

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 24, 2009

Mr. Miguel Arechabala
VP Operations
NextEra Energy Resources
700 Universe Boulevard
Juno Beach, FL 33408

CPF 5-2009-1004W

Dear Mr. Arechabala:

On February 3 through February 5, 2009 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected NextEra Energy Resource's Integrity Management Program (IMP) procedures and records for the Blythe Energy Pipeline. We understand eX eL Pipeline Services is the contract operator of this pipeline. Our inspection was conducted at your offices in Blythe, California.

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

1. **§192.905 How does an operator identify a high consequence area?**
 - (a) **General. To determine which segments of an operator's transmission pipeline system are covered by this subpart, an operator must identify the high consequence areas. An operator must use method (1) or (2) from the definition in § 192.903 to identify a high consequence area. An operator may apply one method to its entire pipeline system, or an operator may apply one method to individual portions of the pipeline system. An operator must describe in its**

integrity management program which method it is applying to each portion of the operator's pipeline system. The description must include the potential impact radius when utilized to establish a high consequence area. (See appendix E.I. for guidance on identifying high consequence areas.)

The previous operator, Western Industrial, did not conduct an HCA identification process until September 16, 2005 which is after the compliance date of December 17, 2004. A letter showing the class location study and HCA analysis is dated September 16, 2005 which is after the required date of December 17, 2004. It is recognized, however, that this delay in identifying HCAs did not cause a delay in the timely completion of the baseline assessment inline inspection runs.

2. §192.935 What additional preventive and mitigative measures must an operator take?

(c) Automatic shut-off valves (ASV) or Remote control valves (RCV). If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors-- swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.

The operator, eX eL Pipeline Services, did not conduct a risk analysis-based process to determine if automatic shut-off or remote control valves should be used on the Blythe Energy Pipeline system. During the course of the inspection, eX eL could not provide any evidence that an analysis to determine if automatic shut-off or remote control valves should be used had been performed.

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 items identified in this letter. Failure to do so will result in NextEra Energy Resources 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 5-2009-1004W**. 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 J. Gilliam (#123445)