ENSTAR
Natural Gas Company

3000 Spenard Road
P.O. Box 190288
Anchorage, AK 99519-0288
www.enstarnaturalgas.com

July 13, 2015

Mr. Chris Hoidel
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave, Suite 110
Lakewood, CO 80228

RE: Notice of Probable Violation dated June 18, 2015, CPF5-2015-0007

Mr. Hoidel,

In response to your letter dated June 18, 2015 to Mr. Jared Green and received on June 22, 2015 we respectfully submit the following response. ENSTAR contests several of the alleged violations for the reasons set forth below.

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.*

Contesting

Both ENSTAR's Daily Leak Survey Report as well as ENSTAR's Field Notes indicate grid A540 was leak surveyed on October 14, 2013. That date is a Monday. ENSTAR's Daily Leak Survey Report form requires that Field Notes relating to leak surveys conducted on Mondays be highlighted in red and they are indeed highlighted in red on October 14, 2013. See Attachment 1

- *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.*

Contesting

ENSTAR maintains two complementary records of daily leak surveys: the Daily Leak Survey Report and the Field Notes. These two records, combined, form the record of daily leak surveying activity. They complement each other and create a cross-check to ensure that ENSTAR has accurate records. The alleged violation did not occur because, while the Daily Leak Survey Report was incomplete, the Field Notes were complete. While the Daily Leak Survey Report of October 4, 2013 did not reflect the fact that A744 was leak surveyed on that date, the Field Notes reflect that grid A744 was leak surveyed on October 10, 2013. As such, ENSTAR's records accurately reflect the timely leak surveying. See Attachment 2

- *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).*

Contesting

ENSTAR maintains two complementary records of daily leak surveys: the Daily Leak Survey Report and the Field Notes. These two records, combined, form the record of daily leak surveying activity. They complement each other and create a cross-check to ensure that ENSTAR has accurate records. The alleged violation did not occur because, while the Field Notes were incomplete, the Daily Leak Survey Report was complete. The Daily Leak Survey Report indicated grid1432 was completed on August 8, 2013. The Field Notes for the two mains in question on grid A1432 were not highlighted. ENSTAR has accurate records of the leak survey in question. See Attachment 3

- *Grid A1436 had a segment of pipe that was not highlighted on the grid, indicating that it was not leak surveyed in 2013.*

Contesting

ENSTAR maintains two complementary records of daily leak surveys: the Daily Leak Survey Report and the Field Notes. These two records, combined, form the record of daily leak surveying activity. They complement each other and create a cross-check to ensure that ENSTAR has accurate records. The alleged violation did not occur because, while the Field Notes were incomplete, the Daily Leak Survey Report was complete. ENSTAR has accurate records of the leak survey in question. See Attachment 4

- *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.*

Contesting

ENSTAR maintains two complementary records of daily leak surveys: the Daily Leak Survey Report and the Field Notes. These two records, combined, form the record of daily leak surveying activity. They complement each other and create a cross-check to ensure that ENSTAR has accurate records. The alleged violation did not occur because, while the Daily Leak Survey Report was incomplete, the Field Notes were complete. ENSTAR has accurate records of the leak survey in question. See Attachment 5

- *Daily Leak Survey Report dated October 26, 2012 recorded leaks found that were not indicated on the corresponding grid map Grid A465.*

Contesting

ENSTAR maintains two complementary records of daily leak surveys: the Daily Leak Survey Report and the Field Notes. These two records, combined, form the record of daily leak surveying activity. They complement each other and create a cross-check to ensure that ENSTAR has accurate records. The alleged violation did not occur because, while the Field Notes were incomplete, the Daily Leak Survey Report was complete. ENSTAR has accurate records of the leaks in question. Furthermore, ENSTAR's standard operating procedures (SOP 1415) do not require surveyors to document leaks on grid maps. Potential leaks are documented on the daily leak survey report with a field activity identification number (FAID) that is issued from service dispatch. Following this audit, ENSTAR has discontinued the practice of requiring leak surveyors to circle the location of potential leaks on field notes. See Attachment 6

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

Action Taken

ENSTAR respectfully contests that any of the above-listed instances constitute a violation warranting the proposed $6,100 penalty. ENSTAR has taken steps to enhance the completeness and accuracy of its records. An internal audit process will be developed to address review of field records for accuracy and completeness. We respectfully believe the penalty should be waived.

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.

