

NOTICE OF AMENDMENT

VIA UPS GROUND

October 25, 2011

Mr. David Bredin
Director of Operations
ENSTAR Natural Gas Company
401 East International Airport Road
P.O. Box 190288
Anchorage, AK 99519-0288

CPF 5-2011-0023M

Dear Mr. Frantz:

On September 19-22, 2011, 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) procedures and records for Distribution Integrity Management Program (DIMP) in Anchorage, Alaska.

On the basis of the inspections, PHMSA has identified the apparent inadequacies found within ENSTAR's DIMP as described below:

1. **§192.1007 What are the required elements of an integrity management plan? A written integrity management plan must contain procedures for developing and implementing the following elements:**
 - (a) **Knowledge. An operator must demonstrate an understanding of its gas distribution system developed from reasonably available information.**
 - (1) **Identify the characteristics of the pipeline's design and operations and the environmental factors that are necessary to assess the applicable threats and risks to its gas distribution pipeline.**
 - (2) **Consider the information gained from past design, operations, and maintenance.**

- (3) Identify additional information needed and provide a plan for gaining that information over time through normal activities conducted on the pipeline (for example, design, construction, operations or maintenance activities).**
- (4) Develop and implement a process by which the IM program will be reviewed periodically and refined and improved as needed.**
- (5) Provide for the capture and retention of data on any new pipeline installed. The data must include, at a minimum, the location where the new pipeline is installed and the material of which it is constructed.**

ENSTAR must add detail to the procedure describing the methods and data sources used to gather information and knowledge of the system from reasonably available sources of information (e.g., subject matter experts consulted; Standard Operating Procedures; Operations, Maintenance, and Inspection forms; records; system information).

- 2. §192.1007 What are the required elements of an integrity management plan? A written integrity management plan must contain procedures for developing and implementing the following elements:**
 - (b) Identify threats. The operator must consider the following categories of threats to each gas distribution pipeline: Corrosion, natural forces, excavation damage, other outside force damage, material, weld or joint failure (including compression coupling), equipment failure, incorrect operation, and other concerns that could threaten the integrity of its pipeline. An operator must consider reasonably available information to identify existing and potential threats. Sources of data may include, but are not limited to, incident and leak history, corrosion control records, continuing surveillance records, pa-trolling records, maintenance history, and excavation damage experience.**

ENSTAR must add detail to the procedure used to identify existing and potential threats that describes how subject matter expert(s) gathered and input information into the SHRIMP application for the threat assessment.

The procedure must detail how ENSTAR considers all available information for the threat assessment including all leak data, corrosion control inspection, and other inspection and maintenance documentation.

- 3. §192.1007 What are the required elements of an integrity management plan? A written integrity management plan must contain procedures for developing and implementing the following elements:**
 - (e) Measure performance, monitor results, and evaluate effectiveness.**
 - (1) Develop and monitor performance measures from an established baseline to evaluate the effectiveness of its IM program. An operator must consider the results of its performance monitoring in periodically re-evaluating the threats and risks. These performance measures must include the following:**

- (i) Number of hazardous leaks either eliminated or repaired as required by §192.703(c) of this subchapter (or total number of leaks if all leaks are repaired when found), categorized by cause;**
- (ii) Number of excavation damages;**
- (iii) Number of excavation tickets (receipt of information by the underground facility operator from the notification center);**
- (iv) Total number of leaks either eliminated or repaired, categorized by cause;**
- (v) Number of hazardous leaks either eliminated or repaired as required by §192.703(c) (or total number of leaks if all leaks are repaired when found), categorized by material; and**
- (vi) Any additional measures the operator determines are needed to evaluate the effectiveness of the operator's IM program in controlling each identified threat.**

ENSTAR must modify their DIMP to include procedures for establishing baselines for performance measures from which to monitor effectiveness of its DIMP.

- 4. §192.1007 What are the required elements of an integrity management plan? A written integrity management plan must contain procedures for developing and implementing the following elements:**
- (f) Periodic Evaluation and Improvement. An operator must re-evaluate threats and risks on its entire pipe-line and consider the relevance of threats in one location to other areas. Each operator must determine the appropriate period for conducting complete program evaluations based on the complexity of its system and changes in factors affecting the risk of failure. An operator must conduct a complete program re-evaluation at least every five years. The operator must consider the results of the performance monitoring in these evaluations.**

ENSTAR must modify their DIMP and describe, in detail, how ENSTAR will conduct a periodic evaluation.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Compliance Proceedings. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the

allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 45 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that ENSTAR maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Dennis Hinnah, Deputy Director, Western Region, Pipeline and Hazardous Materials Safety Administration.

In correspondence concerning this matter, please refer to **CPF 5-2011-0023M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dennis Hinnah
Deputy Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Strawn (#136011)