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

1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

April 30, 2026

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

Thomas Long
Chief Executive Officer
Energy Transfer, LP
1300 Main Street,
Houston, TX 77002

Re: CPF No. 4-2025-035-NOPV

Dear Mr. Long:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of $93,000, and specifies actions that need to be taken by Panhandle Eastern Pipeline Company, a subsidiary of Energy Transfer, LP, to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Daniel Wentworth, Executive Vice President of Operations, Energy Transfer, LP, daniel.wentworth@energytransfer.com
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CONFIRMATION OF RECEIPT REQUESTED

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of **Panhandle Eastern Pipeline,** **a subsidiary of Energy Transfer, LP,** **Respondent.**	**CPF No. 4-2025-035-NOPV**

FINAL ORDER

From October 22, 2024, through October 23, 2024, 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.), conducted an on-site pipeline safety inspection of the facilities and records of Panhandle Eastern Pipeline Company's, a subsidiary of Energy Transfer, LP (PEPL or Respondent), Mason City Measurement and Regulating (M&R) Station in New Holland, Illinois.

As a result of the inspection, the Director, Southwest Region, Office of Pipeline Safety, issued to Respondent, by letter dated December 23, 2025, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 CFR § 190.207, the Notice proposed finding that PEPL violated 49 CFR §§ 192.195(a) and 192.605(a) and proposed assessing a civil penalty of $93,000 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct one of the alleged violations.

After requesting and receiving an extension of time to respond, PEPL responded to the Notice by letter dated February 23, 2026 (Response). PEPL contested both allegations, offered additional information in response to the Notice, and requested the withdrawal of both the proposed civil penalty and proposed compliance order. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 CFR Part 192 as follows:

Item 1: The Notice alleged that Respondent violated 49 CFR § 192.195(a), which states:

§ 192.195 Protection against accidental overpressuring.

(a) *General requirements*. Except as provided in § 192.197, each pipeline that is connected to a gas source so that the maximum allowable operating pressure could be exceeded as the result of pressure control failure or of some other type of failure, must have pressure relieving or pressure limiting devices that meet the requirements of §§ 192.199 and 192.201.

The Notice alleged that Respondent violated 49 CFR § 192.195(a) by failing to provide pressure relieving or pressure limiting devices that met the requirements of sections 192.199 and 192.201 on each pipeline that was connected to a gas source so that the maximum allowable operating pressure (MAOP) could be exceeded as the result of pressure control failure or of some other type of failure. Specifically, the Notice alleged that PEPL failed to provide pressure limiting or pressure relieving devices meeting the requirements of sections 192.199 and 192.201 at its Mason City M&R Station to protect against accidental overpressuring.

In its Response, PEPL contested the alleged violation of section 192.195(a). Specifically, PEPL argued that it "installed, maintained, and operated a primary/worker (MAOP) for pressure control and a secondary/monitor (OPP) regulator for pressure limiting in a series at the Mason City M&R Station that met all applicable requirements of sections 192.195, 192.199, and 192.201."[1] PEPL stated that PHMSA erroneously characterized the primary/worker and secondary/monitor regulator configuration as a single device, and provided with its Response a facility schematic diagram indicating the location of the primary and secondary regulators. Further, PEPL argued that an overpressure condition that occurred on April 15, 2024, was due to an unanticipated failure of both the primary and secondary regulators to operate as designed rather than PEPL's failure to meet the regulatory requirements. Tangentially, PEPL also argued that PHMSA's characterization of PEPL's response to the overpressure event was inaccurate and offered clarifying evidence that it had implemented mitigating actions at the time of event and installed a third form of overpressure protection at the Mason City M&R Station to prevent reoccurrence.

In response to PEPL's Response, Southwest Region's Recommendation maintained that the violation alleged in the Notice should be sustained. Southwest Region argued that the mere presence of the primary/worker regulator and secondary/monitor regulator devices was insufficient to constitute regulatory compliance because the devices failed to perform their mandated safety function. Further, Southwest Region noted that PEPL had sufficient notice that this specific regulator configuration was inadequate for ensuring overpressure protection due to previous overpressuring incidents on piping in similar configurations at the facility. Finally, Southwest Region stated that PEPL's mitigation of the overpressure event that occurred on April 15, 2024, demonstrated that the physical characteristics of the facility did not allow PEPL to resolve the overpressure event when it occurred.

