

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 4, 2018

Mr. Trent Carbaugh
General Manager
Aircraft Service International Group
6000 DeHavilland Drive,
Anchorage, Alaska 99502

CPF 5-2018-6003W

Dear Mr. Carbaugh:

On July 11 through 13, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your records associated with Aircraft Service International Group's (ASIG's) integrity management program (IMP) in Anchorage, Alaska.

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

- 1. §195.49 Annual report.**
Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately

complete those sections on the form requiring information to be reported for each state.

In the operator's 2016 Annual Report, Subpart L did not list the correct mileage for High Population Areas (HPA), Other Populated Areas (OPA), and Drinking Water (DW). In the 2016 Annual Report, Section 1.c Part F improperly indicated that a crack tool was used, but, in fact, no crack detection tool was used.

2. **§49 CFR 195.452 Pipeline integrity management in high consequence areas.**
(g) *What is an information analysis?* In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:
- (1) Information critical to determining the potential for, and preventing, damage due to excavation, including current and planned damage prevention activities, and development or planned development along the pipeline segment;**
 - (2) Data gathered through the integrity assessment required under this section;**
 - (3) Data gathered in conjunction with other inspections, tests, surveillance and patrols required by this Part, including, corrosion control monitoring and cathodic protection surveys; and**
 - (4) Information about how a failure would affect the high consequence area, such as location of the water intake**

ASIG failed to demonstrate that data gathered through the 2016 in-line inspection (ILI) and other inspections, tests, and surveillance patrols were integrated into the analysis of pipeline risk.

3. **§49 CFR 195.452 Pipeline integrity management in high consequence areas.**
(i) *What preventive and mitigative measures must an operator take to protect the high consequence area?*
- (1) General requirements. An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls.**

The ASIG's 2015 IMP Section 3.0 states that the Quantitative Risk Assessment (QRA) will drive the selection and implementation of Preventive and Mitigative Measures (P&MMs), but

ASIG failed to demonstrate that the QRA determined the selection and implementation of P&MMs.

4. **§49 CFR 195.452 Pipeline integrity management in high consequence areas.**
 - (i) *What preventive and mitigative measures must an operator take to protect the high consequence area?*
 - (4) **Emergency Flow Restricting Devices (EFRD).** If an operator determines that an EFRD is needed on a pipeline segment to protect a high consequence area in the event of a hazardous liquid pipeline release, an operator must install the EFRD. In making this determination, an operator must, at least, consider the following factors—the swiftness of leak detection and pipeline shutdown capabilities, the type of commodity carried, the rate of potential leakage, the volume that can be released, topography or pipeline profile, the potential for ignition, proximity to power sources, location of nearest response personnel, specific terrain between the pipeline segment and the high consequence area, and benefits expected by reducing the spill size.

ASIG verbally stated that additional EFRD are not needed but failed to demonstrate an adequate risk-based analysis to substantiate that claim.

5. **§49 CFR 195.452 Pipeline integrity management in high consequence areas.**
 - (j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?*
 - (2) **Evaluation.** An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of this section), and decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).

ASIG failed to conduct and document the required periodic evaluations. Section 6.1.3 of the ASIG's 2015 IMP explains how the evaluation will be conducted and the minimum qualifications of the personnel conducting the evaluation. ASIG indicated that this was not followed.

6. **§49 CFR 195.452 Pipeline integrity management in high consequence areas.**
 - (j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?*
 - (3) **Assessment intervals.** An operator must establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity. An operator

must base the assessment intervals on the risk the line pipe poses to the high consequence area to determine the priority for assessing the pipeline segments. An operator must establish the assessment intervals based on the factors specified in paragraph (e) of this section, the analysis of the results from the last integrity assessment, and the information analysis required by paragraph (g) of this section.

ASIG stated that the 5-year interval was based on a comparison of the 2011 and the 2016 data, but lacked documentation to demonstrate that such a comparison had been made.

7. §49 CFR 195.452 Pipeline integrity management in high consequence areas.

(j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?*

(5) Assessment methods. An operator must assess the integrity of the line pipe by any of the following methods. The methods an operator selects to assess low frequency electric resistance welded pipe or lap welded pipe susceptible to longitudinal seam failure must be capable of assessing seam integrity and of detecting corrosion and deformation anomalies.

(i) In-Line Inspection tool or tools capable of detecting corrosion and deformation anomalies, including dents, gouges, and grooves. For pipeline segments that are susceptible to cracks (pipe body and weld seams), an operator must use an in-line inspection tool or tools capable of detecting crack anomalies. When performing an assessment using an In-Line Inspection tool, an operator must comply with §195.591;

The 2011 and the 2016 assessments were conducted using magnetic flux leakage (MFL) and deformation ILI tools. ASIG did not document the basis for determining that these are the most appropriate tools for the integrity threats.

8. §49 CFR 195.452 Pipeline integrity management in high consequence areas.

(k) *What methods to measure program effectiveness must be used?* An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas. See Appendix C of this part for guidance on methods that can be used to evaluate a program's effectiveness.

Section 8.2 of the ASIG's 2015 IMP states how program evaluations will be conducted. ASIG failed to measure the program's effectiveness per their IMP.

9. §49 CFR 195.452 Pipeline integrity management in high consequence areas.

(l) *What records must an operator keep to demonstrate compliance?*

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and

actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

ASIG failed to produce documentation consistent with the requirements of 195.452(I)(1)(ii).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 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 the items identified in this letter. Failure to do so will result in ASIG 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 5-2018-6003W**. 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,

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Gano/J. Owens/H. Nguyen (#155057)