

**JULY 27, 2012**

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

**Re: CPF No. 5-2012-6011**

Dear Mr. Ignacio:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Hawaii Electric Light Company, Inc., to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, Director, Western Region, OPS  
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

In the Matter of	)	
	)	
Hawaii Electric Light Company, Inc.,	)	CPF No. 5-2012-6011
	)	
Respondent.	)	
	)	

**FINAL ORDER**

On March 28 and 29, 2011, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the No. 6 Fuel Oil pipeline facilities and records of Hawaii Electric Light Company, Inc. (HELCO or Respondent), in Hilo, Hawaii. HELCO operates a 13,995 foot long hazardous liquid pipeline that transports No. 6 fuel oil from the Chevron Hilo terminal to both the Hill and Shipman power plants that provide electricity throughout the island of Hawaii.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated April 17, 2012, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that HELCO had committed various violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violation or face possible enforcement action.

HELCO responded to the Notice by letter dated May 18, 2012 (Response). The company did not contest the allegations of violation but provided information concerning the corrective actions it intended to take. Respondent did not request a hearing and therefore has waived its right to one.

**FINDINGS OF VIOLATION**

In its Response, HELCO did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

**Item 3:** The Notice alleged that Respondent violated 49 C.F.R. § 195.404(a)(2), which states:

**§ 195.404 Maps and records.**

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:

- (1) ...
- (2) All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.

The Notice alleged that Respondent violated 49 C.F.R. § 195.404(a)(2) by failing to maintain current maps of its Hilo pipeline system. Specifically, the Notice alleged that HELCO failed to maintain maps that included crossings of buried utilities and foreign pipelines that had been in existence for years. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.404(a)(2) by failing to maintain current maps of its Hilo pipeline system that included crossings of buried utilities and foreign pipelines.

**Item 5:** The Notice alleged that Respondent violated 49 C.F.R. § 195.420(b), which states:

**§ 195.420 Valve maintenance.**

- (a) ...
- (b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

The Notice alleged that Respondent violated 49 C.F.R. § 195.420 by failing to inspect the mainline block valves on its Hilo pipeline system at least twice each calendar year not to exceed every 7½ months. Specifically, the Notice alleged that HELCO failed to perform documented inspections of these valves beginning in 2003. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.420(b) by failing to perform documented inspections of the mainline block valves on its Hilo pipeline system twice each calendar year not to exceed 7½ months.

**Item 8:** The Notice alleged that Respondent violated 49 C.F.R. § 195.573(c), which states:

**§ 195.573 What must I do to monitor external corrosion control?**

- (a) ...
- (c) *Rectifiers and other devices.* You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier ..... Reverse current switch. Diode. Interference bond whose failure would jeopardize structural protection.	At least six times each calendar year, but with intervals not exceeding 2½ months.
Other interference bond .....	At least once each calendar year, but with intervals not exceeding 15 months.

The Notice alleged that Respondent violated 49 C.F.R. § 195.573(c) by failing to electrically check for proper performance two interference bonds whose failure would jeopardize the Hilo pipeline's structural protection at least six times each calendar year at intervals not to exceed 2½ months. Specifically, the Notice alleged that HELCO failed to check and address foreign current drains at the Hill Plant and the Shipman Plant. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.573(c) by failing to electrically check for proper performance two interference bonds whose failure would jeopardize structural protection at the Hill Plant and the Shipman Plant.

**Item 9:** The Notice alleged that Respondent violated 49 C.F.R. § 195.577(a), which states:

**§ 195.577 What must I do to alleviate interference currents?**

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

The Notice alleged that Respondent violated 49 C.F.R. § 195.577(a) by failing to have a program to identify, test for, and minimize the detrimental effects of stray currents on its Hilo pipeline. Specifically, the Notice alleged that HELCO failed to analyze whether stray currents were causing corrosion that had occurred where two foreign pipelines crossed over the Hilo pipeline, and if so to take action to minimize the detrimental effects of these currents. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.577(a) by failing to have a program to identify, test for, and minimize the detrimental effects of stray currents on its Hilo pipeline.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

## COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 3, 5, 8, and 9 in the Notice for violations of 49 C.F.R. §§ 195.404(a)(2), 195.420(b), 195.573(c), and 195.577(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.404(a)(2) (**Item 3**), Respondent must update its system maps to include crossings of not only all public roads, railways, and rivers, but also all crossings of buried utilities and foreign pipelines.
2. With respect to the violation of § 195.420(b) (**Item 5**), Respondent must develop and implement a program to ensure that its mainline valves are inspected and maintained per valve manufacturer guidance at the required interval and to ensure that the results and recommendations of those inspections are documented.
3. With respect to the violation of § 195.573(c) (**Item 8**), Respondent must develop and implement a program to ensure that all of its Hilo pipeline current drains are electrically checked at least six times per calendar year not to exceed every 2½ months and to ensure that the results and recommendations of those electrical checks are documented.
4. With respect to the violation of § 195.577(a) (**Item 9**), Respondent must develop and implement a program to identify potential areas of stray currents and must test these areas for stray current interference with the Hilo pipeline's cathodic protection system and take action to minimize the detrimental effects of any such currents.
5. Complete Compliance Order Items 1-4 above within 60 days of receipt of this Order. Submit documentation demonstrating completion of these items to the Director, Western Region, OPS, 12300 W. Dakota Avenue, Suite 110, Lakewood, CO 80228.
6. It is requested, but not required, that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total costs to the Director. It is requested that these costs be reported in two categories: (1) the total costs associated with the preparation/revision of plans, procedures, studies, and analyses; and (2) the total costs associated with replacements, additions, and other changes to physical pipeline facilities.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

### WARNING ITEMS

With respect to Items 1, 2, 4, 6, and 7, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.402(a) (**Item 1**) — Respondent’s alleged failure to review all of its procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies once each calendar year not to exceed 15 months during the 2009-2010 period;

49 C.F.R. § 195.402(c)(13) (**Item 2**) — Respondent’s alleged failure to periodically review the work done by its employees and contractors to determine the effectiveness of procedures used in normal operation and maintenance;

49 C.F.R. § 195.412(a) (**Item 4**) — Respondent’s alleged failure to inspect the surface conditions on or adjacent to that portion of the Hilo pipeline right-of-way that crosses the golf course along Banyan Way;

49 C.F.R. § 195.432(b) (**Item 6**) — Respondent’s alleged failure to internally inspect the physical integrity of its Tank 5A breakout tank in accordance with API Standard 653 using a certified API inspector; and

49 C.F.R. § 195.555 (**Item 7**) — Respondent’s alleged failure to require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for ensuring compliance.

HELCO presented information in its Response showing that it was taking certain actions to address the cited items. If OPS finds a violation of any of these items, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued