

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 8, 2012

Mr. Stephen Hawke
Vice President
KB Pipeline Company
Portland General Electric Co.
3WTC0402
121 SW Salmon Street
Portland, OR 97204

CPF 5-2012-1023W

Dear Mr. Hawke:

On September 28-29, 2011, a representative of the Washington Utilities and Transportation Commission (WUTC), on behalf of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted a Public Awareness Program Effective Evaluation (PAPEE) of your Kelso-Beaver (KB) Pipeline located in Cowlitz County, Washington.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §192.616 Public Awareness

(i) The operator's program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

KB Pipeline Company's previous operator did not have company specific program documentation of annual evaluations from 2007 through 2010. Per 49 CFR §192.616(c), the

operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

API RP 1162, Section 8.3 guidance states, *“Has the operator performed an audit or review of its program implementation annually since it was developed? If not, did the operator provide justification in its program or procedural manual?”* KB Pipeline Company did not have company specific program documentation of annual evaluations from 2007 through 2010. Furthermore, KB did not have documentation establishing baseline data needed to determine the effectiveness of their Public Awareness Program. KB’s new consultant responsible for their PAPEE is expected to have enough information to determine a statistical sample size in CY 2012.

2. § 192.616 (c) Public Awareness

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

Per 49 CFR §192.616(c), the operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

API RP 1162, Section 8.4 guidance states, *“Did the operator perform an effectiveness evaluation of its program (or no more than 4 years following the effective date of program implementation) to assess its program effectiveness in all areas along all systems covered by its program? If not, did the operator provide justification in its program or procedural manual?”* KB Pipeline stated they performed a four-year evaluation but there was no supporting documentation of the results.

API RP 1162, Section 2.7, Step 12 and section 8.5 also states that the operator must identify and document needed changes and/or modifications to its public awareness program based on the results and findings of its program effectiveness evaluation. If not, the operator must provide justification in its program or procedural manual. KB Pipeline Company did not have documentation that they have identified and/or implemented improvements based on the results and findings of its program effectiveness evaluation.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of

\$1,000,000 for any 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 Kelso-Beaver (KB) Pipeline 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 5-2012-1023W**. 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: Ms. Kathy Davies
Pipeline Project Manager
KB Pipeline Company
Portland General Electric Co.
3WTC0402
121 SW Salmon Street
Portland, OR 97204

David Lykken, Washington UTC
PHP-60 Compliance Registry
PHP-500 T. Finch (#135727)