

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 17, 2012

Mr. Jay Ignacio
President
Hawaii Electric Light Company
1200 Kilauea Avenue
Hilo, Hawaii 96720-4295

CPF 5-2012-6010M

Dear Mr. Ignacio:

On March 28 and 29, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected the Hawaii Electric Light Company (HELCO) procedures for operations and maintenance of your No. 6 Fuel Oil pipeline in Hilo, Hawaii.

On the basis of the inspection, PHMSA identified apparent inadequacies within HELCO's Operation and Maintenance (O&M) procedures, as described below:

- 1. §195.52 Immediate notice of certain accidents**
(c) Calculation. A pipeline operator must have a written procedure to calculate and provide a reasonable initial estimate of the amount of released product.

HELCO's Accident Investigation and Reporting procedure for calculating the amount of released product is inadequate. At the time of our O&M review, HELCO's Accident Investigation and Reporting procedure did not contain directions for calculating the amount of product released in the event of a hazardous liquid release from their pipeline. HELCO personnel stated that their Facility Spill Response Plan (FSRP), Sections 1.6.1 and 3.8.3, addresses how to estimate release amounts; however, their Accident Investigation and Reporting procedure in their O&M manual did not reference the FSRP or replicate those spill calculation procedures. Therefore, HELCO must amend their O&M procedure to include instructions for calculating and providing a reasonable initial estimate of the amount of release product.

2. **§195.214 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 § 195.3) . The quality of the test welds used to qualify the welding procedure shall be determined by destructive testing.

HELCO's Welding procedure with respect to Part §195.214(a) is inadequate. At the time of inspection, HELCO's Procedure 5.3.7 pertaining to the welding procedure did not specify which standard a weld must be qualified. Meanwhile, HELCO's welding procedure stated that the weld must meet the requirements of the appropriate C.F.R. An operator's procedure may not simply reference 49 C.F.R Part 195 Pipeline Safety Regulations as a procedure. Therefore, HELCO must amend their procedure to include specific standards that are applicable to the unique characteristics of their facilities and comply with the Federal regulations.

3. **§195.402 Procedural manual for operations, maintenance, and emergencies.**

(e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(2) Prompt and effective response to a notice of each type emergency, including fire or explosion occurring near or directly involving a pipeline facility, accidental release of hazardous liquid or carbon dioxide from a pipeline facility, operational failure causing a hazardous condition, and natural disaster affecting pipeline facilities.

HELCO's Emergency Response procedure pertaining to additional telephonic reports as required by Part §195.52(d) is inadequate. Regulation §195.52 (d) New information requires, "An operator must provide an additional telephonic report to the NRC if significant new information becomes available during the emergency response phase of a reported event at the earliest practicable moment after such additional information becomes known." At the time of inspection, HELCO's Emergency Response procedure did not contain the reporting procedure for submitting additional telephonic report(s) to the NRC if new information becomes available during the initial response phase of an event. An operator is required to have a written procedure for providing an additional telephonic report to NRC if new information becomes available as soon as practical after the information becomes known during the emergency response phase of an event. Therefore, HELCO must amend their procedure to include the reporting procedure for providing an additional telephonic report to the NRC as required by Part §195.52(d).

4. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**

(f) Safety-related condition reports. The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of §195.55.

HELCO's Operation and Maintenance manual does not address all of the requirements pertaining to §195.55, specifically §195.55 a) which states, "Except as provided in paragraph (b) of this section, each operator shall report in accordance with §195.56 the existence of any of the following safety-related conditions involving pipelines in service...." PHMSA regulation § 195.56 (b) requires that "The report must be headed "Safety-Related Condition Report" and provide the following information:

- (1) Name and principal address of operator.
- (2) Date of report.
- (3) Name, job title, and business telephone number of person submitting the report.
- (4) Name, job title, and business telephone number of person who determined that the condition exists.
- (5) Date condition was discovered and date condition was first determined to exist.
- (6) Location of condition, with reference to the State (and town, city, or county) or offshore site, and as appropriate nearest street address, offshore platform, survey station number, milepost, landmark, or name of pipeline.
- (7) Description of the condition, including circumstances leading to its discovery, any significant effects of the condition on safety, and the name of the commodity transported or stored.
- (8) The corrective action taken (including reduction of pressure or shutdown) before the report is submitted and the planned follow-up or future corrective action, including the anticipated schedule for starting and concluding such action.”

