



By Electronic Mail

September 8, 2025

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: Energy Transfer Company
Notice of Amendment
CPF 4-2025-049-NOPV

Dear Mr. Lethcoe:

Energy Transfer Company (ETC or Company) is in receipt of the Pipeline and Hazardous Materials Safety Administration's (PHMSA) Notice of Probable Violation (NOPV) and Proposed Compliance Order (PCO) (collectively referred to as the "Notice") issued on and received by the Company on July 10, 2025. By way of background, the Notice was issued following a PHMSA inspection of the Company's Lea to Midland interstate hazardous liquid pipeline located in New Mexico and Texas between the dates of March 4 to September 26, 2024. The Notice alleges one (1) violation and includes a PCO requiring remedial actions to ensure compliance with the pipeline safety regulations found in 49 C.F.R. Part 195.

On July 10, 2025, ETC requested a copy of the Case File and an extension of time to respond until September 8, 2025. PHMSA provided the Case File on July 14, 2025 and approved the extension of time on July 18, 2025; thus, this response is timely.

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.

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

Sincerely,
**Todd
Nardozzi**
Todd Nardozzi
Director – DOT Compliance

Digitally signed by
Todd Nardozzi
Date: 2025.09.08
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Attachment

1. **§ 195.452 Pipeline integrity management in high consequence areas.**
 - (a)
 - (f) **What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:**
 - (1)
 - (3) **An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);**

ETC failed to include in its written integrity management program an analysis on its Sunoco Lea to Midland pipeline system that integrates all available information about the integrity of the entire pipeline and the consequences of failure in accordance with § 195.452(f)(3). Specifically, ETC failed to incorporate coupon and inhibitor data on its Sunoco Lea to Midland pipeline system into its risk model, even though the pipeline has been in service since 2016.

Section 195.452(g) requires integration into the information analysis of data including all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. ETC's information analyses for the Sunoco Lea to Midland pipeline system did not include coupon and inhibitor data, even though such data was able to be integrated into the analysis.

Therefore, ETC failed to include in its written integrity management program an analysis on its Sunoco Lea to Midland pipeline system that integrates all available information about the integrity of the entire pipeline and the consequences of failure in accordance with § 195.452(f)(3).

Proposed Compliance Order

In regard to Item 1 of the Notice pertaining to ETC's failure to include in its written integrity management program an analysis on its Sunoco Lea to Midland pipeline system that integrates all available information about the integrity of the entire pipeline and the consequences of failure in accordance with § 195.452(f)(3), ETC must incorporate coupon and inhibitor data from Sunoco Lea to Midland pipeline system into its risk model and provide risk model analysis results to Southwest Region within **60** days of receipt of the Final Order.

ETC Response

The Energy Transfer Risk Model (Relative Risk Model) that was reviewed during the PHMSA inspection on March 4, 2024, did consider both coupon data and inhibitor program for the Internal Corrosion (IC) Threat. Due to data issues, both the coupon and inhibitor factors used default values on the 16" Lea to Midland pipeline segments risk results. Other factors such as ILI feature count, number of leaks, product type, and assessment dates were used for the IC threat.

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In 2024, Energy Transfer transitioned to a new semi-Quantitative Risk Analysis Model (QRA). This new risk model does consider if the pipeline has an inhibitor program in the internal corrosion risk score, as shown in Section 3.4.1.1, Figure 23 of the IMP Appendix B ET QRAD procedures. The data issues with the inhibitor data for these pipeline segments have been resolved for proper incorporation into the QRA model. The QRA Internal Corrosion algorithms were also modified to include the coupon data for the IC threat.

Included with this submission under Attachment A is the updated risk analysis results spreadsheet to satisfy the requirements of the Proposed Compliance Order associated with Item 1 of the NOPV. As required by the Proposed Compliance Order, ET incorporated coupon and inhibitor data from Sunoco Lea to Midland pipeline system into the ET semi-Quantitative Risk Analysis Model (QRA) and completed a new risk model analysis.

Included under Attachment B is the risk model internal corrosion algorithm procedures that have been updated to include the coupon data. Specifically, a new *Max Coupon MPY* factor, is used to represent the coupon readings in the QRA Internal Corrosion module, as sourced by the variable C_F in Section 3.4.1, Equation 58 and scored in accordance with Table 43 in Section 3.4.1.3 of the IMP Appendix B ETP QRAD procedures.

For the reasons detailed above and the additional information included with this submission in Attachment A and Attachment B, the Company believes that the NOPV has been resolved and the requirements of the PCO associated with Item 1 have been satisfied. As such, ETC respectfully requests PHMSA to issue the Final Order and closure in this matter concurrently.