U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 5, 2015

Ms. Kathy Davies
Manager KB Pipeline
Portland General Electric
121 SW Salmon Street, 3WTC0402
Portland, OR 97204

CPF 5-2015-1005W

Dear Ms. Davies:

On June 17-20, 2013, representatives of the Washington Utilities and Transportation Commission (WUTC) and the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected the Operations and Maintenance Manual and associated records of the Kelso-Beaver (KB) Pipeline in Clatskanie, Oregon.

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

1. **§192.605 Procedural manual for operations, maintenance, and emergencies**

   (e) Surveillance, emergency response, and accident investigation. The procedures required by §§192.613(a), 192.615, and 192.617 must be included in the manual required by paragraph (a) of this section

The Continuing Surveillance policy and procedures contained in Section 3 "Pipeline Surveillance" of the Operations and Maintenance Manual are not detailed enough in

addressing the slope stability of the Hazen Dell side area or for monitoring the anomalies identified through continuing surveillance (such as the 2010 ILI tool run, or other methods).

Slope stability is a major issue for KB Pipeline, and the Operations and Maintenance Manual only mentions "ground movement" in Section 3.4.2 (b) General Right of Way Surveillance. Ground Movement is one of the highest level hazards to KB Pipeline. KB Pipeline conducts significant monitoring of the Hazen Dell Slide area for slope stability area every year. However, the KB Pipeline Operations and Maintenance Manual does not detail or mention the monitoring methods or what long term planning is being done to mitigate the slope stability hazard. KB needs to include the procedures for monitoring slope stability as a part of the Operations and Maintenance Manual.

2. §192.605 Procedural manual for operations, maintenance, and emergencies

(e) Surveillance, emergency response, and accident investigation. The procedures required by §§192.613(a), 192.615, and 192.617 must be included in the manual required by paragraph (a) of this section

The Continuing Surveillance policy and procedures contained in Section 3 "Pipeline Surveillance" of the Operations and Maintenance Manual are not detailed enough in addressing the anomalies identified through continuing surveillance (such as the 2010 ILI tool run, or other methods).

The 2010 ILI run identified several anomalies. Anomalies S6, S11 & S21 were identified as requiring monitoring. S6 has calculated percent of OD deformation of 5.4% and Strain of 0.89%. S11 has calculated percent of OD deformation of 1.6% and Strain of 5.4%. S21 has calculated percent of OD deformation of 1.7% and Strain of 3.4%. The repair criteria is 6% for OD deformation and strain. KB Pipeline has no process for determining the interval for examining the pipeline with ILI tools (or other methods) in the Operations and Maintenance Manual. KB needs to develop a plan and procedures to monitor the anomalies and include this plan and procedures as a part of the Operations and Maintenance Manual. An integral part of this monitoring plan is to determine the examination interval by various methods such as ILI tools.

3. §192.619 Maximum allowable operating pressure - Steel or plastic pipelines

(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:
(1) The design pressure of the weakest element in the segment, determined in accordance with subparts C and D of this part. However, for steel pipe in pipelines being converted under §192.14 or uprated under subpart K of this part, if any variable necessary to determine the design pressure under the design formula (§192.105) is unknown, one of the following pressures is to be used as design pressure:
(i) Eighty percent of the first test pressure that produces yield under section N5 of Appendix N of ASME B31.8 (incorporated by reference, see §192.7), reduced by the appropriate factor in paragraph (a)(2)(ii) of this section; or
(ii) If the pipe is 12¾ inches (324 mm) or less in outside diameter and is not tested to yield under this paragraph, 200 p.s.i. (1379 kPa) gage.
(2) The pressure obtained by dividing the pressure to which the segment was tested after construction as follows:
(i) For plastic pipe in all locations, the test pressure is divided by a factor of 1.5.
(ii) For steel pipe operated at 100 p.s.i. (689 kPa) gage or more, the test pressure is divided by a factor determined in accordance with the following table:

Factors (see Note)

Class location	Segment Installed Before Nov.12, 1970	Segment Installed After Nov. 11, 1970	Segment Converted under §192.14
1	1.1	1.1	1.25
2	1.25	1.25	1.25
3	1.4	1.5	1.5
4	1.4	1.5	1.5

Note: For offshore segments installed, or updated, or converted after July 31, 1977, that are not located on an offshore platform, the factor is 1.25. For segments installed, uprated, or converted after July 31, 1977 that are located on an offshore platform or on a platform in inland navigable waters (including a pipe riser), the factor is 1.5

KB Pipeline failed to establish the Maximum Allowable Operating Pressure (MAOP) in accordance with §192.619. KB Pipeline provided an MAOP justification study conducted by Trigon Engineering Inc. (Trigon) in 1995. The 1995 Trigon study evaluates the original pipeline system including the 1992 construction drawings of the pipeline and the hydrostatic testing completed in 1992. Trigon determined that the pipe is the weakest element of the pipeline system. The Trigon Study is vague on what other elements of the pipeline system were evaluated. The KB Pipeline has undergone significant modification between 1995 and 2013. Specifically, KB Pipeline has installed aboveground replacement pipe in two locations, constructed a new lateral to the Port Westward Generating Plant, made modifications to Beaver Meter Station, and accepted responsibility of a segment of the Unit 8 lateral. All applicable elements required in an MAOP calculation were not adequately documented. KB Pipeline needs to complete a new documented MAOP determination study and consider the entire pipeline system including above ground appurtenances.

4. **§192.739 Pressure limiting and regulating stations: Inspection and testing.**

(a) Each pressure limiting station, relief device (except rupture discs), and Pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is-
(1) In good mechanical condition;
(2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
(3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and
(4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

KB Pipeline failed to inspect and test the pressure regulating equipment on meter run 300/400 (Unit 39935) in accordance with §192.739 "Pressure limiting and regulating stations: Inspection and testing." This meter run is currently valved out and locked out of service and KB considers the run abandoned. However, KB Pipeline needs to remove meter run 300/400 and notify PHMSA that it is abandoned or conduct the required Inspection and Testing in accordance with §192.739.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $200,000 per violation per day the violation persists up to a maximum of $2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed $100,000 per violation per day, with a maximum penalty not to exceed $1,000,000 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 KB Pipeline 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 5-2015-1005W.** 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,

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

cc: PHP-60 Compliance Registry
PHP-500 Jason Dunphy
WUTC