

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

April 26, 2022

Mr. Michael Farris
General Manager
Menzies Aviation
6000 De Havilland Drive
Anchorage, Alaska 99502

CPF 1-2022-046-WL

Dear Mr. Farris:

From May 3, 2021 to May 7, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the control room management program of Menzies Aviation's Jet Fuel Crosstown Pipeline, located from the Port of Anchorage to the Anchorage Airport Storage Facility 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. § 195.446 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...

Menzies Aviation failed to follow its *Jet Fuel Pipeline Control Room Management Compliance Manual* (CRM Manual), Section 6.8 which required a review of its alarm management plan at least

once each calendar year, but at intervals not exceeding 15 months to determine the effectiveness of the plan in accordance with § 195.446(e)(4)¹.

During the inspection, Menzies Aviation was asked to produce documentation to show that its alarm management plan was reviewed annually from 2018 to 2020 to determine the effectiveness of the plan. Menzies Aviation produced documentation that indicated that its plan was reviewed in 2018 and 2020, but a record for the 2019 review was missing.

In addition, PHMSA reviewed the documentation for the 2018 and 2020 reviews and found that it did not include clear metrics to indicate how to determine the effectiveness of the plan.

Therefore, Menzies Aviation failed to follow its CRM Manual regarding review of its alarm management plan in accordance with the requirements of § 195.446(e)(4).

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...

Menzies Aviation failed to follow its CRM Manual, Section 6.7 which required the verification of the correct safety related alarm set-point values at least once each calendar year, but at intervals not exceeding 15 months in accordance with § 195.446(e)(3)².

During the inspection, Menzies Aviation was asked to produce documentation to demonstrate that the correct safety-related values and alarm descriptions were verified when associated field instruments were calibrated or changed. Menzies Aviation stated that alarm set-point values are verified during point-to-point verifications. Menzies Aviation produced documentation of point-to-point verifications that were performed in 2018 and 2020 but did not have documentation to show that point-to-point verification was performed in 2019. Thus, Menzies Aviation also did not have documentation demonstrating that the correct safety related alarm set-point values were verified in 2019.

¹ § 195.446 Control Room Management.

(a)

(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) ...

(4) Review the alarm management plan required by this paragraph at least once each calendar year, but at intervals not exceeding 15 months to determine the effectiveness of the plan;

² § 195.446 Control Room Management.

(a) ...

(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) ...

(3) Verify the correct safety-related alarm set-point values and alarms when associated field instruments are calibrated or changed and at least once each calendar year, but at intervals not to exceed 15 months.

Therefore, for 2019 Menzies Aviation failed to follow its CRM Manual regarding verifying the correct safety related alarm set point values in accordance with § 195.446(e)(3).

3. § 195.446 Control Room Management.

(a) ...

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

(1) ...

(3) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months.

Menzies Aviation failed to test and verify its internal communication plan at least once each calendar year, but at intervals not to exceed 15 months, during calendar years 2018 and 2019.

During the inspection, Menzies Aviation was asked to produce documentation to show that the internal communication plan has been tested and verified for manual operation of the pipeline safely for 2018 to 2020. Menzies Aviation produced documentation to verify that the Internal Communication Plan was tested in 2017 and 2020. Menzies Aviation did not have documentation to show that the Internal Communication Plan was tested in 2018 and 2019.

Therefore, Menzies Aviation failed to test and verify its internal communication plan to provide adequate means for manual operation of the pipeline safely during calendar years 2018 and 2019 in accordance with § 195.446(c)(3).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 Menzies Aviation 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 1-2022-046-WL**. 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,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration