



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 18, 2015

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

CPF 5-2015-0007

Dear Mr. Green:

During the weeks of March 17, 2014 and April 28, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, inspected your natural gas distribution system in Anchorage, Alaska.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §192.603 General Provisions

(b) Each operator shall keep records necessary to administer the procedures established under §192.605.

Enstar Natural Gas Company (Enstar) did not maintain the records needed to administer the procedures required under §192.605, specifically those required under §192.605 (b) regarding maintenance and normal operations. Enstar is required to have and implement procedures in 49

CFR, Part 192, Subparts L and M. The records required by §192.603 must be kept to administer these required procedures.

Enstar did not maintain complete records of periodic leak surveys on its natural gas distribution system. Periodic leak surveys are required in 49 CFR Subpart M, §192.706 and §192.723. PHMSA representatives discovered numerous leak survey daily reports and supporting leak survey maps that were incomplete or had missing information. Noted record omissions or inconsistencies were:

- Grid A540 showed the inspected lines marked in the color brown and corresponding Daily Leak Survey Report dated October 14, 2013 indicated the lines surveyed on that date were to be marked in red.
- Daily Leak Survey Report dated October 4, 2013 was incomplete. It did not indicate which grids were surveyed on October 4, 2013, although Grid A744 appeared to be a corresponding grid map that matched the report.
- Grid A1432 had 2 segments of pipe that were not highlighted on the grid, indicating that they were not leak surveyed in 2013 (compare to leak survey grid of 2009).
- Grid A1436 had a segment of pipe that was not highlighted on the grid, indicating that it was not leak surveyed in 2013.
- Grid SW54 indicated that it was leak surveyed by “KQ” on September 18, 2013, but the corresponding Daily Leak Survey Report did not include Grid SW54 on the report.
- Daily Leak Survey Report dated October 26, 2012 recorded leaks found that were not indicated on the corresponding grid map Grid A465.

Enstar must keep records to properly administer all of the operation and maintenance procedures required under §192.605.

2. §192.614 Damage prevention program

(a) Except as provided in paragraphs (d) and (e) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purposes of this section, the term “excavation activities” includes excavation, blasting, boring, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earthmoving operations.

Enstar did not specify in their Standard Operating Procedures (SOP) 1401 titled “Damage Prevention Program,” the Federal Pipeline Safety Code requirement §192.614(c)(6)(i). This requirement requires an operator to provide follow-up inspections of its pipeline to verify the integrity of the pipeline when the operator has reason to believe it could be damaged by excavation. Enstar does follow a practice for inspection during or after excavation activities,

however the written procedures did not adequately describe this practice. In addition, PHMSA representatives found that supporting damage prevention program procedures, SOP 1405 "Line Locating," and SOP 1145 "Excavation Standards" did not require inspection during or after excavation activities.

3. §192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is-

(3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a)

Enstar did not ensure that pipeline operating pressure did not exceed equipment pressure limitations at regulator station named A203 Elmendorf Power. The regulator station maintenance record for A203, dated July 1, 2013, had a recorded inlet pressure of 430 psi that exceeded the regulator pressure rating of 285 psi.

4. §191.11 Distribution system: Annual report

(a) General. Except as provided in paragraph (b) of this section, each operator of a distribution pipeline system must submit an annual report for that system on DOT Form PHMSA F 7100.1-1. This report must be submitted each year, not later than March 15, for the preceding calendar year.

Enstar did not accurately report leaks and the number of miles of distribution main lines in their 2013 Annual Report. Enstar reported "0" leaks in Section F in their original submittal. Further investigation revealed that Enstar experienced three (3) leaks on federal lands in the 2013 calendar year that should have been reported in its 2013 Annual Report. After this discovery, Enstar submitted a supplemental Annual Report dated May 28, 2014 for 2013 calendar that showed the three (3) leaks on federal land.

PHMSA representatives discovered that higher pressure distribution main lines were not reported in Enstar's 2013 Annual Report, and were found documented in the Annual Report for Alaska Pipeline Company – a partner company to Enstar. Enstar must appropriately document its higher pressure distribution main lines in its annual report each calendar year.

5. §192.491 Corrosion control records

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §192.465 (a) and (e) and §192.475(b) must be retained for as long as the pipeline remains in service.

Enstar did not maintain records demonstrating compliance in meeting atmospheric corrosion inspection frequency of every three (3) calendar years. Enstar currently employs a practice of using leak surveys in conjunction with atmospheric corrosion inspections to meet the code requirement, however leak survey records did not show evidence that atmospheric corrosion was evaluated. PHMSA representatives discovered daily leak survey reports that did not indicate atmospheric corrosion inspections. In addition, Enstar's Leak Survey & Atmospheric Corrosion Surveys Rotation Schedule shows leak surveys highlighted in black and atmospheric corrosion surveys highlighted in red, indicating that inspections of exclusively atmospheric corrosion are completed on four-year cycles.

6. §192.615 Emergency Plans

(b) Each operator shall:

(2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.

Enstar did not require appropriate operating personnel be trained to their emergency SOP 1150, Damage Response, procedure. Enstar's gas control dispatchers' roles are described in this damage response procedure but did not appear to be trained to it. Furthermore, Enstar's Operator Qualification (OQ) program and the 2013 Master Covered Task List does not show their OQ training to learn this covered task (E-Learning Module 1436) is required by gas control dispatchers. Gas control dispatchers must be trained to, and demonstrate their training was effective, to implement their role under SOP 1150.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$24,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$6,100
3	\$18,700

Proposed Compliance Order

With respect to item(s) 1-6 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Enstar Natural Gas Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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.

In your correspondence on this matter, please refer to **CPF 5-2015-5007** and for each document you submit, please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible.

Sincerely,



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 C. Ishikawa (#145394)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Enstar Natural Gas Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of Enstar Natural Gas Company with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Enstar's leak survey documents, Enstar must modify its leak survey procedures to ensure leak surveys documents, including the Daily Leak Survey Reports and highlighted grid maps, are accurate and complete after the survey is performed.
2. In regard to Item Number 2 of the Notice pertaining to Enstar's procedures, SOP 1401 "Damage Prevention Program," Enstar must amend its written procedures and specify in SOP 1401 that it will provide follow-up inspections of its pipeline to verify the integrity of the pipeline when the operator has reason to believe it could be damaged by excavation.
3. In regard to Item Number 3 of the Notice pertaining to Enstar's regulator station records, Enstar must ensure regulator station maintenance is performed appropriately and in a safe manner. Enstar must revise its regulation maintenance procedures to ensure records documenting regulator station maintenance are accurate and complete after the maintenance activity is performed.
4. In regard to Item Number 4 of the Notice pertaining to Enstar's annual reports, Enstar must submit a supplemental Annual Report to PHMSA for 2013. Enstar must ensure that it accurately reports the number of leaks on federal lands and high-pressure distribution main mileage of their system.
5. In regard to Item Number 5 of the Notice pertaining to Enstar's atmospheric corrosion inspection frequency, Enstar must document all atmospheric corrosion inspections and retain records of the inspections for the required retention period.
6. In regard to Item Number 6 of the Notice pertaining to Enstar's training of its gas control dispatchers, Enstar must require course, SOP 1150, to be part of the required OQ program training for its gas control dispatchers and ensure that their training records clearly specify the course completion dates.
7. Please complete Item 1 through 6 within 90 days after receipt of a Final Order for the operator to complete the items.
8. It is requested (not mandated) that Enstar Natural Gas Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western

Region, Pipeline and Hazardous Materials Safety Administration. 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.