

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 30, 2012

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

**CPF 2-2012-3002M**

Dear Mr. Reyes:

From April 23-27, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety inspected the EcoElectrica, L.P. (EcoElectrica) liquefied natural gas (LNG) written operations and maintenance (O&M) procedures in Penuelas, Puerto Rico, pursuant to Chapter 601 of 49 United States Code.

On the basis of the inspection, PHMSA has identified apparent inadequacies within EcoElectrica's written procedures, as described below:

**1. §193.2017 Plans and procedures.**

**. . . (c) Each operator must review and update the plans and procedures required by this part—**

- (1) When a component is changed significantly or a new component is installed; and**
- (2) At intervals not exceeding 27 months, but at least once every 2 calendar years.**

EcoElectrica did not have LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* that required it to review and update its Part 193-required plans and procedures whenever a component is changed significantly or a new component is installed; or, at intervals not exceeding 27 months, but at least once every 2 calendar years.

**2. §193.2515 Investigations of failures.**

**(a) Each operator shall investigate the cause of each explosion, fire, or LNG spill or leak which results in:**

- (1) Death or injury requiring hospitalization; or**
- (2) Property damage exceeding \$10,000.**

**(b) As a result of the investigation, appropriate action must be taken to minimize recurrence of the incident.**

**(c) If the Administrator or relevant state agency under the pipeline safety laws (49 U.S.C. 60101 et seq.) investigates an incident, the operator involved shall make available all relevant information and provide reasonable assistance in conducting the investigation. Unless necessary to restore or maintain service, or for safety, no component involved in the incident may be moved from its location or otherwise altered until the investigation is complete or the investigating agency otherwise provides. Where components must be moved for operational or safety reasons, they must not be removed from the plant site and must be maintained intact to the extent practicable until the investigation is complete or the investigating agency otherwise provides.**

EcoElectrica did not have LNG plant-related procedures that required it to follow all the investigation of failure requirements in §193.2515. That is, EcoElectrica's *Procedure: Accident and Incident Report Analysis Number: HS-003* did not convey all the requirements in §193.2515.

**3. §193.2605 Maintenance procedures.**

**. . . (c) Each operator shall include in the manual required by paragraph (b) of this section 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 §191.23 of this subchapter.**

EcoElectrica did not have LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* (or any other manual) enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions subject to the reporting requirements in §191.23.

**4. §193.2619 Control systems.**

**. . . (b) If a control system is out of service for 30 days or more, it must be inspected and tested for operational capability before returning it to service.**

EcoElectrica did not have LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* that required it to inspect and test a control system if the system is out of service for 30 days or more.

**5. §193.2619 Control systems.**

**. . . (c) Control systems in service, but not normally in operation, such as relief valves and automatic shutdown devices, and control systems for internal shutoff valves for bottom penetration tanks must be inspected and tested once each calendar year, not exceeding 15 months . . . .**

EcoElectrica's LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* for inspecting and testing control systems in service, but not normally in operation were inadequate, as follows:

EcoElectrica's procedures for inspecting and testing control systems in service, but not normally in operation were inadequate, as follows:

- EcoElectrica *Procedure: Safety Relief Devices Inspection and Testing Number M-048* and work order procedures allowed for certain LNG facility relief devices to be tested

or replaced at a frequency of once every three years. §193.2619(c) required relief valves to be inspected and tested once each calendar year, not exceeding 15 months.

- EcoElectrica's procedures did not require adequate automatic shutdown device tests once each calendar year, not exceeding 15 months, because they did not require the inspection and testing of the distributed control system (DCS) control logic and output signal functionality for shutdown devices. The DCS controls are an integral component of the automatic shutdown systems in the LNG plant.
- *Procedure: LNG Terminal Emergency Shutdown Push Buttons Annual Test Number: LNGT-056* did not require the push button (initiation) devices to be inspected and tested once each calendar year, not exceeding 15 months.

**6. §193.2623 Inspecting LNG storage tanks.**

**Each LNG storage tank must be inspected or tested to verify that each of the following conditions does not impair the structural integrity or safety of the tank:**

**(a) Foundation and tank movement during normal operation and after a major meteorological or geophysical disturbance.**

EcoElectrica's LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* did not require the inspection or testing of the LNG storage tank (Tank T-100) after certain major meteorological or geophysical disturbances to verify that foundation and tank movement does not impair the structural integrity or safety of the tank. That is, although the procedures provided to the PHMSA inspector addressed tank inspection or testing after a seismic event (*Procedure: Response to Seismic Events Number: LNGT-047*), the procedures did not include tank inspection and testing after flooding, tsunami, and hurricane events. The LNG plant is in a tsunami evacuation zone.

**7. §193.2635 Monitoring corrosion control.**

**Corrosion protection provided as required by this subpart must be periodically monitored to give early recognition of ineffective corrosion protection, including the following, as applicable:**

**. . . (d) Each component that is protected from atmospheric corrosion must be inspected at intervals not exceeding 3 years.**

EcoElectrica's LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* did not require EcoElectrica to inspect each component that is protected from atmospheric corrosion at intervals not exceeding 3 years. That is, while the on-site observations of the PHMSA inspector and the information provided by the operator indicated that EcoElectrica had an effective continuing atmospheric corrosion control program, EcoElectrica did not provide the required written procedures to perform the referenced inspections within the specified time intervals.

**8. §193.2637 Remedial measures.**

**Prompt corrective or remedial action must be taken whenever an operator learns by inspection or otherwise that atmospheric, external, or internal corrosion is not controlled as required by this subpart.**

Although on-site observations by the PHMSA inspector and the information provided by the operator indicated that EcoElectrica had an effective corrosion control program, EcoElectrica's LNG plant-related written procedures in its *LNG Terminal Maintenance*

*Manual* did not require EcoElectrica to take prompt corrective or remedial action whenever it learns by inspection or otherwise that atmospheric, external, or internal corrosion is not controlled as required by Part 193 Subpart G.

**9. §193.2713 Training: operations and maintenance.**

**. . . (b) A written plan of continuing instruction must be conducted at intervals of not more than two years to keep all personnel current on the knowledge and skills they gained in the program of initial instruction.**

EcoElectrica did not have LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* (or any other manual) requiring a written plan of continuing instruction to be conducted at intervals of not more than two years to keep all personnel current on the knowledge and skills they gained in the program of initial instruction.

**10. §193.2717 Training: fire protection.**

**. . . (b) A written plan of continuing instruction, including plant fire drills, must be conducted at intervals of not more than two years to keep personnel current on the knowledge and skills they gained in the instruction under paragraph (a) of the section.**

EcoElectrica did not have LNG plant-related written procedures in its *LNG Terminal Maintenance Manual* (or any other manual) requiring plant fire drills (designed to provide personnel hands-on experience in carrying out their duties under the fire emergency procedures required by §193.2509) to be conducted at intervals of not more than two years to keep personnel current on the knowledge and skills they gained in the instruction under §193.2717(a). The revised procedures (*Procedure: Contingency Plan Number: HS-017*) provided to the PHMSA inspector subsequent to the on-site inspection did not fully meet the procedural requirements; such drills must provide personnel hands-on experience as indicated above.

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 EcoElectrica L.P. maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Wayne T. Lemoi, Director, Southern Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 2-2012-3002M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

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