



By Electronic Mail

February 23, 2026

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 4-2025-035-NOPV
Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order

Dear Mr. Lethcoe:

Pursuant to 49 C.F.R. § 190.208, Panhandle Eastern Pipeline (PEPL or Company) submits this written response to a Notice of Probable Violation (NOPV), Proposed Civil Penalty and Proposed Compliance Order (PCO) (collectively referred to as the "Notice") issued on December 23, 2025, by the Pipeline and Hazardous Materials Safety Administration (PHMSA) and received by PEPL on the same day. The PHMSA Notice alleges two (2) violations and includes a PCO requiring remedial actions to ensure compliance with the pipeline safety regulations. PEPL is a subsidiary of Energy Transfer Company.

On January 6, 2026, PEPL requested an extension of time to respond until February 23, 2026 and requested that 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 approved the extension of time via correspondence dated January 6, 2026 and provided the Case File via electronic mail on January 12, 2026.

By way of background, this Notice was issued following an on-site Safety Related Condition Report investigation conducted by PHMSA from October 22, 2024 to October 23, 2024. PEPL provides this comprehensive response which requests withdrawal of both findings, related Civil Penalties and the Compliance Order associated with Item 1.

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 PEPL 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
Todd Nardozzi
Director – DOT Compliance

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Todd Nardozzi
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1. § 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.

PEPL failed to provide, 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 in accordance with § 192.195(a). Specifically, Panhandle failed to provide pressure limiting or pressure relieving devices meeting the requirements of §§ 192.199 and 192.201 at its Mason City M&R Station to protect against accidental over pressuring.

During the inspection, PHMSA reviewed records demonstrating that, on April 15, 2024, PEPL's Mason City M&R station pipeline system operated in a condition that exceeded its established MAOP of 373 psig for approximately 41 minutes. Records indicated that the pressure increased to approximately 442 psig during this time. PHMSA's investigation determined that PEPL's customer receiving natural gas from the Mason City M&R Station had made modifications to its adjacent downstream facility. The PEPL monitor regulator at the Mason City facility was the sole pressure limiting device and failed to shut off flow to the downstream piping during this overpressure condition. During PHMSA's investigation, PEPL stated that it had experienced issues with the type of regulator installed at the Mason City M&R Station prior to the overpressure event. Because PEPL did not have adequate pressure limiting or any relieving devices installed at the Mason City M&R Station meeting the requirements of §§ 192.199 and 192.201 the failure of their pressure control regulator resulted in the overpressure event. In addition, PEPL failed to take any specific action to mitigate the overpressure condition. The pressure on the segment eventually lowered below the MAOP as a result of increase in the customer's demand downstream of the system, not as a result of any actions taken by PEPL to reduce the MAOP during the overpressure event. During PHMSA's site visit on October 22, 2024, the operator had already installed a secondary relief device (a token relief valve) at the station as a mitigative measure on April 16th, 2024.

Therefore, PEPL failed to provide, 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 in accordance with § 192.195(a).

Proposed Compliance Order

In regard to Item number 1 of the Notice pertaining to PEPL's failure to provide, 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 in accordance with § 192.195(a), PEPL 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 § 192.195 within **60** days of receipt of the Final Order.

Proposed Civil Penalty

\$48,400

PEPL Response

As set forth below, PEPL does not believe that it was in violation of § 192.195(a) and requests that the alleged violation, corresponding civil penalty, and associated PCO be withdrawn.

PEPL 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 which met all applicable requirements of §§ 192.195, 192.199, and 192.201¹. Section 192.195(a) requires a device to control pressure when a pipeline with a higher MAOP delivers to a pipeline with a lower MAOP. In this case, that device is the primary/worker regulator (MAOP). Further, § 192.195 requires that a pressure relieving or pressure limiting device be installed so that should the pressure control device experience a failure, the downstream lower MAOP will continue to be protected. In this case, that secondary protective device is the secondary/monitor regulator (OPP). These two (2) devices in this configuration clearly meet the requirements of § 192.195(a). In the NOPV, PHMSA has erroneously characterized the primary/worker (MAOP) and secondary/monitor (OPP) regulator configuration at the Mason City M&R station as a single device.

To further demonstrate this § 192.195(a) compliant configuration, included with this response under Attachment A is a facility schematic diagram of the Mason City M&R station as it was configured at the time of the overpressure event on April 15, 2024. This station schematic diagram clearly indicates the location of the primary and secondary regulators meeting the requirements of § 192.195(a). PEPL notes that there are two parallel runs at this location, both with primary and secondary regulators. The customer gas demand and associated delivery pressure requirements determine which run is utilized by PEPL at any point in time.

Importantly, the overpressure condition that occurred on April 15, 2024, was not due to PEPL's failure to meet the regulatory requirements of § 192.195(a) or a lack of pressure control and limiting devices but, rather, because of the simultaneous and unanticipated failure of both the primary and secondary regulators to operate as designed and intended due to no fault of PEPL. PHMSA appears to base its alleged violation on the MAOP exceedance that occurred on April 15, 2024 as a result of the device failures. However, that condition alone does not support the PHMSA finding of the alleged violation of § 192.195(a). In light of PEPL's compliance with the applicable regulations described above and in Attachment A, this alleged violation, associated compliance order, and civil penalty should be withdrawn.

