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

8701 S. Gessner, Suite 630
Houston TX 77074

NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: tom.long@energytransfer.com

May 31, 2024

Thomas Long
Chief Executive Officer
Energy Transfer, LP
8111 Westchester Drive
Dallas, Texas 75225

CPF 4-2024-027-NOPV

Dear Mr. Long:

From March 13 to July 14, 2023, of the on-site inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Sunoco Pipeline, LP's[1] (Sunoco) hazardous liquid pipeline in Houston, Delmont and Montello, Pennsylvania.

As a result of the inspection, it is alleged that Sunoco 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] Sunoco Pipeline, LP, is a subsidiary of Energy Transfer, LP.

1. **§ 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 take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area (HCA) in accordance with § 195.452(i)(1). Specifically, Sunoco failed to consider or recommend a preventive and mitigative measure (P&MM) to address dead legs and lightning strikes.

PHMSA reviewed Sunoco's DOT 195 Facility HCA Analysis (May 21, 2022) that analyzed Beckersville Station, Delmont Pump Station, Elverson Station, Marcus Hook Station, and Montello Station. The analysis identified as issues historic call-outs due to lightning strikes at Beckersville Station, Elverson Station, and Marcus Hook Station. The analysis also identified as issues operational dead legs at Elverson Station, Marcus Hook Station, and Montello Station. Section 5.3 of Sunoco's *Pipeline Integrity Management Plan* (Rev. 7, Oct. 5, 2022)[2] stated that after the DOT 195 Facility HCA Analysis is completed operator personnel will list all threat concerns prioritized by risk for the facility and develop proposed preventive and/or mitigative measures and time frame to address each concern. However, Sunoco failed to develop proposed preventive and/or mitigative measures for each threat/concern (historic call outs due to lightning strikes and dead legs) and develop time frames to address each concern determined in the DOT 195 Facility HCA Analysis.

Therefore, Sunoco failed to take measures to prevent and mitigate the consequences of a pipeline failure that could affect an HCA in accordance with § 195.452(i)(1).

2. **§ 195.452 Pipeline integrity management in high consequence areas.**

(a) . . . .

(l) *What records must an operator keep to demonstrate compliance?*

[2] ET's written procedures are applicable to and used by Sunoco.

(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:

(i) . . . .

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

Sunoco failed to maintain documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program in accordance with § 195.452(l)(1)(ii). Specifically, Sunoco failed to maintain documentation showing that recommended preventive measures were implemented for line segments 11190.2 (BECK-TWIN-8) and 12124.1 (DELM-HOLL-8).[3]

Sunoco's Pipeline Integrity Segment Summary (ISS) report is the primary record for periodic evaluation and preventive and mitigative action recommendations. The ISS report for line segment 11190.2 (BECK-TWIN-8) indicated that anode bed installation and recoat projects were recommended as preventive measures. The ISS report for line segment 12124.1 (DELM-HOLL-8) indicated that anode bed installation, recoat projects, and shorted casing removals were recommended as preventive measures. The ISS report failed to provide details on any actions taken to implement the recommended preventative measures.

Due to the inadequate documentation, PHMSA could not determine if the recommended preventive measures were implemented.

Therefore, Sunoco failed to maintain documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program in accordance with § 195.452(l)(1)(ii).

[3] 49 C.F.R. § 195.452(f)(6) requires the identification of preventative and mitigative measures to protect an HCA in accordance with the requirements of § 195.452(i).

3. § 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.

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1) . . . .

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Sunoco failed to periodically review the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and take corrective action where deficiencies are found in accordance with § 195.402(c)(13), and section 4.0 of Sunoco's procedure, *Guiding Principles for Standard Operating Procedures, A-HLA*.02 (Rev. Sept. 1, 2023). Specifically, Sunoco failed to provide records showing that periodic reviews of the work performed by personnel were conducted and corrective actions taken to correct deficiencies in the procedures used for normal operation and maintenance where found.

<u>Proposed Civil Penalty</u>
Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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 $2,391,412 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.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order
With respect to Items 1, 2, and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Sunoco. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice
Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2024-027-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

BRYAN JEFFERY LETHCOE

Digitally signed by BRYAN JEFFERY LETHCOE
Date: 2024.05.31 11:25:36 -05'00'

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: Greg McIlwain, Executive Vice President of Operations, Energy Transfer, LP, gregory.mcilwain@energytransfer.com
Eric Amundsen, Senior Vice President of Operations, Energy Transfer, LP, eric.amundsen@energytransfer.com
Todd Stamm, Senior Vice President of Operations, Energy Transfer, LP, todd.stamm@energytransfer.com
Jennifer Street, Senior Vice President of Operations Services, Energy Transfer, LP, jennifer.street@energytransfer.com
Keegan Pieper, Assistant General Counsel, Energy Transfer, LP, keegan.pieper@energytransfer.com
Mathew Stork, Vice President of Tech Services, Energy Transfer, LP, Mathew.stork@energytransfer.com
Todd Nardozzi, Director, DOT Compliance, Energy Transfer, LP, todd.nardozzi@energytransfer.com
Susie Sjulin, Director, DOT Compliance, Energy Transfer, LP, susie.sjulin@energytransfer.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Sunoco Pipeline, LP, a Compliance Order incorporating the following remedial requirements to ensure the compliance of Sunoco with the pipeline safety regulations:

A. In regard to Item 1 of the Notice pertaining to Sunoco's failure to take measures to prevent and mitigate the consequences of pipeline failure that could affect a high consequence area, Sunoco must implement preventive and mitigative measure to address operational dead legs and lightning strikes, and provide records of the implemented measures to the Director, Southwest Region, PHMSA within **60** days of receipt of the Final Order.

B. In regard to Item 2 of the Notice pertaining to Sunoco's failure to maintain documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program, Sunoco must revise its integrity management records, such as the ISS report, to indicate if, and when, recommended preventive measures on line segments 11190.2 and 12124.1 were installed and provide the revised records to the Director, Southwest Region, PHMSA within **60** days of receipt of the Final Order.

C. In regard to Item 3 of the Notice pertaining to Sunoco's failure to periodically review the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and take corrective action where deficiencies are found, Sunoco must develop and establish process for periodically conducting and documenting reviews of work performed by personnel to determine the effectiveness of the procedures used in normal operation and maintenance and take corrective action where deficiencies are found and submit the plan to the Director, Southwest Region, PHMSA for approval within **60** days of receipt of the Final Order.

D. It is requested (not mandated) that Sunoco maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.