

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

April 19, 2012

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

**CPF 5-2012-6012W**

Dear Mr. Shiroma:

On March 24 through March 25, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Hawaiian Electric Company's (HECO's) pipeline facilities in Honolulu, Hawaii. As part of the inspection, we reviewed your Operation and Maintenance Manual procedures, and implementation records or documentation of those procedures.

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

1. **§195.222 Welders: Qualification of welders.**
  - (a) **Each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see §195.3) or section IX of the ASME Boiler and Pressure Vessel Code, (incorporated by reference, see §195.3) except that a welder qualified under an earlier edition than listed in §195.3 may weld but may not re-qualify under that earlier edition.**

HECO did not document in sufficient detail the results of the welder qualifying tests in accordance with Section 6 of API 1104. During the time of inspection, neither the number of tensile strength test results nor the number of root bead test results were annotated on the qualification record for Mr. Eti Niaulituatoo. Following the inspections, HECO submitted to my inspectors a letter, dated April 15, 2011, indicating that an amended qualification record for Mr. Eti Niaulituatoo had been made. The new qualification record detailed acceptable tensile strength and root/face bend test results for Mr. Niaulituatoo. An operator must ensure the welder qualification records, including test results, are always documented and detailed enough to show compliance with §195.222, and referenced standards within that regulation.

**2. §195.404 Maps and Records.**

**(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;**

**(1) Location and identification of the following pipeline facilities;**

**(i) Breakout tanks;**

**(ii) Pump stations;**

**(iii) Scraper and sphere facilities;**

**(iv) Pipeline valves;**

**(v) Facilities to which §195.402(c) (9) applies;**

**(vi) Rights-of-way; and**

**(vii) Safety devices to which §195.428 applies.**

At the time of inspection, HECO did not have current maps of its pipeline system. HECO's alignment sheets for the Iwilei pipeline have not been updated since the original construction. Interviews with HECO personnel revealed that HECO had hired Coffman Engineering to develop new alignment sheets, and that the new alignment sheets will include all modifications, pipeline crossings, and repairs. The previously mentioned April 15<sup>th</sup> letter from HECO stated that HECO is in the process of updating their alignment sheets.

**3. §195.404 Maps and Records.**

**A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.**

HECO failed to correctly maintain records that show the proper date of the inspection and testing for the relief valves per 195.428 at the Iwilei pump station. During the time of inspection, HECO's 2009 record for the testing and inspection of the Taylor relief valve at the Iwilei pump station indicated an inspection date of February 1, 2010. Interviews with HECO personnel revealed that the Taylor relief valve was removed and it was sent to a contractor for testing. In the interim, HECO installed a newly inspected and tested pressure relief valve, but the 2009 inspection and test record of the previous pressure relief valve had been misplaced.

Subsequently, HECO requested a copy of the inspection and test record from the contractor. A copy of inspection and test record provided by the contractor was dated February 1, 2010 but

this appears to be the date the maintenance records was queried. Fortunately, HECO provided my staff a calibration seal with a date of August 2009 for the original Taylor relief valve. An operator is required to maintain inspection records of all inspections being done under Subpart F – Operation and Maintenance for at least two (2) years or until the next inspection or test is performed.

**4. §195.430 Firefighting equipment.**

**Each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. The equipment must be-**

**(a) In proper operating condition at all times;**

HECO did not maintain their firefighting equipment at the Iwilei Fuel Storage Facility (IFSF) during the period preceding our inspection. During the time of inspection, HECO's records show that their fire foam system was inspected in April 2009, and the inspection report had four (4) recommendations for the Iwilei Fuel Storage Facility. It appears that none of the recommendations had been implemented and addressed. Meanwhile, HECO's letter dated April 15, 2012 to my staff indicated HECO plans to change their firefighting equipment procedure on how HECO will document the inspection and testing report, and follow-up the recommendations.

**5. §195.589 What corrosion control information do I have to maintain?**

**(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to Secs. 195.569, 195.573(a) and (b), and 195.579(b) (3) and (c) must be retained for as long as the pipeline remains in service.**

HECO failed to maintain atmospheric corrosion monitoring records for their Iwilei pipeline. During the time of inspection, it appears that the pipeline segments inside the vault numbers 1, 2, 4, 6, and 13 to 21 were not visually examined for atmospheric corrosion in 2007. Meanwhile, HECO's letter dated April 15, 2011 to my staff stated that HECO had contracted the atmospheric corrosion monitoring to Kendrick Consulting and their contractor did perform the atmospheric corrosion inspection. Furthermore, the records indicated that HECO had been monitored for atmospheric corrosion in August 2007. Unfortunately, HECO could not provide inspection records of atmospheric corrosion monitoring for vault numbers 1, 2, 4, 6, and 13 to 21.

6. **§195.583 What must I do to monitor atmospheric corrosion control?**  
 (a) **You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

<b>If the pipeline is located:</b>	<b>Then the frequency of inspection is:</b>
<b>Onshore</b>	<b>At least once every 3 calendar years, but with intervals not exceeding 39 months</b>
<b>Offshore</b>	<b>At least once each calendar year, but with intervals not exceeding 15 months</b>

HECO failed to conduct atmospheric corrosion inspection at least once every 3 calendar years, but with interval not exceeding 39 months for the pipeline segment inside vault number 4 of their Iwilei pipeline. Based on a review of atmospheric corrosion control records, it does not appear that the tests required by §195.583 were done in 2010. Furthermore, HECO's atmospheric corrosion record of vault number 4 of their Iwilei pipeline in 2010 indicates an atmospheric corrosion inspection was not completed because the vault cover could not be removed.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 the item identified in this letter. Failure to do so will result in HECO 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 5-2012-6012W**. 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,

Chris Hoidal  
 Director, Western Region  
 Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
 PHP-500 G. Davis (#133322)