

Tesoro Alaska Pipeline Company LLC
19100 Ridgewood Parkway
San Antonio, Texas 78259

USPS Priority Express 9470 1036 9930 0037 0428 25
And Email

April 20, 2018

Ms. Kim West
Director, Western Region
PHMSA, Office of Pipeline Safety
12300 W Dakota Avenue, Suite 110
Lakewood, CO 80228

RE: Notice of Amendment
CPF 5-2018-6008M
Request for Hearing

Dear Ms. West:

On March 22, 2018, Tesoro Alaska Pipeline Company LLC (TAPC or the Company) received the above referenced Notice of Amendment (NOA) dated March 16, 2018 alleging inadequacies within TAPC's plans or procedures for Control Room Management (CRM). This NOA was issued to TAPC by the Western Region of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Office of Pipeline Safety (OPS) based on PHMSA's inspection of Tesoro Alaska Pipeline (TAPL) facilities, records and procedures that occurred between September 11, 2017 and September 20, 2017. Enclosed please find the response of TAPC to the NOA. TAPC is submitting this response timely and in accordance with 49 C.F.R. Part 190 Subpart B.

TAPC contests the NOA on the basis that PHMSA failed to demonstrate that TAPC's CRM plans or procedures were "inadequate to assure safe operation of a pipeline facility" as required to do under 49 C.F.R. 190.206(a). As demonstrated by the information below, the allegations are without merit and therefore should be withdrawn.

TAPC also respectfully requests a hearing pursuant to 49 C.F.R. §195.206 and §190.211. TAPC is requesting this hearing to preserve its rights, but fully expects to resolve these issues with you amicably through informal meetings without the need for a hearing. For that reason, TAPC respectfully requests that OPS stay scheduling a hearing date in order to allow TAPC an opportunity to meet and confer with the Western Region on these issues beforehand, if necessary. Please be advised that TAPC intends to have counsel present at any hearing that is scheduled for this matter.

In connection with our Request for Hearing, and in accordance with the requirements of 49 C.F.R. §190.211(b), TAPC intends to raise the following issues at the Hearing for this matter:

Issue 1 - NOA Item 1: §195.446 Control Room Management.

(a) General. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. The procedures required by this section must be integrated, as appropriate, with the operator's written procedures required by §195.402.

...

(c) Provide adequate information. Each operator must provide its controllers with the information, tools, processes and procedure necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

PHMSA Allegation: Tesoro's Preventative Maintenance (SAP) system inventory was inadequate for not listing the safety-related point for the pressure transmitter, PT 002a located at the Anchorage terminal. PT 002a was not part of the SAP system inventory. There are four safety-related points in the system, at the time of the inspection, only the three Nikiski Terminal safety-related points were listed in the SAP system inventory. Operational procedures must insure that preventative maintenance tasks for safety related points are completed and tracked in a comprehensive, reliable, and repeatable manner. The tracking of preventative maintenance tasks for the three safety related points at the Nikiski facility in one system separate from the system used for the single Anchorage safety related points increases the likelihood that the four points will not be maintained in a like manner.

Tesoro's Response: Tesoro Alaska Pipeline Company LLC (TAPC or the Company) respectfully disagrees with the allegation that its control room management (CRM) procedures are inadequate. TAPC's written CRM procedures fully implement the requirements of 49 C.F.R. §195.446 and are integrated with TAPC's Operations and Maintenance procedures required under 49 C.F.R. 195.402. Under TAPC procedures, controllers are provided with the information, tools, processes, and procedures necessary to carry out their defined roles and responsibilities.

TAPC's CRM Plan sets forth a robust framework for ensuring that controllers have adequate information, including with respect to the identification and status of safety-related points on the TAPL system. Safety-Related is defined under the CRM Plan as "[a]ny operational factor that is necessary to maintain pipeline integrity or that could lead to the recognition of a condition that could impact the integrity of the pipeline or a developing abnormal or emergency situation." (Section 1.7, CRM Plan). In accordance with this definition, PT 002a located at the Anchorage terminal is identified as a safety-related point, and TAPC controllers have this information available to them within the SCADA displays. TAPC procedures therefore provide for adequate information to be available to controllers as necessary to carry out their defined roles and responsibilities.