Action Taken

In an effort to more clearly document ENSTAR's practice of providing follow-up inspections of its pipeline system to verify the integrity of the pipeline where there is reason to believe it could be damaged by excavation, ENSTAR SOP 1401: Damage Prevention Program has been updated to verify the integrity of the pipeline when ENSTAR has reason to believe it could be damaged by these 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.

Contesting

ENSTAR maintains two records of regulator pressure in this location: the Regulator Station Maintenance Record and the telemetry data provided by its Supervisory Control and Data Acquisition (SCADA) system. During the annual station maintenance on July 1, 2013, ENSTAR's employee inaccurately recorded the inlet pressure on the Regulator Station Maintenance Record for regulators A203-14R and A203-15R. The incorrect reading was recorded at 430 psi, despite the inlet pressure not exceeding 260psig at any point. Station A203 is a regulating station fed from a 6" line with an MAOP of 271psig. The pipeline layout is shown in Attachment 7

Telemetry at the Park Street A504 station, upstream of A203, recorded pressures no higher than 260 psig. Attachment 8 shows the outlet pressures recorded at A504 for June and July 2013.

Also upstream of A203 is the Anchorage City Gate Station (A507), where telemetry on 7/1/13 recorded pressures not exceeding 258 psig. Attachment 9 shows the output pressures recorded at A507 for June and July 2013.

Telemetry confirmed at two upstream locations clearly indicates that the MAOP was not exceeded at A203 and that the technician's recorded value of 430 was a gross recording error and not an accurate record of the pressure which did not exceed 260psig.

Action Taken

ENSTAR respectfully contests that any of the above-listed instances constitute a violation warranting the proposed $18,700 penalty. ENSTAR has taken steps to enhance the completeness and accuracy of its records. An internal audit process will be developed to address review of field records for accuracy and completeness. We respectfully believe the penalty should be waived.

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.

Action Taken

ENSTAR's SOP 2103, PHMSA Distribution Annual Report, has been modified to include directions for investigating land ownership with respect to leaks on federal lands. ENSTAR will identify distribution leaks on federal lands through its GIS database in the future.

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.

Contesting

ENSTAR is in respectful disagreement with the audit finding that regarding the reporting of high pressure distribution pipelines on the ENSTAR annual report. ENSTAR Natural Gas Company and Alaska Pipeline Company (APC) are two financially separate companies, but share resources in the operation and maintenance of the Distribution and Transmission gas system. APC is the owner and operator of pipelines that operate at less than 20% SMYS; these pipelines have been included in the APC PHMSA Annual report in section K "Steel pipe less than 20% SMYS".

On July 9, 2015 ENSTAR representatives John Lau, Dave Bredin and Steve Cooper conducted a teleconference with PHMSA representatives Jeff Gillam, Cynthia Ishikawa, David Hassell, and Terrence Larson. During this phone call the ownership of the pipelines were discussed and ENSTAR was given options to either continue to report these pipelines in the Transmission Integrity Management Program (IMP), or report them as APC high pressure distribution pipelines and submit a PHMSA Distribution Annual report for APC and include these pipelines in the Distribution Integrity Management Program (DIMP). Based on the discussion and after further review of the Code and current pipeline facilities,

ENSTAR/APC will continue to categorize these pipelines as high pressure distribution pipelines. With the development of the DIMP program in 2011 ENSTAR/APC included the APC high pressure distribution lines within the ENSTAR DIMP plan.

Action Taken

To address the PHMSA concerns ENSTAR/ APC will develop a new DIMP plan for these APC high pressure pipelines and submit a supplemental 2014 annual APC transmission report to remove these lines from section K "Steel pipe less than 20% SMYS" and create a new 2014 annual distribution report for APC.

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 hat 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.

Action Taken

During the audit, SOP 1415 Routine Leak Survey was updated to formally include atmospheric inspection during routine leak survey. The daily leak survey report was updated to include an atmospheric corrosion check box and a detailed section describing the location and extent of the corrosion. See Attachments 10 and 11

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.

Action Taken

As a result of the audit, SOP 1150 has been added to the Gas Control OQ curriculum. The Gas Control employees have been trained and tested. The E-Learning Module 1436 was added to the Gas Control OQ curriculum in January 2014 and the employees were trained and tested. See attached Gas Control OQ curriculum and employee training records in Attachment 12 and 13.

Should you have any questions regarding our response, please feel free to call me at 907-264-3745 between 8:00 AM and 5:00 PM AST.

Sincerely

David W. Bredin
Director of Operations
ENSTAR Natural Gas Company

Cc: Jared Green
John Lau
Moira Smith
Steve Cooper