



COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION
400 NORTH STREET
HARRISBURG, PA 17120

GLADYS M. BROWN
CHAIRMAN

February 2, 2018

The Honorable Tom Wolf
Governor
Commonwealth of Pennsylvania
508 Main Capitol
Harrisburg, PA 17120

Dear Governor Wolf:

Thank you for your interest in the Pennsylvania Public Utility Commission's oversight of Sunoco Pipeline L.P. and its Mariner East 2 project. On behalf of the Commission, we appreciate this opportunity to describe our oversight and respond to the suggestion that the Commission conduct a "risk assessment" of the Mariner East 2 pipeline.

By way of background, Sunoco is the product of the mergers and acquisitions of two pipeline companies that were originally certificated by the Pennsylvania Public Service Commission in the early 1930's to transport petroleum and refined petroleum products. The Public Utility Code allows common carrier pipelines under the definition of "public utility" which includes "[t]ransporting or conveying natural or artificial gas, crude oil, gasoline, or petroleum products, materials for refrigeration, or oxygen or nitrogen, or other fluid substance, by pipeline or conduit, for the public for compensation." 66 Pa. C.S. § 102, see "public utility" subsection (1)(v). Common carrier pipelines are different from distribution utilities that serve within a geographic area.

The Commission places a keen focus on the common carrier pipeline public utilities under our jurisdiction through the exercise of our general administrative authority to ensure that these public utilities furnish and maintain adequate, efficient, safe, and reasonable service and facilities. The Pipeline Safety Section, within the Commission's Bureau of Investigations and Enforcement, works in coordination with the federal Pipeline and Hazardous Materials Safety Administration (PHMSA) to enforce all applicable safety regulations. The assessment of risk is the basic principle underlying the federal pipeline safety laws. PHMSA's regulations require pipeline operators such as Sunoco to undertake continual integrity assessments of their pipelines. Among the factors the operator must consider are previous integrity assessments, the history of the pipeline, the product transported and the existing and projected activities around the pipeline. See 49 CFR § 195.452(e). PHMSA regulations refer to this as "Pipeline Integrity Management." The Commission and PHMSA review Sunoco's Pipeline Integrity Management program on at least an annual basis.

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The Commission's Pipeline Safety Section has devoted a significant portion of its resources over the past several years to Sunoco and its Mariner East project. The Pipeline Safety Section spent 76 inspection days during 2017 on the Mariner East project, more inspection days than on any other pipeline. Our Pipeline Safety inspectors will maintain this rigorous inspection program of Sunoco's Mariner East project throughout construction, conducting inspections on an at least weekly basis. The Commission will continue to monitor and inspect Mariner 2 after construction is completed consistent with our duties overseeing Pennsylvania's pipeline utilities and as a state agent for PHMSA charged with enforcing the federal pipeline safety laws.

Included in Sunoco's federal regulatory obligations is the administration of a written public awareness program. These programs require, among other items, the education of the public and appropriate governmental organizations of "the possible hazards associated with unintended releases" from a hazardous liquids pipeline and notifying affected municipalities, school districts, businesses, and residents of pipeline facility locations." See 49 CFR § 195.442. The Pipeline Safety Section's most recent inspection of Sunoco's public awareness program for Mariner East on November 7, 2016 did not disclose any deficiencies.

The Commission also understands that, in 2017, Sunoco sent Public Awareness Program mailings to approximately 66,000 people – this includes property owners within 1/8th of a mile of a Sunoco pipeline, public officials, emergency responders, schools and excavating companies. In addition, Sunoco conducted training for over 2,000 emergency responders and public officials over 16 meetings in 2017. Additionally, through review of Sunoco's public awareness program, the Commission is aware that Sunoco is working with county emergency management agencies (EMAs) to share emergency preparedness information about its Mariner East pipelines with all schools within 1/2 mile of Mariner.

To the extent some members of the community are asking the state to conduct a public risk assessment of natural gas liquid (NGL) transportation pipelines, such a request raises some difficult issues. First, Pennsylvania law requires all state employees and agencies to strictly protect any confidential security information of public utilities. See Act 156 of 2006 (the Public Utility Confidential Security Information Disclosure Protection Act). Thus, publication of such a risk assessment is likely prohibited by state law. Second, both federal and state law expressly permit the transportation of NGLs by pipeline. While there are a handful of ongoing court challenges involving the Mariner East project, all existing court decisions have found the Commission correctly recognized there was a public need for natural gas liquids transportation by Sunoco. If the public wishes to challenge a decision of the Commission regarding the Mariner East project, we have been and will continue to afford due process to any member of the public who raises issues pertaining to the service provided by jurisdictional public utilities.

The Commission recognizes the risks present in the transportation of NGLs by pipeline. The Commission will continue to exercise our administrative authority as defined by state and federal law to ensure that Mariner East continues to furnish and maintain adequate, efficient, safe, and reasonable service and facilities as part of our ongoing oversight of the safety and

operations of Sunoco and its hazardous liquids pipeline system. If the Commission's Pipeline Safety Section discovers any issues which raise concerns about the safe operation of any pipeline within our jurisdiction, rest assured that the Commission will take prompt and effective action to protect the public.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gladys M. Brown". The signature is written in a cursive style with a large initial "G".

Gladys M. Brown
Chairman

cc: Congressman Patrick Meehan