U.S. Department of Transportation

Pipeline and Hazardous Materials Safety Administration

8701 S. Gessner, Suite 630
Houston TX 77074

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

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

December 23, 2025

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

CPF 4-2025-035-NOPV

Dear Mr. Long:

From October 22, 2024 to October 23, 2024 of the on-site Safety-Related Condition Report investigation, 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.) investigated Panhandle Eastern Pipeline Company's[1] (PEPL) Mason City Measurement and Regulating (M&R) Station in New Holland, Illinois.

As a result of the investigation, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items investigated and the probable violations are:

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.

[1] PEPL is a subsidiary of Energy Transfer, LP.

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).

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
Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $272,926 per violation per day the violation persists, up to a maximum of $2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of $93,000 as follows:

Item number	PENALTY
1	$48,400
2	$44,600

Proposed Compliance Order

With respect to Item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Panhandle Eastern Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of 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 4-2025-035-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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
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PROPOSED COMPLIANCE ORDER

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

A. 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.

B. It is requested (not mandated) that PEPL maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, 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.