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May 9, 2008

Mr. Chris Hoidal
Director, Western Region
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
12300 West Dakota Avenue, Suite 110
Lakewood, CO 80228

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**Reference: CPF 5-2008-0007C (Letter of Concern)
CPF No. 5-2008-0008M (Notice of Amendment)**

Dear Mr. Hoidal:

On December 10 to 14, 2007, a PHMSA representative Mr. Hussein Monfared inspected The Gas Company's (TGC) procedures for Integrity Management Program (IMP) in Honolulu, Hawaii. On March 25, 2008 TGC received a Letter of Concern, dated March 18, 2008 and subsequently on April 15, 2008 a Notice of Amendment was received, also dated March 18, 2008. TGC's pipeline management appreciates PHMSA's comments regarding our program and guidance provided in both letters on improving our IMP procedures and implementation.

TGC is not contesting any finding listed in the Notice of Amendment. We accept and understand that improvements and enhancements are integral to the success of our program and will be implementing the necessary changes to the IMP documents and procedures to assure that they meet the intent of the regulations.

Upon completion of the PHMSA inspection, TGC performed an IMP review, and revised our IMP manual on March 31, 2008 based on comments provided during the inspection exit interview. TGC believes that many items listed on the Notice of Amendment are adequately addressed by our revised procedures.

A summary of the NOA items and the revisions made by TGC to address the deficiencies noted by PHMSA is described below:

1. CPF 5-2008-0008M, Item No. 1 (§192.903 – regarding the HCA identification process and dwelling count), TGC has requested original building count data and other supporting class location study documents from the vendor (Bass Trigon) who performed this activity. TGC is in the process of implementing improved pipeline data management system utilizing Geographic Information System (GIS) application. All HCA data, including PIR circles, building locations, identified sites, and class locations, will be integrated using GIS. Target date for completing this project is the end of this summer. TGC believes that this effort, once implemented, will address PHMSA's expectation for §192.903 in CPF 5-2008-0008M Item No.1, as well as concerns expressed in CPF 5-2008-0007C Item No.1.
2. CPF 5-2008-0008M, Item No. 2 (§192.919(e) – regarding the procedure to ensure that the baseline assessment is being conducted in a manner that minimizes environmental and safety risks), TGC has amended its IMP manual and updated relevant IM procedures:
 - IMP Manual: Section 1.11, "IMP Responsibilities Table" and Section 2.4.7;
 - IM-005 In-Line Inspection, Section 6;
 - IM-004 Assessment Method Selection, Section 3.

The above documents with highlighted changes are included as Attachment I to this letter.

3. CPF 5-2008-0008M, Item No. 3 (§192.917(a) – regarding the inclusion of cyclic fatigue and other potential threats in the IMP), TGC added additional clarification note to the Table in the IMP Manual, Section 2.5.1. Cyclic fatigue and all other threats are considered when evaluation pipeline risk and developing additional preventive and mitigative measures. Section 2.5.1 with highlighted changes is included as Attachment II to this letter.
4. CPF 5-2008-0008M, Item No. 4 (§195.915(a) – regarding prior pipeline experience requirements for TGC's IMP team members), TGC has revised its manual 6.2.5 to require at least a Bachelor of Science degree in an engineering discipline from accredited university and at least 3 years of pipeline experience or an equivalent combined number of years of education/experience in pipeline industry. TGC agrees with PHMSA's comment that a college degree alone without prior pipeline experience does not qualify an individual to conduct integrity assessments, review and analyze assessment results, make decisions on action to be taken based on assessment results, or to implement preventive and mitigative measures. All of TGC's pipeline managers involved in the above-mentioned IMP task do possess at least 10 years of experience in addition to Bachelor of Science degree in Engineering. Section 6.2.5 with highlighted changes is included as Attachment III to this letter.

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TGC believes that our recent revisions and future plans to improve our IMP will have resolved each of the items listed above. TGC's ultimate goal is to ensure safe and reliable pipeline operations, protecting the public and environment from any potential product releases. TGC will continue to improve the integrity of our gas pipeline system and quality of our Integrity Management Program. Please do not hesitate to contact Mr. Roy Yoshimoto at 808.594.5552 or ryoshimo@hawaiigas.com with any comments or questions.

Sincerely,

The Gas Company LLC

A handwritten signature in black ink, appearing to read "Thomas K. L. M. Young". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

Thomas K. L. M. Young

Senior Vice President, Gas Operations