PHMSA regulations do not specify requirements for maintaining a preventative maintenance system inventory, nor is there any requirement that preventative maintenance tasks for safety-related points be completed and tracked in any particular manner. The NOA allegation that "[o]perational procedures must insure that preventative tasks for safety related points are completed and tracked in a comprehensive, reliable, and repeatable manner" is not based upon any particular regulatory requirement, including the CRM requirements at 49 C.F.R. §196.446.

Although it is logical that any system be reliable and repeatable to maintain compliance with the inspection and maintenance requirements of the regulation, the Company is unaware of any requirement in the Pipeline Safety Act, the applicable regulations, or published PHMSA guidance that a company utilize a single “comprehensive” system to track maintenance requirements.

Further, PHMSA provides no support for its assertion that the failure to use such a system “increases the likelihood that the four points will not be maintained in a like manner” and thereby impacts safety. In fact, PHMSA’s inspection of the TAPC preventative maintenance records for the past several years failed to yield any such evidence of the points not being maintained in a like manner. The SAP preventative maintenance system does not dictate how safety-related points are maintained, but rather simply serves as a scheduling and tracking system for the maintenance. In this case, the Kenai operation and the Anchorage operation are not only separated by distance, but also operate under separate front-line leadership. The fact that each operation utilizes a different tracking mechanism for the same type of tasks does not mean that the overall system is ineffective, as confirmed by PHMSA’s review of the maintenance records. As verified by PHMSA’s inspection of these records, TAPC has demonstrated that preventative maintenance tasks can be effectively managed through multiple systems rather than a single “comprehensive” system.

In addition to being without merit, PHMSA’s allegation is not relevant to the regulation cited. The regulation cited 49 C.F.R. 195.446(c), requires operators to provide to their controllers the information, tools, processes, and procedures necessary to carry out their roles and responsibilities. Preventative maintenance of pressure transmitters physically located on the pipeline system are not among the roles and responsibilities of the controller, but rather the responsibility of field operations personnel. Which system(s) are utilized to track the execution of this maintenance is therefore not germane to the ability of the controller to effectively carry out his or her roles and responsibility.

This allegation is without basis as PHMSA has provided no evidence that the procedure, as written, is inadequate to assure safe operation of a pipeline facility. In addition, the standard of compliance which this allegation is attempting to apply is not supported by relevant regulations; therefore, we do not believe that the standard set forth in 49 CFR §190.206 for issuing a Notice of Amendment has been met. For these reasons, TAPC respectfully requests that this NOA item be withdrawn.

Issue 2 – NOA Item 2: §195.446 Control Room Management.

(a) General. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. The procedures required by this section must be integrated, as appropriate, with the operator’s written procedures required by §195.402.

(e) Alarm Management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator’s plan must include provisions to:

(1) Review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations:

PHMSA Allegation: Tesoro document, WP123, specifies that alarm reviews will be completed by the alarm review team which includes, as one of its members, the Alarm System Coordinator. Section 6 of WP123 identifies specific roles and responsibilities of the Alarm System Coordinator; however, the document fails to identify which Tesoro staff positions or personnel are deemed competent to fill this role.

Tesoro's Response: TAPC respectfully disagrees with this allegation and believes it was in compliance with §195.446(e)(1) at the time of the inspection because the Company had in place (and currently maintains) a written alarm management plan that provides for effective controller response to alarms and requires review of SCADA safety-related alarm operations for accuracy and efficacy, as required by the relevant regulation.

WP123 provides that the Alarm System Coordinator is to: (1) conduct periodic performance audits, this should be done at least once every quarter. If any areas lie outside of the desired performance region, ensure these are addressed through the alarm review team; (2) Review incident review recommendations and ensure they don't conflict with Alarm Management Guidelines; (3) Audit system alarm performance; use the Analysis Methodology to measure the Most Frequent, Total Frequency, and Burst Rate, Hours with more than 30 Alarms, Priority Distribution, Predictable Alarms and Regulatory Control Problems; (4) Maintain Action Item spreadsheet to track improvements and accomplishments to date, and to track actionable items for improvements; and (5) Communicate Action Item status to Operations Management in a timely manner (Section 1.6, WP). This job description is sufficient to ensure that safety-related alarms are reviewed using a process that ensures alarms are accurate and support safe pipeline operations. TAPC assigns competent personnel to every position, including the Alarm System Coordinator position, consistent with the Work Practice description.

