



RSPA 03-04  
Thursday, July 15, 2004

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**Transportation Department Takes Enforcement Action Against Two Pipeline Companies: Kinder Morgan Energy Partners, LLC and Puget Sound Energy for Safety Violations**

The U.S. Department of Transportation today announced enforcement actions against two pipeline operators, Kinder Morgan Energy Partners, LLC, and Puget Sound Energy, Inc. The Department's Research and Special Programs Administration (RSPA) cited the two companies for a range of pipeline safety violations.

RSPA Deputy Administrator Samuel G. Bonasso said the message is clear. "We expect full compliance from all pipeline operators and will take whatever steps necessary to protect communities near our nation's pipelines." Bonasso also promised, "to move quickly and aggressively when we uncover violations so we can ensure that America's energy is delivered safely and cleanly."

The enforcement actions, announced today in Tucson, Arizona, include a Notice of Probable Violation issued to Kinder Morgan proposing \$325,000 in combined civil penalties, following inspections of the company's entire hazardous liquid pipeline system.

Of the most significant violations found were inadequate consideration of significant pipeline integrity threats, including seam defects, stress corrosion cracking and deficient risk assessment. A metallurgical analysis of failed pipe material concluded stress corrosion cracking was the cause of a July 30, 2003 Kinder Morgan pipeline break in Tucson, Arizona.

"I am pleased the federal government has carefully considered the Kinder Morgan matter and taken action," said Mark Spitzer, Chairman of the Arizona Corporation Commission. "This action is important as it exemplifies both agencies' commitment to hold pipeline companies accountable. The goal is not to punish, but to protect the health, welfare and safety of the people."

RSPA also issued a Final Order assessing \$275,000 against Puget Sound for violations of federal drug and alcohol requirements, failure to participate in a qualified one-call program, and failure to establish a continuing pipeline education program, among other violations. RSPA took action on the case after receiving referrals from the state of Washington following routine inspections by state inspectors.

RSPA 03-04  
Enforcement  
Add One

Kinder Morgan retains the legal right to contest each penalty to reduce the amount of the proposed fines included in the Notice of Probable Violation before the Department issues its Final Order. Puget Sound has a right to submit a petition for reconsideration of its Final Order within 20 days of receipt.

The size of the fines announced today reflects an attempt by RSPA to raise the safety bar in complying with pipeline safety regulations, Bonasso said.

“Pipelines are critical to our nation,” he said. “They must be safe, efficient and reliable.”

“The action today by the federal government helps send a message we have been sending at the Commission for many years-‘Safety First,’” added Commissioner Spitzer.

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