Based on the evidence, I find that PEPL violated 49 CFR § 192.195(a). The purpose of section 192.195 is to protect pipelines from risks associated with internal pressures exceeding their safe

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[1] Response at 3.

operating limits.[2] Section 192.195 does not only require the operator to have pressure relieving or pressure limiting devices, these devices must also meet the performance-based requirements in section 192.201. Section 192.201(a)(2)(i) requires each pressure limiting station or pressure relief station to be set to operate to ensure that the pressure does not exceed the MAOP plus 10 percent.

The record demonstrates that on April 15, 2024, an overpressure event occurred at the Mason City M&R Station, in which the pipeline system exceeded its MAOP of 373 psi by 18 percent (442 psi).[3] Though PEPL had a primary/worker for pressure control and a secondary/monitor regulator in place at the time, the record shows that these pressure limiting devices did not meet the performance-based requirements of section 192.201 as required per section 192.195(a). Moreover, PEPL does not deny that this overpressure event occurred or that its primary and secondary pressure limiting devices failed to operate as intended and as required pursuant to the pipeline safety regulations.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 CFR § 192.195(a) by failing to have, on each pipeline connected to a gas source so that the maximum allowable operating pressure could be exceeded as the result of pressure control failure or of some other type of failure, pressure relieving or pressure limiting devices that meet the requirements of sections 192.199 and 192.201.

Item 2: The Notice alleged that Respondent violated 49 CFR § 192.605(a), which states:

> **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
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> **(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.**

The Notice alleged that Respondent violated 49 CFR § 192.605(a) by failing to follow its manual of written procedures for conducting operations and maintenance activities. Specifically, the Notice alleged that PHMSA observed PEPL's technician fail to follow the requirements in PEPL's procedure, Regulators—Test, Inspection, and Maintenance (M.06. Rev 06/28/2022) (PEPL's Procedure), that a regulator be tested according to the manufacturer's instructions on October 22, 2024, as observed during a PHMSA field inspection.

In its Response, PEPL contested this allegation of violation. PEPL argued that its technician

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[2] *In the Matter of Dominion Transmission, Inc.,* 2012 WL 1551671, at *2 (March 15, 2012).

[3] Exhibit A-5 of the Notice.

followed PEPL's Procedure by adhering to all applicable elements of the manufacturer's instructions. PEPL argued that contrary to PHMSA's assertions, the manufacturer's instructions only required adjustment of the restrictors upon initial installation and did not require this step to be performed during subsequent inspections. PEPL stated that the steps of the manufacturer's instructions highlighted in Exhibit B-3 of the Notice (steps 1, 7, 8, 11, and 14) only applied during initial installation. Moreover, PEPL asserted that its technician fully closed the downstream valve and that PHMSA provided insufficient evidence to demonstrate that the downstream valve was not fully closed.

In response to PEPL's Response, Southwest Region's Recommendation maintained that the violation alleged in the Notice should be sustained. Southwest Region argued that PEPL's Procedure for verifying proper lockup per the manufacturer's instructions required the PEPL technician to follow the manual's operational steps in its entirety. Southwest Region noted that the relevant steps (steps 1, 7, 8, 11, and 14) are located within the operations section of the manufacturer's instructions, and that the operations section does not categorize these steps as installation-only tasks. Moreover, Southwest Region argued that the instructions for operation of the axial flow valve for downstream monitoring included the requirement to close the valve to verify proper lockup. Southwest Region pointed out PEPL has effectively acknowledged as much in stating that "the valve had to be fully closed to achieve regulator lockup." Lastly, Southwest Region argued that its preliminary inspection findings documented the inspector's observation that the PEPL technician failed to fully close the valve. PEPL did not dispute the inspector's observation and, instead, provided a response that PEPL would revise its procedure. Finally, Southwest Region noted that PEPL failed to provide evidence showing that the valve was fully closed by its technician.

Based on the evidence, I find that PEPL failed to follow all the manufacturer's instructions in accordance with its procedure. The record indicates that section 7.3 of PEPL's Procedures required its operations personnel to follow several steps to verify a complete annual test, inspection, and maintenance of regulators.[4] One of these steps, step five, required personnel to verify proper lockup per the manufacturer's instructions. The manufacturer's instructions further required that the downstream block valve be closed to check for AFV lockup.[5] There is no language in the manufacturer's instructions indicating that any specific steps within the Downstream Monitoring section only applied during initial installation. To comply with manufacturer instructions, all steps within a section must be followed unless written or stated otherwise.

Regarding the issue of whether PEPL's technician fully closed the valve, the only evidence of record indicates that the technician did not fully close the valve. Southwest Region provided an Exit Summary from October 22, 2024, showing that the inspector documented PEPL's failure "to adjust restrictor and fully close downstream block valve."[6] The Exit Summary also documents PEPL's response, which includes no objection to the findings and a statement that its

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[4] Exhibit B-2 of the Notice.

