



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

VIA ELECTRONIC MAIL TO: mrockwell@interiorgas.com

Mark Rockwell
Director of Operations
Interior Gas Utility
2525 Phillips Field Road
Fairbanks, Alaska 99709

Re: CPF No. 5-2022-008-NOPV

Dear Mr. Rockwell:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Interior Gas Utility to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure (Final Order)

cc: Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Daniel Britton, General Manager, Interior Gas Utility, dwbritton@interiorgas.com
Mr. Brendan Kern, Engineer, Interior Gas Utility, bkern@interiorgas.com

CONFIRMATION OF RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

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In the Matter of)	
)	
Interior Alaska Natural Gas Utility, d/b/a Interior Gas Utility,)	CPF No. 5-2022-008-NOPV
)	
Respondent.)	
)	

FINAL ORDER

From September 28 through 30, November 17 through 19, 2020, and on January 12, 14 and 15, 2021, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Interior Gas Utility or (IGU or Respondent) in Fairbanks and North Pole, Alaska. IGU operates a liquefied natural gas (LNG) facility that includes one production site and three LNG storage sites. IGU’s LNG facility is connected to 215 miles of gas distribution lines.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated July 18, 2022, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that IGU had committed five violations of 49 C.F.R. Part 193 and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also included an additional two warning items pursuant to 49 C.F.R. § 190.205, which warned the operator to correct the probable violations or face possible future enforcement action

IGU responded to the Notice by letter dated August 16, 2022 (Response). IGU contested two of the allegations and offered additional information in response to the Notice. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 193.2301, which states:

§ 193.2301 Scope.

Each LNG facility constructed after March 31, 2000, must comply with

requirements of this part and of NFPA-59A-2001 (incorporated by reference, *see* § 193.2013). In the event of a conflict between this part and NFPA 59A, this part prevails.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of section 4.4.2 of NFPA-59A-2001, which requires that “[s]torage containers shall have all penetrations marked with the function of the penetration. Markings shall be visible if frosting occurs.” Specifically, the Notice alleged that IGU did not have the requisite markings on any storage tank penetrations at Storage Site #1.

Respondent did not contest this allegation of violation. IGU provided additional information relevant to the proposed compliance terms and to clarify that, due to the capacity of the storage tanks at Storage Site #1, section 10.3.9 of NFPA-59A-2001 is the applicable section. However, IGU stated that section 10.3.9 contains a similar requirement to section 4.4.2. Chapter 10 of NFPA-59A-2001 applies to Storage Site #1 because it has an aggregate storage capacity of 90,000 gallons.¹ Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with section 10.3.9 of NFPA-59A-2001.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 193.2301, which states:

§ 193.2301 Scope.

Each LNG facility constructed after March 31, 2000, must comply with requirements of this part and of NFPA-59A-2001 (incorporated by reference, *see* § 193.2013). In the event of a conflict between this part and NFPA 59A, this part prevails.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of sections 6.1.1, 6.3.4, and 6.6.3 of NFPA-59A-2001. Specifically, the Notice alleged that IGU failed to comply with several sections of ASME B31.3, which is incorporated by reference into section 6.1.1 of NFPA-59A-2001. These sections include requirements related to weld markings, welding examinations, and welding process specifications.

Respondent did not contest this allegation of violation. IGU provided additional information relevant to the proposed compliance terms and to clarify that, due to the capacity of the storage tanks at Storage Site #4, section 10.11 of NFPA-59A-2001 is the applicable section. However, IGU stated that section 10.11 contains similar requirements to the sections cited in the Notice. Chapter 10 of NFPA-59A-2001 applies to Storage Site #4 because it has two storage tanks with an aggregate storage capacity of 151,200 gallons. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of section 10.11 of NFPA-59A-2001.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 193.2301, which states:

¹ Chapter 10 of NFPA-59A-2001 applies to the site if each LNG storage tank has a capacity of 100,000 gallons or less and the aggregate capacity is less than 280,000 gallons.

§ 193.2301 Scope.

Each LNG facility constructed after March 31, 2000, must comply with requirements of this part and of NFPA-59A-2001 (incorporated by reference, *see* § 193.2013). In the event of a conflict between this part and NFPA 59A, this part prevails.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of sections 6.6.1 and 6.6.2 of NFPA-59A-2001 and section 345.2.7 of ASME B31.3. Specifically, the Notice alleged that IGU failed to include one or more of the required parameters for numerous pressure test records.

Respondent did not contest this allegation of violation. IGU provided additional information relevant to the proposed compliance terms and compliance deadline, and to clarify that, due to the capacity of the storage tanks at Storage Site #4, section 10.11 of NFPA-59A-2001 is the applicable section. However, IGU stated that section 10.11 contains similar requirements to the sections cited in the Notice. Chapter 10 of NFPA-59A-2001 applies to Storage Site #4 because it has two storage tanks with an aggregate storage capacity of 151,200 gallons. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of section 10.11 of NFPA-59A-2001 and section 345.2.7 of ASME B31.3.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 193.2301, which states:

§ 193.2301 Scope.

Each LNG facility constructed after March 31, 2000, must comply with requirements of this part and of NFPA-59A-2001 (incorporated by reference, *see* § 193.2013). In the event of a conflict between this part and NFPA 59A, this part prevails.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of section 7.1.1.1 of NFPA-59A-2001 which requires that “LNG containers be equipped with two independent liquid level gauging devices.” Specifically, the Notice alleged that, for the Storage Site #1 tank piping, the two liquid level measuring devices were not independent because they were connected to the same sensing line penetration.

