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For more information contact:

Kenneth Clarkson
Communications & Outreach Director
kenneth@pstrust.org
360-543-5686 x104

NEWS RELEASE

PHMSA Proposes Civil Penalty of Nearly \$1 Million for Colonial Pipeline's Control Room Management Failures

BELLINGHAM, Washington [May 6, 2022] – The Department of Transportation's PHMSA (Pipeline and Hazardous Materials Safety Administration) has proposed a civil penalty of \$986,400 in regards to Colonial Pipeline Company's negligence when it comes to control room compliance. PHMSA argues that Colonial's multiple violations of pipeline safety regulations (PSRs) contributed to greater impacts and interruption of service following the May 2021 cyber-attack of Colonial's pipeline system.

The ransomware attack, which took place on May 7, 2021, was the largest cyber-attack on American oil infrastructure in the nation's history. Both a data breach and malware attack led to stolen critical information until the company was forced to pay a ransom.

The cyber-attack shut down all pipeline operations for three days, created a scenario of panic buying in the Southeast and led to fuel shortages at airports. PHMSA says this demonstrates why it is mandatory to plan and prepare for a manual restart and shutdown operation. However, in the case of Colonial, they did not have the proper control room procedures in place.

According to the Notice of Probable Violation (NOPV), PHMSA notified Colonial of their alleged failure to comply with several PSRs, including a probable failure to adequately plan and prepare for the manual shutdown and restart of its pipeline system, after the 2020 inspections and well before the 2021 cyberattack that necessitated the manual operation of their system.

PHMSA states that this situation is a clear example as to why operators need to meet all regulatory standards; for if not, the public takes on unnecessary risk.

According to Pipeline Safety Trust's executive director Bill Caram, "By not properly planning for the manual operation of their pipeline system, even after PHMSA's direct warning and direction, Colonial put people and the environment at unnecessary risk. We hope this serves as a learning opportunity for pipeline operators on the importance of regulatory compliance and risk management."