

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 18, 2012

Mr. Carlos Reyes
Co-President & General Manager Operations
EcoElectrica L.P.
Street 337, KM 3.7 Bo Tallaboa Poniente
Penuelas, PR 00624

Dear Mr. Reyes:

CPF 2-2012-0006W

Between April 23 and 27, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety inspected the EcoElectrica, L.P. (EcoElectrica) Costa Sur Pipeline in Penuelas, Puerto Rico, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that EcoElectrica has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are as follows:

- 1. §192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.**

EcoElectrica's operations, maintenance, and emergency response (OMER) manual *Procedure LNGT-060 Transmission Pipeline Operator Qualification (OQ) Program Revision #0 dated March 13, 2012 (Procedure LNGT-060)* did not require reviews and updates of the OQ program to be made at intervals not exceeding 15 months, but at least once each calendar year.

2. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
... (b) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**
... (8) **Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.**

EcoElectrica's OMER *Procedure LNGT-060* did not require the periodic review of the work done by operator personnel to determine the effectiveness and adequacy of its OQ program. Moreover, it did not require modifying the program procedures when deficiencies are found.

Examples of items that EcoElectrica needs to review to determine the effectiveness of its OQ program include, but are not limited to:

- The adequacy of training for specific covered tasks,
- The adequacy of evaluations to determine if an individual has the required knowledge, skills, and abilities to perform a covered task,
- The adequacy of individual to recognize an abnormal operating condition (AOC); and,
- The adequacy of an individual to take appropriate action(s) after an AOC.

3. **§192.614 Damage prevention program.**
(a) **Except as provided in paragraphs (d) and (e) of this section, each operator of a buried pipeline shall carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purpose of this section, the term "excavation activities" includes excavation, blasting, boring, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earth moving operations**

EcoElectrica did not have a written program to prevent damage to the Costa Sur pipeline from excavation activities.

EcoElectrica operates the 1.7-mile Costa Sur pipeline, which is buried for a total of approximately 382 feet in six short segments, five of which are encased in concrete and one which is inside of a concrete pipe. The pipeline is located in its entirety on four industrial properties that are restricted from public access by security fencing and manned security gates.

4. **§192.619 What is the maximum allowable operating pressure for steel or plastic pipelines?**
(a) **No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:**
(1) **The design pressure of the weakest element in the segment, determined in accordance with Subparts C and D of this part.**

EcoElectrica did not correctly determine the maximum allowable operating pressure of a segment of the Costa Sur pipeline because it did not use the design pressure of the weakest element.

EcoElectrica's operations, maintenance, and emergency response (OMER) manual of written procedures Section III (d) *Maximum Allowable Operating Pressure (MAOP)* (pp. 11-14) indicated that the MAOP of the Costa Sur pipeline was 1090 psig. The procedure did not include MAOP determination of the recently installed meter station, a component of the Costa Sur Pipeline located at the beginning of the line.

Although construction records indicated the station was designed to 1,000 psig per ASME B31.3, the MAOP determination process must follow Part 192 requirements. Based on the meter station design and test information provided to the inspector, the meter station MAOP is limited to the design pressure of the weakest element in the station: 1001 psig, determined in accordance with Subpart C of Part 192: 192.105(a) and 192.111(d)(1) for 24" x 0.687" w.t., ASTM A106 Grade B seamless pipe. The pipeline normally operates at approximately 650 psig, with the pipeline overpressure control valve set to control/close at 700 psig.

5. § 192.631 Control room management.

(a) General.

(1) This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section, except that for each control room where an operator's activities are limited to either or both of:

(i) Distribution with less than 250,000 services, or

(ii) Transmission without a compressor station, the operator must have and follow written procedures that implement only paragraphs (d) (regarding fatigue), (i) (regarding compliance validation), and (j) (regarding compliance and deviations) of this section.

EcoElectrica did not have written control room management procedures that would comply with the applicable requirements of §192.631. EcoElectrica is the operator of the 1.7-mile Costa Sur Pipeline, a transmission pipeline without a compressor station, but with a controller working in a control room who monitors and controls the pipeline through a SCADA system. Section 192.631(a)(2) required these procedures to have been developed no later than August 1, 2011.

6. §192.807 Recordkeeping.

Each operator shall maintain records that demonstrate compliance with this subpart.

(a) Qualification records shall include:

(1) Identification of qualified individual(s);

(2) Identification of the covered tasks the individual is qualified to perform;

(3) Date(s) of current qualification; and

(4) Qualification method(s).

EcoElectrica did not maintain records that demonstrated compliance with *Part 192, Subpart N-Qualification of Pipeline Personnel* because records did not include the items required by §192.807(a).

When asked by the inspector for such records for certain tasks for Individual #1 and (contracted) Individual #2, EcoElectrica provided inadequate records, as follows:

- The records applicable to specific tasks did not include the (1) *Identification of qualified individual(s)*;
- The records did not include the (2) *Identification of the covered tasks the individual is qualified to perform*;
- The records did not include the (3) *Date(s) of current qualification*; and,
- The records did not include the (4) *Qualification method(s)*.

Individual #1: *Task 5.1-Line Operation* (specifically to inspect and test the pipeline OPP Valve PCV-SGA-23). The record provided was a Tecnologia de Instrumentacion (Instrument Technician) diploma dated May 27, 1998, issued by the Institute Tecnologia de Puerto Rico.

Individual #2: *Tasks 5.4-Cathodic Protection Testing, and 5.5-Corrosion Control*. The records provided were Ingeniero Licenciado (Engineering License) dated August 23, 2010, issued by the Secretaria Auxiliar de Juntos Examinadoras Puerto Rico Departamento de Estado, and a professional engineering license card.

7. §192.807 Recordkeeping.

. . . (b) Records supporting an individual’s current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

EcoElectrica did not maintain records supporting an individual’s current qualification “*while the individual is performing the covered task*” nor did EcoElectrica maintain prior qualification records.

When asked by the inspector for such records for the contracted individual who performed cathodic protection and corrosion prevention tasks on the Costa Sur pipeline, EcoElectrica provided only an engineering license certificate for the individual. The certificate did not provide evidence that the individual was, or had previously been, qualified to perform task *5.4-Cathodic Protection Testing*, and task *5.5-Corrosion Control* that are listed in *Procedure LNGT-060*. The individual had performed cathodic protection and corrosion prevention tasks on the Costa Sur pipeline.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 3, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct

these items identified in this letter. Failure to do so will result in EcoElectrica L.P. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2012-0006W**. 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).

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region