

**PUBLIC SERVICE COMMISSION
TESTING AND SAFETY DIVISION
MEMORANDUM**

TO: Commissioners Cramer, Clark and Kalk
Darrell Nitschke, Executive Secretary
Patrick Fahn, Director, Compliance and Competitive Markets Division

FROM: Alan Moch, Director
Testing and Safety Division

DATE: November 4, 2009

RE: Review of Keystone's O&M/Emergency Manual/IMP Plan,
Case No. PU-06-421

In an email dated October 27th, Patrick Fahn asked me to review the O&M/Emergency Manual/IMP Plan and provide an opinion as to whether the contents of these documents meet the minimum requirements under the applicable pipeline safety regulations codified at 49 CFR Parts 191 – 199, and under the requirements of the Commission Order in this case (dated February 21, 2008).

I have completed my review. The results of that review are as follows:

O&M/Emergency Manual/Emergency Plan:

49 CFR Part 195 – Subpart A General - no issues identified.

49 CFR Part 195 – Subpart B Annual, Accident, and Safety-related Condition Reporting
- no issues identified.

49 CFR Part 195 – Subpart C Design Requirements - could not find any reference to the following procedure as required by 195.402(c): 195.120 (a) "Each new pipeline or each section of a pipeline which pipe or components has been replaced must be designed and constructed to accommodate the passage of instrumented internal inspection devices that are applicable to this section". This should be included for future replacements.

1. **49 CFR Part 195 – Subpart D Construction** - no issues identified.
2. **49 CFR Part 195 – Subpart E Pressure Testing** - no issues identified.
3. **49 CFR Part 195 – Subpart F Operation & Maintenance (195.402):**
 - 195.402 – Maintenance & Normal Operations Procedures - no issues identified.
 - 195.402 – Abnormal Operation Procedures – no issues identified.
 - 195.402 – Emergency Procedures – no issues identified.
 - 195.402 – Emergency Response Training Procedures – no issues identified.
 - 195.402 – Maps and Records Procedures – no issues identified.

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O&M/Emergency Manual/IMP Plan

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- 195.402 – Maximum Operating Pressure Procedures – could not find any reference to the following procedure as required by 195.402(a): 195.406 (a)(5) “for pipelines that have not been pressure tested under Subpart E of this part, 80 percent of the test pressure or highest operating pressure to which the pipeline was subjected for 4 or more continuous hours that can be demonstrated by recording charts or logs made at the time the test or operations were conducted”. This item may not be applicable to this line.
 - 195.402 – Communications Procedures – no issues identified.
 - 195.402 – Inspection Rights-of-way & Crossings under Navigable Water- no issues identified.
 - 195.402 – Underwater Inspection Procedures of Offshore Pipelines – not applicable.
 - 195.402 – Valve Maintenance Procedures – no issues identified.
 - 195.402 – Pipeline Repair Procedures – no issues identified.
 - 195.402 – Pipe Movement Procedures – no issues identified.
 - 195.402 – Scraper and Sphere Procedures – no issues identified.
 - 195.402 – Overpressure Safety Device Procedures – no issues identified.
 - 195.402 – Firefighting Equipment Procedures – no issues identified.
 - 195.402 – Breakout Tank Procedures – no issues identified.
 - 195.402 – Sign Procedures – no issues identified.
 - 195.402 – Security and Facility Procedures – no issues identified.
 - 195.402 – Smoking and Open Flame Procedures – no issues identified.
 - 195.402 – Public Awareness Plan – no issues identified.
 - 195.402 – Damage Prevention Plan – no issues identified.
 - 195.402 – CPM Leak Detection Procedures – no issues identified.
 - **195.452 – Integrity Management Plan (IMP) – not reviewed – no plan has yet been submitted.**
4. **49 CFR Part 195 – Subpart G Operator Qualification Plan** – no issues identified.
 5. **49 CFR Part 195 – Subpart H Corrosion Control Procedures** – no issues identified.
 6. **49 CFR Part 199 – Drug and Alcohol Testing Procedures** – not reviewed – no plan submitted.

The Commission order specifically requires that the O&M Manual include procedures for abandoning pipeline facilities by safe disconnection from the operating pipeline system, purging of combustibles, and sealing abandoned facilities left in place. This procedure can be found on page 24 and on page 66 and 67 of Keystone’s manual.

The Commission order specifically requires that the Emergency Response Plan include procedures for handling abnormal operations and emergencies as required under 49 CFR 195.402. This procedure can be found on page 66 of Keystone’s O&M Manual.

The Commission Order specifically requires that a written integrity management program as required under 49 CFR 195.452 be submitted. No Plan has yet been submitted but Keystone, under Part 195, does not have to submit an IMP Plan until they are ready to place the line into service.

The Commission Order specifically requires that a determination of which pipeline facilities are located in areas that would require an immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned and procedures to minimize the potential for such hazards. Those procedures can be found on pages 56 and 57 of Keystone's O&M Manual.

Although no actual lists of these areas have yet been submitted, I would expect that a list of HCA's would accompany their IMP Plan. Also, it should be noted that ALL plans and procedures (including adherence to the stipulations of the Waiver Permit on April 30, 2007, will most likely be reviewed by PHMSA Regional inspectors during the first annual records audit of this operator.

Except for those items mentioned above, it is my opinion that Keystone's Plans and Procedures as required by 49 CFR Part 195 appear to be in compliance. I recommend that the Commission conduct a thorough review of Keystone's IMP Plan and associated appendices prior to this line being placed into service.

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