



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

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

**WARNING LETTER**

**VIA E-MAIL TO MR. JOHN SIMS**

October 9, 2020

Mr. John Sims  
President  
ENSTAR Natural Gas Company  
P.O. Box 190288  
Anchorage, AK 99519-0288

**CPF 5-2020-001-WL**

Dear Mr. Sims:

From February 3 through 6, March 2 through 4 and June 29 through July 2, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your natural gas distribution system.

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 (CFR). The items inspected and the probable violations are:

**1. § 192.481 - Atmospheric corrosion control: Monitoring.**

**(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

<b>If the pipeline is located:</b>	<b>Then the frequency of inspection is:</b>
<b>Onshore...</b>	<b>At least once every 3 calendar years, but with intervals not exceeding 39 months</b>

Offshore...	At least once each calendar year, but with intervals not exceeding 15 months
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Records showed that atmospheric corrosion was not completed within the three-year time period required by § 192.481 for some areas of aboveground piping in Grid 1740.

ENSTAR Natural Gas Company (ENSTAR) conducted biennial atmospheric corrosion inspections. Every four years these were conducted in conjunction with leak surveys. The Daily Leak Survey Report dated August 2, 2017 did not have any indications under the atmospheric corrosion inspection section for the five locations surveyed on the record in Grid 1740. Atmospheric corrosion inspections for those locations were conducted in 2015 and 2019, four years apart. Therefore, ENSTAR did not conduct atmospheric corrosion inspections in the required three-year interval.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, 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 ENSTAR 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 5-2020-001-WL**. 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  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 G. St. Pierre (#20-179456)  
Mr. Rusty Allen, Compliance / Integrity Engineer (via email)  
Mr. Steve Cooper, Director of Operations (via email)