



MICHELLE LUJAN GRISHAM
GOVERNOR



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JAMES C. KENNEY
CABINET SECRETARY

Certified Mail - Return Receipt Requested

February 3, 2023

Mr. Bradford D. Whitehurst
Chief Financial Officer
Energy Transfer Partners, L.P.
3738 Oak Lawn Avenue
Dallas, Texas 75219

Ms. Stacy Boultinghouse, PG
Environmental Manager
Energy Transfer Company, LLC
800 Sonterra Blvd
San Antonio, Texas 78528

**RE: 2021 ESTIMATED COST OF WORK FOR CORRECTIVE ACTION
FINANCIAL ASSURANCE
TRANSWESTERN COMPRESSOR STATION NO. 9 - ROSWELL
TRANSWESTERN PIPELINE COMPANY, LLC
ROSWELL, CHAVEZ COUNTY, NEW MEXICO
EPA ID #NMD986676955
HWB-TWP-MISC**

Dear Mr. Whitehurst and Ms. Boultinghouse,

The New Mexico Environment Department (NMED) has completed its review of Transwestern Pipeline Company, LLC's (Transwestern) *Estimated Cost of Work for Financial Assurance*, dated April 12, 2021 and received April 14, 2021. Although Transwestern has met the requirements for submitting the 2021 Financial Assurance documents, the following comments must be addressed.

Comment 1

Table 3 (10-Year Estimated Cost of Work for Site Monitoring and System Operation & Maintenance) appears to contain a typographical error related to the projected fee rate year used to calculate the 2020 cost estimate in Note No. 5. Note No. 5 states that, "[t]his Estimated Cost of Work is based upon a reasonable estimate of likely costs and potential other capital costs based upon actual historical expenses accrued for the Roswell Compressor Station No. 9 project by EarthCon's 2021 rates of fees. Fee rates of other consultants or vendors, and their respective estimates for work on the project are based on 2019 costs." Fee rates should be based on 2020 costs rather than 2019 costs. Resolve the discrepancy by clarifying which rate year was used to calculate the cost estimate and if 2019 costs were used, provide an explanation in the response letter. If the fee rates are based on the 2020 costs, provide a replacement page with the corrected fee rate year and ensure all future submittals state the correct year.

Mr. Whitehurst and Ms. Boultinghouse

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Comment 2

Clarify the following discrepancies in the Chief Financial Officer (CFO) letter, under the Alternative II Table, Item 5, and pages F-4 and F-5 of the *Energy Transfer LP and Subsidiaries Consolidated Balance Sheets* Form 10-K Report (December 31, 2020):

- a. The *ETO Consolidated Total Assets* amount of \$96,742,000,000 on Alternative Table II does not match the *Total Asset* amount of \$95,144,000,000 provided on page F-4 of the *Energy Transfer LP and Subsidiaries Consolidated Balance Sheets* Form 10-K Report. There is a \$1,598,000,000 difference between the two figures. Explain the difference between the *ETO Consolidated Total Asset* reported in the Alternative II Table and *Total Assets* reported in the 10-K Report in the response letter.

- b. The Alternative II Table provides a breakdown of the *ETO Consolidated Total Assets* into four categories: *ETO Goodwill*, *ETO Intangibles*, *ETO Total Liabilities*, and *Non-controlling Interests*. When comparing the dollar amounts for all of the totals provided, only two of the categories matched the reported dollar amounts on pages F-4 and F-5 of the *Energy Transfer LP and Subsidiaries Consolidated Balance Sheets* from the Form 10-K Report. Furthermore, NMED was unable to locate and verify the dollar amounts for the *ETO Total Liabilities* (\$63,792,000,000) and *Non-controlling interests* (\$8,096,000,000) amounts. Explain how the *ETO Total Liabilities* and *Non-controlling Interests* are calculated and identify where these dollar amounts are located in the Form 10-K in the response letter.

If the amounts listed above need to be corrected, provide a revised CFO letter and state where the changes were made in the cover letter.

Transwestern must address all of the comments from this letter and provide a response letter and revised CFO letter for the 2021 Financial Assurance, if applicable. Transwestern must submit the response letter and revised CFO letter to NMED no later than at the same time as the submittal date of the 2023 Financial Assurance submittal. The response letter addressing the comments for the 2021 Financial Assurance must be submitted separately from the 2023 Financial Assurance submittal with its own cover letter.

Mr. Whitehurst and Ms. Boultinghouse

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Please contact Leona Tsinnajinnie of my staff at (505) 690-7820 if you have questions.

Sincerely,

Rick Shean

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Rick Shean
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Rick Shean

Chief

Hazardous Waste Bureau

cc: D. Cobrain, NMED HWB
L. Tsinnajinnie, NMED HWB
L. King, EPA Region 6 (6LCRRC)

File: TWP 2023 and Reading File
HWB-TWP-MISC