Further and notwithstanding the demonstration of compliance above, PHMSA's characterization of the Company's response to the overpressure event is inaccurate and is not relevant to the alleged violation. Specifically, contrary to PHMSA's claim that "PEPL failed to take any specific action to mitigate the overpressure condition," PEPL gas control immediately contacted field personnel after the SCADA system alarm was activated from the overpressure event. When field personnel promptly arrived at the facility, the customer had resumed normal operations and pressures were verified to be within MAOP limits. Upon arrival and determining that the overpressure condition no longer existed, field personnel took prudent steps and inspected, and leak checked with a gas detector the downstream meter and regulator outlet piping as well as tested and inspected each regulator (i.e., both primary/worker (MAOP) and secondary/monitor (OPP)). All of the devices were found to be operating within their respective design limits. In addition, and out of an abundance of caution, on the following morning, April 16, 2024, PEPL rebuilt the regulators and installed a token relief valve as a *third* [emphasis added] form of overpressure protection even though a third level of protection is not required by § 192.195(a). A schematic diagram of the Mason City M&R station indicating the relief installation is included with this response under Attachment B. Therefore, PEPL took prompt action immediately following the overpressure event and took steps above and beyond regulatory requirements to prevent a recurrence.

¹ PEPL is a transmission system and § 192.195(a), § 192.199(a) through (f) and (h) and § 192.201(a)(2)(i) are applicable at the Mason City M&R Station.

Corrective Work Orders documenting the leak survey, regulator overhaul, testing and inspection of the overhauled regulators and the token relief installation are included with this response under Attachment C. Two of these work orders were submitted to PHMSA during the agency's investigation on May 22, 2024 (WO 20001734134) and August 2, 2024 (WO 20001848209), respectively.

With respect to the Proposed Compliance Order, notwithstanding PEPL's objection to the alleged violation, PEPL advises PHMSA that it is currently collaborating with its customers to transition responsibility for pressure control to the customer which, if that occurs, will remove the referenced regulatory obligations from PEPL and render the PCO moot. For example, at the Mason City M&R station all PEPL regulators and associated equipment have been removed, PEPL metering equipment has been upgraded to be commensurate with mainline MAOP and PEPL's customer has installed and commissioned its own pressure control and/or relieving devices and maintains such independent of PEPL. A schematic diagram of the Mason City M&R station indicating current configuration is included with this response under Attachment D.

2. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(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.

PEPL failed to follow its manual of written procedures for conducting operations and maintenance activities in accordance with §192.605(a). Specifically, PEPL failed to follow its procedure, Regulators—Test, Inspection, and Maintenance (M.06, Rev 06/28/2022), that requires the regulator to be tested according to the manufacturer's (American Meter Company) procedures. Section 7.3 of PEPL's procedure has specific requirements that the operation personnel must follow to verify a complete annual test, inspection, and maintenance of regulators. Annual Test, Inspection, and Maintenance - Step 5, states, "VERIFY proper lock up per manufacturer's instructions."

On October 22, 2024, PHMSA inspectors observed inspection and testing of the PEPL Mason City regulators. The regulator manufacturer's instructions include specific requirements to adjust the restrictors on both the worker and monitor regulators throughout the verification process and fully close the valve immediately downstream of the regulator to confirm that the regulator achieves complete gas shutoff (lock up). However, the PEPL technician performing the test failed to adjust the regulator's restrictors and fully close the downstream valve so that complete shutoff to the downstream piping was never confirmed by the test.

Therefore, PEPL failed to follow its manual of written procedures for conducting operations and maintenance activities in accordance with § 192.605(a).

Proposed Civil Penalty

\$44,600

PEPL Response

As set forth below, PEPL does not believe that it was in violation of § 192.605(a) and requests that the alleged violation and civil penalty be withdrawn.

Contrary to PHMSA's claim, the PEPL technician followed its manual of written procedures for operations, maintenance, and emergencies, including for regulator testing using all applicable elements of the regulator manufacturer's instructions during the October 22, 2024 inspection and testing of the regulators. PHMSA asserts that the regulator manufacturer's instructions include specific requirements on both the primary/worker (MAOP) and secondary/monitor (OPP) to adjust the restrictors through the verification process and fully close the valve immediately downstream of the regulator to confirm that the regulator achieves complete gas shutoff (lock up). PHMSA is incorrect in this assertion. The manufacturer's instructions (24-305809_Exhibit B-3_Axial Flow Valve Manual_02022024) included with this submission under Attachment E, only require adjustment of the restrictors upon initial installation and do not require this step to be performed during subsequent inspections. The steps (1, 7, 8, & 11) highlighted by PHMSA in the "Downstream Monitoring" section of these instructions apply only during initial installation.

Further, PHMSA asserts that the PEPL technician performing the test did not fully close the downstream valve (Step 14 of the manufacturer's instructions) to achieve lock up. Contrary to PHMSA's allegation the technician did in fact fully close the downstream valve as closure is necessary to achieve full gas flow shutoff which allows the pressure to load on the regulators so that the lockup at the desired setpoint of each regulator can be verified and adjusted as needed during the inspection and maintenance process. This was performed by the PEPL technician under the observation of PHMSA on October 22, 2024, and for the agency to claim otherwise is surprising and illogical. The simple fact is that the valve had to be fully closed to achieve regulator lockup.

None of exhibits in the case file which are listed below, and which were used to support the PHMSA finding, individually or collectively support the finding of violation of § 192.605(a) nor do they demonstrate that the downstream valve was not fully closed during the inspection.

- 24-305809_Exhibit B-1_Mason City Regulator Test and Inspect Field Form_10222024
- 24-305809_Exhibit B-2_Regulators Procedure_06252022
- 24-305809_Exhibit B-3_Axial Flow Valve Manual_02022024

PHMSA has based its justification of this finding solely on the PHMSA personnel undocumented observation of the testing and maintenance performed on October 22, 2024, which is subjective and unable to be verified by PEPL. As there is no evidence of the alleged violation and as PEPL has explained above that they are in compliance with 192.605(a), PHMSA should withdraw the alleged violation and civil penalty.