At the time of inspection, neither HELCO procedures 4.1 nor 5.1 for reporting safety-related condition required that SRC report to include corrective actions that have been taken or corrective actions that are planned. HELCO’s O&M manual, Appendix B, includes a form for SRC reporting and the form has a place holder for corrective actions that have already been completed and what is still planned. Unfortunately, there are no instructions on how this information must be completed prior to the SRC submission. An operator’s procedure for filing a SRC must include the corrective actions that have been taken and corrective actions that are planned in the report. Therefore, HELCO must amend their procedure to include the corrective action required by Part §195.56(b)(8).

5. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

HELCO’s emergency procedures with respect to Part §195.403(c) is inadequate. Emergency response training regulation §195.403 (c) requires that “Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.” At the time of inspection, HELCO’s amended procedures to verify that its supervisors maintain a thorough knowledge of emergency response procedures just simply reference Part §195.403(c) in lieu of describing when or how a supervisor’s knowledge of emergency response procedures will be verified. An operator’s procedures must include instructions for personnel to follow in order to comply with Part 195. Therefore, HELCO must amend their procedure to include specific procedure with respect to its supervisors maintain a thorough knowledge of emergency procedures to comply with Part §195.403(c).

6. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
(c) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
(7) **Starting up and shutting down any part of the pipeline in a manner designed to assure operation within the limits prescribed by paragraph §195.406, consider the hazardous liquid or carbon dioxide in transportation, variations in altitude along the pipeline, and pressure monitoring and control devices.**

HELCO's O&M manual with respect to operating their pipeline within the limits prescribed by paragraph §195.406 regarding Maximum Operating Pressure are inadequate. §195.406 (a) states that, "Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:

- (1) The internal design pressure of the pipe determined in accordance with §195.106. However, for steel pipe in pipelines being converted under §195.5, if one or more factors of the design formula (§195.106) are unknown, one of the following pressures is to be used as design pressure:
 - (i) Eighty percent of the first test pressure that produces yield under section N5.0 of Appendix N of ASME B31.8, reduced by the appropriate factors in §§195.106(a) and (e); or
 - (ii) If the pipe is 323.8 mm (12¾ in) or less outside diameter and is not tested to yield under this paragraph, 1379 kPa (200 psig).
- (2) The design pressure of any other component of the pipeline.
- (3) Eighty percent of the test pressure for any part of the pipeline which has been pressure tested under Subpart E of this part.
- (4) Eighty percent of the factory test pressure or of the prototype test pressure for any individually installed component which is excepted from testing under §195.305.
- (5) For pipelines under §§195.302(b)(1) and (b)(2)(i), that have not been pressure tested under Subpart E of this part, 80 percent of the test pressure or highest operating pressure to which the pipeline was subjected for 4 or more continuous hours that can be demonstrated by recording charts or logs made at the time the test or operations were conducted. "

At the time of inspection, HELCO's O&M manual did not contain a written procedure for determining the MOP of their pipeline or, once an MOP is determined, for ensuring operations of the HELCO pipeline within its MOP limits. An operator is required to have operations and maintenance procedures that instruct personnel on how to determine the MOP of a pipeline. In addition, an operator is required to have operations instructions to inform personnel at what limits they must operate a pipeline. Therefore, HELCO must amend their operating procedures to include specific procedures to comply with Part§195.406.

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 30 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.

It is requested (not mandated) that HELCO maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2012-6010M** 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
PHP-500 G. Davis (#133321)

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