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Jay M. Ignacio, P.E.
President

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May 18, 2012

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Mr. Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Reference: Notice of Amendment
CPF No. 5-2012-6010M

Dear Mr. Hoidal:

On March 28-29, 2011, Mr. Gerald Davis of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Western Region, pursuant to Chapter 601 of 49 United States Code, inspected Hawaii Electric Light Company (HELCO)'s No. 6 Fuel Oil pipeline facilities in Hilo, Hawaii. As a result of the inspection, PHMSA issued HELCO a Notice of Amendment (NOA) dated April 17, 2012.

HELCO is proud of our pipeline compliance program, but understands that improvements and enhancements are integral to the success of our program. HELCO has committed significant resources to managing the compliance aspects and mechanical integrity of our pipelines and facilities. These practices have enabled HELCO to historically operate a safe pipeline system in the county of Hawaii.

The purpose of this letter is to notify PHMSA that HELCO does not contest the NOA and will modify our procedures accordingly. HELCO respectfully requests an additional 60 days from the response date proposed in the NOA to provide PHMSA with the amended procedures. HELCO is requesting this additional time so that we can review the related historical data, consider internal change control processes, and ensure that the changes can be addressed consistently across the organization. Based on the additional time requested, HELCO will provide the response to PHMSA no later than July 19, 2012. Below is a preliminary response to each of the six NOA items:

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.** At the time of the inspection, HELCO's Accident Investigation and Reporting procedure for calculating the amount of released product was considered to be inadequate because it did not contain directions for calculating the amount of product released in

the event of a hazardous liquid release from the Hilo pipeline. HELCO's Facility Spill Response Plan (FSRP), Sections 1.6.1 and 3.8.3, addresses how to estimate release amounts; however, the O&M manual did not reference the FSRP and associated spill calculation procedures. Therefore, HELCO will amend the O&M procedure to specifically reference the FSRP and include instructions for calculating and providing a reasonable initial estimate of the amount of product released.

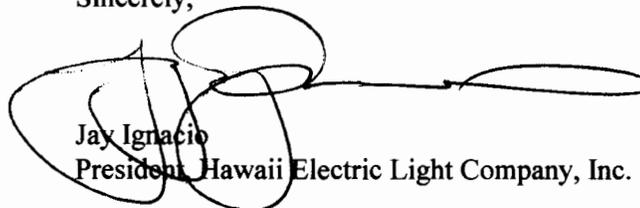
2. **§195.214 - Welding procedures; (a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code (ibr, see § 195.3). The quality of the test welds used to qualify the welding procedure shall be determined by destructive testing.** At the time of the inspection, HELCO's Welding Procedure 5.3.7, with respect to Part §195.214(a), was considered to be inadequate because it did not specify under which standard a weld must be qualified. HELCO will amend the O & M procedure to include the specific standards that comply with the Federal regulations and are applicable to the unique characteristics of the pipeline facilities.
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.** At the time of the inspection, HELCO's Emergency Response procedure pertaining to additional telephonic reports as required by Part §195.52(d) was considered to be inadequate because the 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. HELCO will amend the Emergency Response 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.** At the time of the inspection, HELCO's Operation and Maintenance manual was considered to be inadequate because it did not address all of the requirements pertaining to §195.55 (a). HELCO Procedures 4.1 and 5.1 for reporting safety-related condition(s) (SRC) did not sufficiently require the 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 placeholder for corrective actions that have already been completed and what is still planned; however, no instructions on how this information must be completed prior to the SRC submission are included in the procedures. HELCO will modify the SRC reporting procedure to specifically address including the corrective actions that have been taken and corrective actions that are planned in the SRC report as 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. At the time of the inspection, HELCO's emergency procedures with respect to Part §195.403(c) were considered to be inadequate because the procedures did not state that its supervisors must maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance. HELCO will therefore amend its procedures to verify that its supervisors maintain a thorough knowledge of emergency response procedures, specifically describing when and how a supervisor's knowledge of emergency response procedures shall be verified and documented, in accordance with §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. At the time of the inspection, HELCO's O&M procedures with respect to instructing personnel on how to determine the Maximum Operating Pressure (MOP) within the limits prescribed by paragraph §195.406, and for ensuring operations of the pipeline within its MOP limits, was considered inadequate. HELCO will amend the operating procedures to include specific procedures to comply with Part§ 195.406.

HELCO looks forward to resolving each of the items addressed in the NOA and improving our pipeline compliance program. Please do not hesitate to contact Norman Verbanic of our staff at (808) 969-0421 with any comments or questions.

Sincerely,



Jay Ignacio
President, Hawaii Electric Light Company, Inc.