WP123 thus defines the Alarm System Coordinator position by tasks rather than by name or specific job title. This is a common practice in larger organizations because personnel and job titles may change and/or may differ between different operational areas within the same company. Attempting to maintain every policy, standard, and procedure current with the exact title of the person serving in a functional role within a company of over 10,000 employees would be impracticable and would detract from the clarity of the procedure at issue.

For the reason above, TAPC believes this allegation is without basis, as PHMSA has provided no evidence that the procedure, as written, is inadequate to assure safe operation of a pipeline facility; therefore, the Company does not believe that the standard set forth in 49 CFR §190.206 for issuing a Notice of Amendment has been met. For these reasons, TAPC respectfully requests that this NOA item be withdrawn.

Issue 3 - NOA Item 3: §195.446 Control Room Management.

(a) General. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. The procedures required by this

section must be integrated, as appropriate, with the operator's written procedures required by §195.402.

(j) Compliance and deviations. An operator must maintain for review during inspection;

(1) Records that demonstrate compliance with the requirements of this section;
and

(2) Documentation to demonstrate that any deviation from the procedures required by this section was necessary for the safe operation of the pipeline facility.

PHMSA Allegation:

Tesoro CRM Procedure 10.2 identifies the following key personnel required for completion of the Tesoro CRM Annual Review Form:

- DOT Compliance Manager
- Logistics Regional Manager
- Shift Leaders
- Controller

The NOA alleges that Tesoro procedures do not demonstrate a link between the Logistics Regional Manager and what person/position fills that role at the Nikiski location. Further, PHMSA alleges that the signature blocks of the Tesoro Control Room Management Review form do not identify the four staff positions (DOT Compliance Manager, Logistics Regional Manager, Shift Leaders, and Controller) for the persons placing their signatures as reviewers.

Tesoro's Response: As stated to our response in Item 2, the procedure at issue identifies functional roles, not necessarily specific job titles. In this case, the Logistics Regional Manager functional role is served by the person currently holding the title of "Area Manager, Pipeline & Terminals". PHMSA has not offered any evidence based upon interviews of Company personnel or otherwise – that there was any confusion by any member of the Company as to who fills the functional role of Logistics Regional Manager. This allegation thus appears to be related more to semantics than to actual substance.

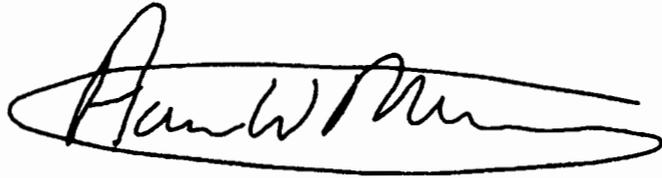
As PHMSA has provided no evidence that identifying functional roles instead of exact job titles is inadequate to assure safe operation of a pipeline facility, the standard set forth in 49 CFR §190.206 for issuing a Notice of Amendment has not been met and TAPC respectfully requests that this NOA item be withdrawn.

For the reasons set forth above, TAPC believes that the alleged inadequacies in the NOA are either without legal or factual basis, or they do not meet the standard set forth to issue a NOA. Accordingly, TAPC respectfully requests that PHMSA withdraw or dismiss the items of this NOA, either informally or after a hearing on the issues.

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TAPC shares PHMSA's desire to ensure public safety and enhance pipeline system integrity, and the Company is committed to working with PHMSA toward those goals. If you have any questions regarding this response or would like to discuss further, please do not hesitate to contact me at 210.626.6343 or aaron.w.martinez@andeavor.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron W. Martinez", enclosed within a hand-drawn oval.

Aaron W. Martinez
Director, Compliance - Logistics
Andeavor

cc: **Mr. Don J. Sorensen, Senior Vice President, Andeavor**
 Ms. Vanessa Vail, Senior Counsel
 Mr. Scott Rosin, Area Manager, Terminals & Pipelines