



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 14, 2016

Mr. Daniel W. Britton
President / CEO
Fairbanks Natural Gas
3408 International Way
Fairbanks, AK 99701

CPF 5-2016-0023W

Dear Mr. Britton:

On April 18 through April 20, 2016, and on June 6 through June 9, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Fairbanks Natural Gas (FNG) Distribution system located in Fairbanks, Alaska.

As a result of the inspection, it is alleged 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) **§192.807 Recordkeeping.**
Each operator shall maintain records that demonstrate compliance with this subpart.
 - (a) **Qualification records shall include:**
 - (1) **Identification of qualified individual(s);**
 - (2) **Identification of the covered tasks the individual is qualified to perform;**
 - (3) **Date(s) of current qualification; and**
 - (4) **Qualification method(s).**

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

At the time of the inspection, FNG personnel were not able to provide records of personnel qualifications for joining plastic pipe CFR 192.285 and records of personnel qualification for inspection of plastic pipe joints CFR 192.287 for year 2013. FNG appears to be in violation of CFR 192.807(b) which requires records to be kept for 5 years 192.807(b). FNG personnel were however, able to supply qualification records for individuals qualified in joining plastic pipe and inspection of plastic pipe joints for years 2014 and 2015.

- 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:**
- (f) Periodic Evaluation and Improvement. An operator must re-evaluate threats and risks on its entire pipeline 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.**

At the time of the inspection, FNG personnel were not able to supply validation records of their "risk ranking" process of the FNG integrity management plan. FNG personnel were also unable to provide implementation records for all elements of the FNG integrity management plan. Records of validation of the risk ranking process and implementation records of an integrity management plan are required by CFR 192.1007(f).

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-**
- (1) In good mechanical condition;**
 - (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;**
 - (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); and**
 - (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.**

At the time of the inspection, FNG personnel were not able to provide pressure safety valve records required by CFR 192.739 for year 2013. FNG personnel were able to supply pressure safety valve records required by CFR 192.739 for 2014 and 2015.

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 violations occurring between January 4, 2012 and 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. 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 Fairbanks Natural Gas 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 5-2016-0023W**. 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,

A handwritten signature in black ink, appearing to read "C Hoidal". The signature is fluid and cursive, with the first name "C" being a large, stylized initial.

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

cc: PHP-60 Compliance Registry
PHP-500 R. Guisinger (#152966)