

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 28, 2016

Ms. Alicia Moy  
President & CEO  
Hawaii Gas  
745 Fort Street Mall, Ste. 1800  
Honolulu, Hawaii 96813

CPF 5-2016-0009W

Dear Ms. Moy:

On October 20-24 and October 27-30, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Hawaii Gas' procedures and records for its Distribution Integrity Management Program (DIMP) in Honolulu, Hawaii.

As a result of the inspection, it appears that Hawaii Gas has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is as follows:

- 1. § 192.1011 What records must an operator keep?  
An operator must maintain records demonstrating compliance with the requirements of this subpart for at least 10 years. The records must include copies of superseded integrity management plans developed under this subpart.**

Hawaii Gas did not maintain records demonstrating compliance with the requirements of Subpart P for at least 10 years. During the inspection, Hawaii Gas did not provide records or other documentation to the PHMSA inspector sufficient to demonstrate that it developed and monitored all the DIMP performance measures required by §192.1011(e). For example, the graphical trend plots provided by Hawaii Gas during the inspection did not cover all seven threat categories for mains, services, and total leaks system-wide. In addition, performance measure data was not updated with 2013 calendar year leak history. Hawaii Gas also did not provide records or other

documentation to the PHMSA inspector sufficient to demonstrate that it implemented its written DIMP Plan as required by §192.1005.

Hawaii Gas' DIMP Plan Section 6.1 stated, *"After the conclusion of each calendar year, the IMP [integrity management program] Engineer will collect the necessary data to evaluate the performance of all system-wide and threat specific performance measures against performance measure goals. The results of this evaluation will be documented in a spreadsheet containing performance measures listed in Figure 6.1."* However, Hawaii Gas did not provide records to demonstrate that it properly completed these performance measure reviews, including the dates the reviews were completed, the determination if modifications were needed to program performance measures, and if any actions were taken as a result of these performance measure reviews. Further, Hawaii Gas' DIMP Plan Section 6.1 stated *"During the first quarter of each year the IMP Engineer will review current performance measures to determine if they are providing objective evidence (e.g., performance trends) for evaluating the Oahu Program's effectiveness and each DIMP element's effectiveness."* Again, Hawaii Gas did not provide records sufficient to demonstrate that it performed these performance measure reviews according to its written DIMP.

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 item(s) 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 5-2016-0009W** and for each document you submit, please provide a copy in electronic format to [PHP-WRADMIN@dot.gov](mailto:PHP-WRADMIN@dot.gov) whenever possible. 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  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 C. Ishikawa, (#147744)