

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 19, 2012

Mr. Floyd Shiroma
Director
Hawaiian Electric Company Inc.
475 Kamehameha Highway
Pearl City, HI 96782

CPF 5-2012-6013M

Dear Mr. Shiroma:

On March 24 and 25, 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 Company Inc. (HECO) procedures for operations and maintenance of your Low Sulfur Fuel Oil and Diesel pipeline in Honolulu, Hawaii.

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

1. **§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:**
 - (3) **Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart [F] and subpart H of this part.**

HECO's Operation and Maintenance manual procedures for conducting inspections of rights-of-way (ROW) and crossings under navigable waters, as required by Part §195.412(a), is inadequate. Regulation §195.412(a) requires, "Each operator shall, at intervals not exceeding 3

weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.” HECO’s ROW and crossing inspection procedures did not contain a process for documenting potential safety concerns or concerns discovered during the inspections. HECO must amend their O&M procedures to include a process for documenting surface conditions, particularly those that need to be addressed in order to provide safety, following the inspections required by Part §195.412(a).

2. § 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:

(11) Minimizing the likelihood of accidental ignition of vapors in areas near facilities identified under paragraph (c) (4) of this section where the potential exists for the presence of flammable liquids or gases.

At the time of the inspection, HECO’s Operation and Maintenance manual did not address all of the requirements pertaining to §195.402(c) (11). HECO’s O&M procedure 13.3, with respect to prevention of accidental ignition, did not include the hot work permitting process. Following the inspection, HECO submitted a letter dated April 8, 2011 to my staff stating that HECO had completed a written procedure for hot work permitting process. Unfortunately, it appears that the process did not include the requirement for testing the vapors or hazardous atmosphere prior to the initiation of the permitted activity. An operator’s procedure for hot work permitting must include a method to test the vapors or hazardous atmosphere. Therefore, HECO must amend their procedure to include the test method for vapors or hazardous atmosphere as required by Part §195.402(c) (11).

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 HECO 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 5-2012-6013M** 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 (#133322)

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