

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 12, 2017

Mr. David Harris
President & CEO
AltaGas, Ltd.
1700, 355 4 Avenue SW
Calgary, Alberta Canada T2P 0J1

5-2017-0007W

Dear Mr. Harris:

On April 5 and 6, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your subsidiary, ENSTAR Natural Gas Company's (ENSTAR's) Cannery Loop Gas Storage Field in Kenai, Alaska.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violation is:

1. **§192.475 Internal corrosion control: General.**
 - (b) **Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal corrosion is found—**
 - (3) **Steps must be taken to minimize the internal corrosion.**

ENSTAR failed to document whether internal corrosion was present during the examination of removed pipe. ENSTAR provided worksheets showing instances where the inside of the pipe had been exposed, but the worksheets did not indicate whether evidence of corrosion was observed.

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 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 item identified in this letter. Failure to do so will result in Alta Gas, Ltd. 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 5-2017-0007W**. 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,

Dustin Hubbard
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Gano/R. Guisinger (#155028)