



U S Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave. S E
Washington DC 20590

FEB 19 2008

Mr. Raghu S. Raghuraman
Vice President
PB Energy Storage Services, Inc.
11757 Katy Freeway, Suite 600
Houston, TX 77079

Re: CPF No. 4-2005-5041

Dear Mr. Raghuraman:

Enclosed is the Final Order issued in the above-referenced case. The Final Order withdraws the violation alleged in the Notice of Probable Violation and Proposed Civil Penalty. Accordingly, this case is now closed. Your receipt of the Final Order constitutes service under 49 C.F.R. § 190.5.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Wiese".

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

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

_____)
In the Matter of)

PB Energy Storage Services, Inc.,)

Respondent)
_____)

CPF No. 4-2005-5041

FINAL ORDER

On May 10 through 13, 2005, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's integrity management program (IMP) in Houston, Texas. As a result of the inspection, the Director, Southwest Region, OPS, issued to Respondent, by letter dated October 13, 2005, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 195.452(b) and proposed assessing a civil penalty of \$5,000 for the alleged violation.

Respondent responded to the Notice by letter dated November 7, 2005 (Response). Respondent contested the allegation of violation, offered information in explanation, and requested that the proposed civil penalty be eliminated. Respondent did not request a hearing, and therefore has waived its right to one.

WITHDRAWAL OF ALLEGATION

Item 1 in the Notice alleged that Respondent violated 49 C.F.R. § 195.452(b), which states:

§ 195.452 – Pipeline integrity management in high consequence areas.

(a) *Which pipelines are covered by this section?* This section applies to each hazardous liquid pipeline and carbon dioxide pipeline that could affect a high consequence area Covered pipelines are categorized as follows; . . .

(2) Category 2 includes pipelines existing on May 29, 2001, that were owned or operated by an operator who owned or operated less than 500 miles of pipeline subject to this part

(b) *What program and practices must operators use to manage pipeline integrity?* Each operator of a pipeline covered by this section must:

(1) Develop a written integrity management program that addresses the risks on each segment of pipeline in the first column of the following table not later than the date in the second column . . .

Pipeline	Date
Category 2	February 18, 2003

(2) Include in the program an identification of each pipeline or pipeline segment in the first column of the following table not later than the date in the second column . . .

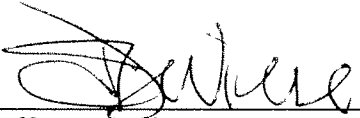
Pipeline	Date
Category 2	November 18, 2002

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(b) by failing to meet the deadlines in the integrity management rule for identification of covered segments and development of an IMP. Specifically, the Notice alleged that Respondent acquired Category 2 pipeline facilities in April 2004, but did not identify covered segments or implement an IMP for those facilities until November 15, 2004.

In its Response, Respondent acknowledged that it acquired the facilities in April 2004 and completed development of its IMP in November 2004. Respondent explained, however, that between April and November 2004 Respondent followed the IMP procedures of the prior operator. Respondent noted that its own IMP referenced the existence of the prior operator's IMP procedures and that documentation of the prior operator's program was available at the time of the inspection. Respondent submitted documentation of the prior operator's program as well as portions of its own IMP where the prior operator's program had been referenced.

After reviewing the documentation submitted, I find that Respondent operated the pipeline facilities in question under the previous operator's IMP from April 2004 through November 2004. Based upon the foregoing, I am withdrawing the allegation of violation.

The terms and conditions of this Final Order shall be effective upon receipt.



 Jeffrey D. Wiese
 Associate Administrator
 for Pipeline Safety

FEB 19 2008

 Date Issued