

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 6, 2009

Mr. Thomas Young
Vice President, Operation
The Gas Company
P.O. Box 3000
Honolulu, HI 96802-3000

CPF 5-2009-0004M

Dear Mr. Young:

On November 17 and 18, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected The Gas Company's procedures for Operations and Maintenance (O&M) Procedural Manuals in Honolulu, Hawaii.

On the basis of the inspection, PHMSA identified apparent inadequacies found within The Gas Company's plans or procedures. They are:

1. §192.225 Welding procedures.

(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code (ibr, see § 192.7) . The quality of the test welds used to qualify the welding procedure shall be determined by destructive testing.

The Gas Company does not specify in its O&M manuals what section of API 1104 needs to be used to qualify its Welding Procedures. The welding procedures did not explicitly reference the appropriate industry standard that will be used to qualify their welding procedures.

2. **§192.241 Inspection and test of welds.**

(c) The acceptability of a weld that is not destructively tested or visually inspected is determined according to the standards in Section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 (ibr, see § 192.7) applies to the weld, the acceptability of the weld may be determined under that appendix.

The Gas Company does not specify in its O&M manuals what section of API 1104 need to be used to inspect its welds. The Gas Company's O&M manual must explicitly reference the industry standard to be used to inspect and accept their welds.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2009-0004M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*