOP HLD.19 ‘Critical Bond Inspection’. All inspections have occurred and have been documented as appropriate within the required frequency as specified in § 195.573(c) since the time of the PHMSA inspection. Additionally, inclusion in the computerized maintenance management system will ensure that the inspection frequencies required by § 195.573(c) and related Company SOPs will be achieved.