

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 21, 2019

Mr. Thomas Young
Executive Vice President
Hawaii Gas
515 Kamakee Street
Honolulu, HI 96814

CPF 5-2019-0003W

Dear Mr. Young:

From June 18th through June 29th, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Outer Islands gas distribution systems on the islands of Hawaii, Maui, Kauai, Molokai and Lanai. As part of the inspection, supporting operation, maintenance and emergency response procedures and supporting records were also review.

During our inspection, we noted probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The probable violations found during our inspections were:

1. § 192.11 Petroleum gas systems

(a) Each plant that supplies petroleum gas by pipeline to a natural gas distribution system must meet the requirements of this part and NFPA 58 and 59 (incorporated by reference, see § 192.7).

Portions of the petroleum gas distribution system did not comply with the requirements of the referenced National Fire Protection Association (NFPA) code. Deviations from the NFPA code were noted as follows:

- American Society of Mechanical Engineers (ASME) containers are required to have legible nameplates that comply with either NFPA 58 or 59. NFPA 58 section 11.3.4 requires “The markings specified for ASME containers shall be on a stainless steel metal nameplate attached to the container, located to remain visible after the container is installed” and NFPA 59 section 5.3 “ASME containers shall be identified by the attachment of a nameplate”. Both NFPA 58 and 59 provides a list of information required on nameplates. Container markings were painted over, not legible and not in compliance with NFPA 58 and 59 in the following locations: (1) Kona, HI; (2) Maui, HI; (3) Molokai, HI; and (4) Lanai, HI.
- Holder stations in Molokai, HI, Lanai, HI (Palms at Manele and Pines at Kolele), and Kauai, HI (Kua Holder) did not meet the required two exits as required by NFPA 59. These locations had only one exit or point of egress.

2. § 192.615 Emergency plans.

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

(1) Receiving, identifying, and classifying notices of events which require immediate response by the operator.

Hawaii Gas personnel were not correctly following the leak notification and classification procedures in their written emergency plans. The emergency plan in Hawaii Gas’ Operation and Maintenance (EM-300) requires employees to provide leak information using Form EM400-2 (Executive Leak Notification). During the inspection Hawaii Gas personnel presented Form 400-1 (Executive Leak Notification) as the form used by employees to provide leak information, which is inconsistent with the Hawaii Gas written procedures in their emergency plan.

3. § 192.1007 What are the required elements of an integrity management plan?

(a)

(f) *Periodic Evaluation and Improvement.* An operator must re-evaluate threats and risks on its entire pipeline and consider the relevance of threats in one location to other areas. Each operator must determine the appropriate period for conducting complete program evaluations based on the complexity of its system and changes in factors affecting the risk of failure. An operator must conduct a complete program re-evaluation at least every five years. The operator must consider the results of the performance monitoring in these evaluations.

The current Distribution Integrity Management Program (DIMP) for the Hilo and Kona, HI locations had an effective date of June 01, 2018, while the previous program had an effective date of August 02, 2011. Hawaii Gas representatives interviewed were unable to present documentation showing that the program had been re-evaluated within 5 years of the 2011 version of the DIMP, as required by the regulation. It appears that 7 years passed between the DIMP program re-evaluation.

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 Hawaii Gas 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 5-2018-0003W**. 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,

Chris Hoidal
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

CC: PHP-60 Compliance Registry
PHP-500 G. Ogirima (#159788)