In its Response, IGU asserted its two liquid level gauges complied with section 10.12.2 of NFPA-59A-2001.² Specifically, IGU asserted its liquid level gauges are independent because 1) they are two independent devices (one is digital, and one is analog); 2) either device can be isolated for service while the other remains in service; 3) both can be serviced without taking the tank out of service; and 4) there is a 100 percent full trycock valve available for calibration if necessary. IGU also argued that NFPA-59A-2001 requires independent liquid level gauges, but not independent sensing lines.

² IGU provided additional information to clarify that, due to the size of the storage tanks at Storage Site #1, section 10.12.2 of NFPA-59A-2001 is the applicable section. However, IGU stated that section 10.12.2 contains similar requirements to section 7.1.1.1, as cited in the Notice. Chapter 10 of NFPA-59A-2001 applies to Storage Site #1 because it has an aggregate storage capacity of 90,000 gallons.

Section 10.12.2 of NFPA-59A-2001 requires independent liquid level devices to provide redundancy if one of the devices or sensing lines malfunctions or fails. With respect to IGU's configuration, both devices are dependent on the same sensing line. If the sensing line fails, both devices would also fail. In other words, because IGU's two devices are subject to a single point of failure (the same sensing line), they are not independent and do not provide the required redundancy. The device and sensing line must be independent to comply with section 10.12.2 of NFPA-59A-2001. While section 10.12.2 of NFPA-59A-2001 does not explicitly require independent sensing lines, liquid level devices can only be independent if they are not dependent on the same sensing lines (i.e., the entire instrumentation well must be independent) because they would be subject to a single point of failure.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of section 10.12.2 of NFPA-59A-2001.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 193.2301, which states:

§ 193.2301 Scope.

Each LNG facility constructed after March 31, 2000, must comply with requirements of this part and of NFPA-59A-2001 (incorporated by reference, *see* § 193.2013). In the event of a conflict between this part and NFPA 59A, this part prevails.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of section 10.12.4.3 of NFPA-59A-2001. Specifically, the Notice alleged that Tanks #2 and #3 at Storage Site #1 did not have locking devices installed on the stop valves, contrary to section 10.12.4.3 of NFPA-59A-2001.

Respondent did not contest this allegation of violation. IGU provided additional information relevant to the proposed compliance terms. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2301 by failing to comply with the requirements of section 10.12.4.3 of NFPA-59A-2001.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, 3, 4, and 5 in the Notice for violations of 49 C.F.R. § 193.2301. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of liquefied natural gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601.

With regard to the violation of § 193.2301 (Item 3), Respondent requested an extension of time to complete this corrective measure if a system retest is required. Since IGU has not determined whether a system retest would be necessary, I find that extending the compliance deadline at this

time is not warranted. If a system retest becomes necessary, IGU may submit a timely written request to the Director demonstrating good cause for an extension.

For the above reasons, the Compliance Order is not modified as set forth below.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 193.2301 (**Item 1**), Respondent must mark all LNG storage container penetrations with the function of the penetration within 90 days of receipt of the Final Order. Markings shall be visible if frosting occurs. Provide the Director revised operating procedures and photographic evidence of marking all LNG storage container penetrations within 120 days of receipt of the Final Order.
2. With respect to the violation of § 193.2301 (**Item 2**), Respondent must perform a 100 percent review of all welding documentation and associated nondestructive testing (NDT) to determine, with a high degree of accuracy, that all welder IDs are consistent with construction documentation and associated NDT. Provide the Director with a report of items reviewed and corrections made within 120 days of receipt of the Final Order.
3. With respect to the violation of § 193.2301 (**Item 3**), Respondent must either correct the aforementioned records or retest the systems under question. Provide the Director corrected testing records or completed retest records within 120 days of receipt of the Final Order.
4. With respect to the violation of § 193.2301 (**Item 4**), Respondent must ensure all tanks have independent liquid level gauging installed per NFPA-59A-2001 within 180 days of receipt of the Final Order. Provide the Director revised operating procedures and updated piping and instrument drawings (P&IDs) as well as photographic evidence within 270 days of receipt of the Final Order.
5. With respect to the violation of § 193.2301 (**Item 5**), Respondent must lock or seal secure all stop valves present prior to relief valves within 30 days of receipt of the Final Order. Provide the Director revised operating procedures and photographic evidence of locked/secured valves within 90 days of receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. It is requested that these costs be reported in two categories: (1) total cost associated with

preparation/revision of plans, procedures, studies and analyses; and (2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (*see* 49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 6 and 7, the Notice alleged probable violations of Part 193, but identified them as warning items pursuant to § 190.205. The warnings were for:

49 C.F.R. § 193.2603(a) **(Item 6)** — Respondent's alleged failure to maintain each component in service in a condition that is compatible with its operational or safety purpose by repair, replacement, or other means; and

49 C.F.R. § 193.2913 **(Item 7)** — Respondent's alleged failure to provide procedures for security monitoring by visual observation and records or schedules of security checks for Storage Site #1 and Storage Site #3.

IGU requested withdrawal of Item 7 because it had procedures in place at the time of inspection and provided those records with its Response. Under § 190.205, PHMSA does not adjudicate warning items to determine whether a probable violation occurred. If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued