

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 6, 2016

Mr. Jared Green
President
ENSTAR Natural Gas Company
P.O. Box 190288
Anchorage, AK 99519-0288

CPF 5-2016-0022W

Dear Mr. Green:

On April 18 through 29 and May 13 through 17, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected ENSTAR Natural Gas Company's (ENSTAR) Operation and Maintenance procedures in Anchorage, Alaska and distribution pipelines on the Kenai Peninsula, Matanuska, Susitna valleys, Girdwood, and Whittier, Alaska.

As a result of the inspection, it is alleged that that ENSTAR has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §192.467 External corrosion control: Electrical isolation.**
(c) Except for unprotected copper inserted in ferrous pipe, each pipeline must be electrically isolated from metallic casings that are a part of the underground system. However, if isolation is not achieved because it is impractical, other measures must be taken to minimize corrosion of the pipeline inside the casing.

Records of pipe-to-soil corrosion control measurements (potential) for the years 2014 and 2015 showed two casings that were not electrically isolated on the main pipeline. The test stations for the casings were located at Mile Post (MP .4- Door #1 Whittier Tunnel MP) and at (MP 4.95) on the Whittier eight (8)-inch pipeline. The measurements of potential for the main pipeline and the casing were nearly identical

at these test stations. These similar potentials indicate the two structures are not isolated. The pipeline and casing must either be isolated from each other or additional measures to prevent corrosion of the main carrier pipeline must be taken.

2. **§192.631 Control room management.**

...(e) Alarm management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

...(5) Monitor the content and volume of general activity being directed to and required of each controller at least once each calendar year, but at intervals not to exceed 15 months, that will assure controllers have sufficient time to analyze and react to incoming alarms;

ENSTAR has not assured that controllers have sufficient time to analyze and react to incoming alarms. ENSTAR has provided a monthly alarm review which indicates the maximum volume and content of alarms being directed to each controller, but has not demonstrated that their controllers have sufficient time to analyze that volume.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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 items identified in this letter. Failure to do so will result in ENSTAR 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 5-2016-0022W**. 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. Gano (#152025, #152026, #152027)