

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 25, 2019

Steve Sargeant  
President and Senior Executive  
Lakes Gas Company  
655 South Lake Street  
Forest Lake, MN 55025

**CPF 3-2019-0007M**

Dear Mr. Sargeant:

On September 4-6, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Lakes Gas Company's (Lakes) operation and maintenance (O&M) and operator qualification (OQ) procedures in Sturgeon Bay, Wisconsin.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Lake's plans or procedures, as described below:

1. **§192.605 Procedural manual for operations and maintenance, and emergencies**
  - (a) . . .
  - (b) ***Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**

**(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.**

**§192.619 Maximum allowable operating pressure: Steel or plastic pipelines**

**(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:**

**(1) The design pressure of the weakest element in the segment, determined in accordance with subparts C and D of this part. However, for steel pipe in pipelines being converted under §192.14 or uprated under subpart K of this part, if any variable necessary to determine the design pressure under the design formula (§192.105) is unknown, one of the following pressures is to be used as design pressure:**

Lakes O&M procedures did not specify “the design pressure of the weakest element in the segment”<sup>1</sup> as being a requirement for determining the maximum allowable operating pressure of its gas systems. Lakes must amend its procedures to include this requirement.

**2. §192.805 Qualification program.**

**Each operator shall have and follow a written qualification program. The program shall include provisions to:**

**(a) Identify covered tasks; . . .**

Lakes OQ plan did not identify two covered tasks.<sup>2</sup> The covered tasks of valve inspection and pipe fitting were not listed in Lakes’ identified covered task list. Therefore, Lakes must amend its covered task list and its qualification material to include these tasks.

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<sup>1</sup> Pursuant to §192.619(a)(1), “no person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:

(1) The design pressure of the weakest element in the segment, determined in accordance with subparts C and D of this part. . . .”

<sup>2</sup> Section 192.801(b) states that “a covered task is an activity, identified by the operator, that:

(1) Is performed on a pipeline facility;  
(2) Is an operations or maintenance task;  
(3) Is performed as a requirement of this part; and  
(4) Affects the operation or integrity of the pipeline.”

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 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 Lakes Gas Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Allan C. Beshore, Director, Central Region, OPS, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2019-0007M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore  
Director, Central Region, OPS  
Pipeline and Hazardous Materials Safety Administration

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