[5] Exhibit B-3 of the Notice; also known as Exhibit 1 of the Southwest Region Recommendation.

[6] Exhibit B-4 of the Notice.

procedure would be revised. In its Response, PEPL argued that this evidence was insufficient to establish that the PEPL technician failed to fully close the valve. However, the inspector's firsthand observations as documented in a contemporaneous record provides a sufficient evidentiary basis for sustaining the alleged violation, particularly where PEPL failed to provide any contrary evidence. Therefore, based on the weight of the evidence, PEPL's technician failed to fully close the valve in accordance with the manufacturer's instructions and PEPL's Procedures.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 CFR § 192.605(a) by failing to follow its manual of written procedures for conducting operations and maintenance activities.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty exceeding $200,000 per violation for each day of the violation, with a maximum administrative civil penalty exceeding $2,000,000 for any related series of violations.[7]

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 CFR § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; the good faith of Respondent in attempting to comply with the pipeline safety regulations; and self-disclosure or actions to correct a violation prior to discovery by PHMSA. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require.

The Notice proposed a total civil penalty of $93,000 for the violations cited above. Effective May 20, 2025, PHMSA revised its proposed civil penalty calculation policy to use the version of the Civil Penalty Worksheet in effect when the alleged violation occurred. The new policy did not change the proposed civil penalty in this case.

Item 1: The Notice proposed a civil penalty of $48,400 for Respondent's violation of 49 CFR § 192.195(a), for failing to have, on each pipeline connected to a gas source so that the MAOP could be exceeded as the result of pressure control failure or of some other type of failure, pressure relieving or pressure limiting devices that meet the requirements of sections 192.199 and 192.201. The new policy for calculating a proposed civil penalty did not change the proposed civil penalty for this item. PEPL requested the civil penalty be withdrawn because the violation alleged violation did not occur. As discussed above, I find that PEPL violated section 192.195(a) as alleged in the Notice. After reviewing the record and considering the assessment

[7] These amounts are adjusted annually for inflation. *See* 49 CFR § 190.223 for adjusted amounts.

criteria, I assess Respondent a civil penalty of $48,400 for violation of 49 CFR § 192.195(a).

Item 2: The Notice proposed a civil penalty of $44,600 for Respondent's violation of 49 CFR § 192.605(a), for failing to follow its manual of written procedures for conducting operations and maintenance activities. The new policy for calculating a proposed civil penalty did not change the proposed civil penalty for this item. PEPL requested the civil penalty be withdrawn because it did not believe it was in violation of section 192.605(a) and Southwest Region did not provide sufficient evidence of the violation. As discussed above, I find that PEPL violated section 192.605(a) as alleged in the Notice. After reviewing the record and considering the assessment criteria, I assess Respondent a civil penalty of $44,600 for violation of 49 CFR § 192.605(a).

Payment of the civil penalty must be made within 20 days after receipt of this Final Order. Federal regulations (49 CFR § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 CFR § 901.9, and 49 CFR § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 CFR § 192.195(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601.

With regard to the violation of section 192.195(a) (Item 1), Respondent argued the compliance terms should be withdrawn. PEPL argued that it is currently collaborating with its customers to transition responsibility for pressure control to the customer, which will render the proposed compliance order in the Notice moot.[8] The proposed compliance order in the Notice required PEPL to evaluate its facilities that have similar configurations to the Mason City M&R Station during the overpressure event and to determine if any additional pressure relieving or pressure limiting devices at those facilities are necessary to achieve compliance with section 192.195. For the facilities that PEPL still holds pressure control responsibility, PEPL must comply with the requirements of the proposed compliance order, as it is not rendered moot in such circumstances.

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[8] Response at 4.

For the above reasons, the Compliance Order is not withdrawn as set forth below.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 CFR § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of section 192.195(a) (**Item 1**), Respondent must evaluate its facilities that have similar configurations to the Mason City Measurement and Regulating Station during the overpressure event and determine if any additional pressure relieving or pressure limiting devices at those facilities are necessary to achieve compliance with section 192.195 within **60 days** of receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by Respondent and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties exceeding $200,000, as adjusted for inflation (*see* 49 CFR § 190.223 for adjusted amounts), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 CFR § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, S.E., East Building, 2nd Floor, Washington, D.C. 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 CFR § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 CFR § 190.5.

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Linda Daugherty Acting Associate Administrator for Pipeline Safety	Date Issued