May 2, 2017

Mr. Keith Ryan
President and Chief Executive Officer
Aircraft Service International Group
John Menzies, plc
201 South Orange Avenue
Orlando, Florida 32801

Re: CPF No. 5-2016-6011

Dear Mr. Ryan:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Aircraft Service International Group, a subsidiary of John Menzies, plc, to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, Director, Western Region, OPS
Dr. Dermot F. Smurfit, Chairman, John Menzies, plc, 2 Lochside Ave, Edinburgh EH12 9DJ, UK
Mr. Marc G. McCafferty, ANC ASIG, Plant Manager, 6000 Dehavilland Dr., Anchorage, Alaska 99502

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of	)	
Aircraft Service International Group, a subsidiary of John Menzies, plc,	)	**CPF No. 5-2016-6011**
Respondent.	)	

FINAL ORDER

During the period from August 1, 2016, to August 4, 2016, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Aircraft Service International Group (ASIG or Respondent) at the Port of Anchorage and the Anchorage International Airport in Anchorage, Alaska. ASIG, a subsidiary of John Menzies, plc, is an independent provider of commercial aviation services, including into-plane fueling and fuel-facility maintenance.[1] ASIG operates approximately seven miles of regulated hazardous liquid pipelines that transport jet fuel from the Port of Anchorage to and around the Ted Stevens Anchorage International Airport.[2]

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated November 15, 2016, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that ASIG had violated 49 C.F.R. §§ 195.452(f)(6), 195.555, 195.452(f)(8) and 195.571, and proposed ordering Respondent to take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated December 2, 2016 (Response). ASIG did not contest the allegations of violation and stated that it would comply with the terms of the Notice. Respondent did not request a hearing and therefore has waived its right to one.

[1] Aircraft Service International Group website, *available at* http://www.asig.com/about/ (last accessed January 19, 2017). ASIG was acquired by John Menzies, plc, effective February 1, 2017.

[2] Pipeline Safety Violation Report (Violation Report), (November 10, 2016) (on file with PHMSA), at 1.

FINDINGS OF VIOLATION

In its Response, ASIG did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(6), which states:

> **§ 195.452 Pipeline integrity management in high consequence areas.**
> (a) ….
> (f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:
> (1) ….
> (6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section); ….

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(6) by failing to continually change its Integrity Management Plan (IMP) with regard to the identification of preventive and mitigative measures. Specifically, the Notice alleged that Respondent's IMP stated: "The [Integrity Management Plan Assessment Team] shall evaluate the preventative and mitigative (P&M) measures annually not to exceed 15 months and make recommendations for improvement." However, by the Respondent's own admission, the annual evaluation of P&M measures had not been implemented.[3]

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(f)(6) by failing to continually change its IMP with respect to the identification of preventive and mitigative measures.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.555, which states:

> **§ 195.555 What are the qualifications for supervisors?**
> You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for insuring compliance.

The Notice alleged that Respondent violated 49 C.F.R. § 195.555 by failing to require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for insuring

[3] Mr. McCafferty, the Plant Manager, allegedly stated to PHMSA that a formalized process for reevaluation of preventive and mitigative measures is not used. *Id.* at 6.

compliance. Specifically, the Notice alleged that Respondent used contractors for most of its corrosion-related work but that ASIG supervisors failed to implement a thorough review process of the contract deliverables. For example, Respondent's IMP stated that a qualified third-party engineer would evaluate inline-inspection and cathodic-protection data, but ASIG was unable to provide any verification that this had been done.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.555 by failing to require and verify that its supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for insuring compliance.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(8), which states:

> **§ 195.452 Pipeline integrity management in high consequence areas.**
> (a) ….
> (f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:
> (1) ….
> (8) A process for review of integrity assessment results and information analysis by a person qualified to evaluate the results and information (see paragraph (h)(2) of this section).

The Notice alleged that ASIG violated 49 C.F.R. § 195.452(f)(8) by failing to implement a process for review of integrity-assessment results and information analysis by a person qualified to evaluate the results and information. Specifically, the Notice alleged that, in 2007, the locations of select anomalies detected in the prior year's inline-inspection (ILI) run were dug up for field ultrasonic thickness-testing measurements. However, the locations of the ultrasonic thickness measurements allegedly were not recorded and correlated with ILI data. Further, the Notice alleged that no evaluation of the 2011 or 2016 ILI data quality had been conducted. Pursuant to ASIG's IMP, a qualified third-party engineer was supposed to evaluate the ILI and cathodic-protection data and supervise the field verification, but ASIG was unable to provide any documentation to show that this had been done.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 195.452(f)(8) by failing to implement a process to review and evaluate information and results from integrity assessments.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.571, which states:

> **§ 195.571 What criteria must I use to determine the adequacy of cathodic protection?**
>
> Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained [in] paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 1069 (incorporated by reference, *see* § 195.3).

The Notice alleged that ASIG violated 49 C.F.R. § 195.571 by failing to demonstrate that cathodic-protection criteria applicable to steel pipelines (listed in paragraph 6.2.2 of the NACE SP 0169) had been met. Specifically, the Notice alleged that during the 2015 Close Internal Survey (CIS), portions of the pipeline from the off-airport tank to approximately 1,800 feet from the tank farm exceeded the -850mV polarized criteria. According to the Notice, ASIG did not interrupt all current sources or otherwise account for the voltage drops per paragraph 6.3.1 of NACE SP 1069 and therefore could not demonstrate that one or more of the criteria in paragraph 6.2.2 had been satisfied. More particularly, the Notice alleged the following:

- Magnesium anodes located at several locations were shown in the 2014 CP monitoring report, but the 2015 cathodic protection (CP) monitoring and 2015 CIS reports did not indicate that these current sources were interrupted or that the voltage drop from these anodes was otherwise accounted for. The pipeline failed to meet CP criteria at Test Station 1A and Test Station 15 when the magnesium anodes were disconnected in 2014. Additionally, the 2015 CP monitoring report and 2015 CIS report do not state that these anodes were interrupted when collecting CP measurements.

- Magnesium galvanic anodes located at Test Stations 15, 15A, and 17 were not interrupted during the 2015 CIS and many test points between Test Station 14 and Test Station 18 were only slightly more negative than the -850 mV criteria. ASIG failed to demonstrate that those locations would meet CP criteria, should all voltage drops be properly accounted for. NACE SP 0169 Section 6.3.2 states that in cases where "it is impractical or considered unnecessary to disconnect all current sources to correct for voltage drop(s) in the structure-to-electrolyte potential measurements, sound engineering practices should be used to ensure that adequate CP has been achieved." However, the 2015 CIS does not explain if or how such practices were employed.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 195.571 by failing to demonstrate that cathodic-protection criteria applicable to steel pipelines (listed in paragraph 6.2.2 of NACE SP 0169) had been met.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, 3, and 4 in the Notice for violations of 49 C.F.R. §§ 195.452(f)(6), 195.555, 195.452(f)(8), and 195.571, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.452(f)(6) (**Item 1**), Respondent must implement and document a process of periodic reevaluation of preventive and mitigative measures for pipeline integrity, and must provide PHMSA with documentation showing that the process has been implemented.

2. With respect to the violation of § 195.555 (**Item 2**), Respondent must ensure that its personnel in charge of implementing corrosion control are qualified to review work done by corrosion contractors for regulatory compliance. Respondent must:

    a. Designate supervisor(s) whose corrosion-control responsibilities include ensuring that deliverables from corrosion contractors are sufficient to meet regulatory requirements in 49 C.F.R. 195 Subpart H; and

    b. Provide PHMSA with the name(s) and qualifications of the designated supervisor(s).

3. With respect to violation of § 195.452(f)(8) (**Item 3**), Respondent must implement a program of data-quality verification and validation. ASIG must:

    a. "Follow recognized industry practices," per 49 C.F.R. § 195.452(b)(6), in conducting the data-quality review;

    b. Provide PHMSA with records "to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken" that ASIG has used in the validation process, per 49 C.F.R. § 195.452(l)(1)(ii); and

    c. Provide PHMSA with the results of data-quality review for the 2016 in-line inspection, including records of any field verification.

4. With respect to violation of § 195.571 (**Item 4**), Respondent must demonstrate that the pipeline is meeting CP criteria. Respondent must:

    a. Correct areas of low CP potential found during the 2015 CIS;

    b. Assess the effects of the voltage drop due to current output of the magnesium

anode, either through measurement or "sound engineering judgment" (NACE SP 0169 par. 6.3.2, incorporated by reference), to demonstrate the pipeline is meeting CP criteria; and

c. Provide PHMSA with the results of the assessment in item 4(b) above, including a plan to correct any deficiencies should they be found during the assessment.

5. Complete Items 1 through 4 within one year after receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

In addition, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, ASIG is requested (not mandated) to take the following action:

ASIG should maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mr. Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses; and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed $200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Final Order are effective upon receipt of service in accordance with 49 C.F.R. § 190.5.

May 2, 2017

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued