



Golden Valley Electric Association

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SEP 21 2009

September 11, 2009

Jeffrey D. Wiese  
Associate Administrator for Pipeline Safety  
PHMSA  
1200 New Jersey Avenue SE East Building 2<sup>nd</sup> Floor  
Washington, DC 20590

Subject: Petition for Reconsideration of Final Order CPF No. 5-2007-5034

Dear Mr. Wiese,

Golden Valley Electric Association (GVEA) has received your letter issuing Final Order CPF No. 5-2007-5034 with civil penalties. As provided in the Assessment of Penalty section of the Final Order, GVEA is petitioning for reconsideration of the violation penalties.

GVEA has received and paid the civil penalty associated with Final Order CPF No. 5-2004-5035. GVEA is grateful that the PHMSA review recognized the good-faith efforts to identify HCAs as documented in GVEA's response (12/13/2004) to CPF No. 5-2004-5035. Based on those efforts, Items 1(a) and 1(b) were shown in the Final Order as withdrawn.

GVEA requests that the civil penalties associated with Item 1 and Item 2 in Final Order CPF No. 5-2007-5034 be reconsidered. Due to a GVEA clerical mixup between CPF 5-2007-5034 and CPF 5-2007-5033W received on the same day, GVEA pipeline personnel were not aware NOPV CPF 5-2007-5034 had been issued until the PHMSA inspection/audit on April 21, 2008. Regrettably, no response was submitted by GVEA to the NOPV.

Violations described in Items 1 and 2 of Final Order CPF No. 5-2007-5034 were driven by the May 2004 HCA designation of GVEA's pipelines established by CPF No. 5-2004-5035. When reviewed by PHMSA auditors in January 2006, the first draft of GVEA's IMP was found to have conflicts with the 49 C.F.R. 195.452 regulations. GVEA's intention of using the 14" crude oil pipeline hydrotest on 8/12/1998 to demonstrate compliance with 49 C.F.R. 195.452(c)1 was in retrospect an error. GVEA should have petitioned for an extension of the 8/16/2005 deadline (Category 2 pipelines) after developing the IMP baseline assessment plan in 2005. Use of this hydrotest record date as a baseline assessment immediately placed GVEA in violation of 195.452(j)3 and 195.452(j)4(i) following the CPF No. 5-2004-5035 HCA designation. GVEA was simply trying to demonstrate the older 14" crude pipeline's integrity had been reassessed 12 years after its post construction hydrotest in 1986.

CPF No. 5-2004-5035 and GVEA's response both establish the timeframe that GVEA's pipelines were considered HCA as May 2004. GVEA proposes that this HCA assessment issued by

PHMSA could be considered a newly-identified area as provided for in 49 C.F.R. 195.452(d)3(i) and 3(ii). For either case, the operator is allowed one year to develop a baseline assessment plan and five years to complete the baseline assessment. PHMSA has performed inspection/audits of GVEA's records and IMP in 2004, 2006, 2008, and 2009 and is quite familiar with the IMP progress, revisions, and pipeline assessments completed. GVEA's 14" and 16" pipelines were internally inspected using MFL and caliper tools in June 2007, well within the five year allowable period for baseline assessment for a newly-identified HCA and 49 C.F.R. 195.452(c)1 complete baseline assessment deadline. ECDA digs were performed in September 2008 at areas of interest indicated by the baseline assessment of both lines. The in-line baseline assessments have been much more effective than a hydrotest as far as identifying line defects for further inspection.

GVEA is a small pipeline operator with less than 6 miles of total pipeline under ownership by a rural electric cooperative. Following the 2004 HCA designation, GVEA has methodically developed an IMP plan, ILI specifications, and performed baseline assessments of all DOT pipeline in 2007. GVEA's pipelines have a history of no recordable spills or events. GVEA feels an open and cooperative atmosphere exists between PHMSA inspection/audit personnel and GVEA strives to maintain that relationship.

In closing, GVEA appreciates the opportunity to petition Final Order CPF No. 5-2007-5034 and PHMSA's reconsideration of the violations. GVEA erred in failing to respond to NOPV CPF No. 5-2007-5034 and hopes the information provided by this letter will mitigate the civil penalties associated with Item 1 and Item 2 of this Final Order.

Please contact me at (907) 458-5866 if I can be of assistance.

Sincerely,



Brian Newton  
GVEA President and CEO

Cc: Tom Hartnell – GVEA  
Chris Hoidal – PHMSA