



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W Dakota Ave , Suite 110
Lakewood, CO 80228

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 18, 2008

Mr. Thomas Young
Vice President, Operations
The Gas Company
515 Kamakee Street
Honolulu, HI 96802-3000

CPF 5-2008-0008M

Dear Mr. Young:

On December 10 to 14, 2007 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected The Gas Company's (TGC) procedures for Integrity Management Program (IMP) in Honolulu, Hawaii.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within TGC plans or procedures, as described below:

1. §192.903 What definitions apply to this subpart?

High consequence area (HCA) means an area established by one of the methods described in paragraphs (1) or (2) as follows:

(1) An area defined as—

- (i) A Class 3 location under §192.5; or**
- (ii) A Class 4 location under §192.5; or**

- (iii) Any area in a Class 1 or Class 2 location where the potential impact radius is greater than 660 feet (200 meters), and the area within a potential impact circle contains 20 or more buildings intended for human occupancy; or
- (iv) Any area in a Class 1 or Class 2 location where the potential impact circle contains an identified site.

(2) The area within a potential impact circle containing—

- (i) 20 or more buildings intended for human occupancy, unless the exception in paragraph (4) applies; or
- (ii) An identified site.

(3) Where a potential impact circle is calculated under either method (1) or (2) to establish a high consequence area, the length of the high consequence area extends axially along the length of the pipeline from the outermost edge of the first potential impact circle that contains either an identified site or 20 or more buildings intended for human occupancy to the outermost edge of the last contiguous potential impact circle that contains either an identified site or 20 or more buildings intended for human occupancy. (See Figure E.I.A. in appendix E.)

The Gas Company uses both methods and chooses the most conservative results. TGC conducted a class study by Bass Trigon, but it could not produce documentation of the actual dwelling study along side its pipeline. Even though TGC has identified the entire segment as being located in a HCA, the site study failed to count the actual number of buildings within the potential impact circle. The building count can direct the operator's attention to the more populated areas.

2. §192.919 What must be in the baseline assessment plan?

An operator must include each of the following elements in its written baseline assessment plan:

- (e) A procedure to ensure that the baseline assessment is being conducted in a manner that minimizes environmental and safety risks**

The Gas Company has no procedures to protect workers, member of public, and environment during assessments. The IMP identifies the assessment methods not the procedures to protect public during assessment.

3. §192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

- (a) Threat identification. An operator must identify and evaluate all potential threats to each covered pipeline segment. Potential threats that an operator must consider include, but are not limited to, the threats listed in ASME/ANSI B31.8S (ibr, see §192.7), section 2, which are grouped under the following four categories:**

- (1) Time dependent threats such as internal corrosion, external corrosion, and stress corrosion cracking;**
- (2) Static or resident threats, such as fabrication or construction defects;**
- (3) Time independent threats such as third party damage and outside force damage; and**
- (4) Human error**
- (e) Actions to address particular threats. If an operator identifies any of the following threats, the operator must take the following actions to address the threat**

(2) Cyclic fatigue. An operator must evaluate whether cyclic fatigue or other loading condition (including ground movement, suspension bridge condition) could lead to a failure of a deformation, including a dent or gouge, or other defect in the covered segment. An evaluation must assume the presence of threats in the covered segment that could be exacerbated by cyclic fatigue. An operator must use the results from the evaluation together with the criteria used to evaluate the significance of this threat to the covered segment to prioritize the integrity baseline assessment or reassessment

The Gas Company, in its IMP, has not adopted all potential threats as identified in ASME B31.8S. Cyclic fatigue and Other potential threats need to be included.

4. §192.915 What knowledge and training must personnel have to carry out an integrity management program?

(a) Supervisory personnel. The integrity management program must provide that each supervisor whose responsibilities relate to the integrity management program possesses and maintains a thorough knowledge of the integrity management program and of the elements for which the supervisor is responsible. The program must provide that any person who qualifies as a supervisor for the integrity management program has appropriate training or experience in the area for which the person is responsible.

The Gas Company requires a B.S. degree without any prior pipeline experience, or 5 years of pipeline experience, for its IMP team members. 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.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2008-0008M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

cc: PHP-60 Compliance Registry
PHP-500 H. Monfared (#120224)

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*