



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

December 28, 2015

Mr. Brad Samuels
Special Projects Manager
Black Hills Energy
2320 Mountain View Dr.
Cody, Wyoming 82414

CPF 5-2015-0020W

Dear Mr. Samuels:

On October 12-16, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Shoshone River Pipeline System in Cody, Wyoming.

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. §192.225 Welding Procedures.

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

Black Hills Energy did not comply with §192.225(b) which requires a record for the results of the qualifying tests to be retained. At the time of the inspection, it was noted that Black Hills Energy did not have access to the record for qualifying test of the welding procedures which was adopted from their new parent company, Cheyenne Light Fuel and Power.

2. §191.22 National Registry of Pipeline and LNG Operators.

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at [http:// opsweb.phmsa.dot.gov](http://opsweb.phmsa.dot.gov) of certain events.

(2) An operator must notify PHMSA of any of the following events not later than 60 days after the event occurs:

(i) A change in the primary entity responsible (i.e., with an assigned OPID) for managing or administering a safety program required by this part covering pipeline facilities operated under multiple OPIDs.

(ii) A change in the name of the operator.

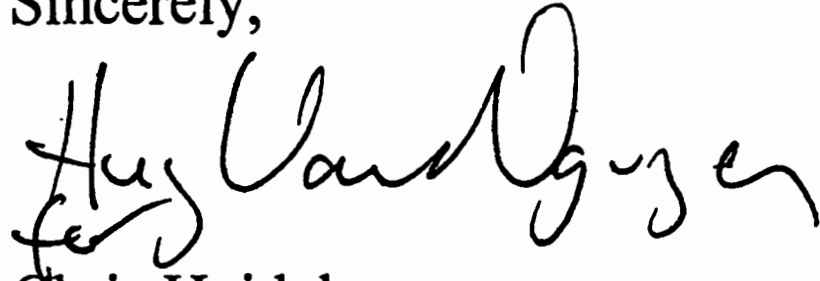
Black Hills Energy did not comply with §191.22(c) (2) (i-ii) which requires a notification to PHMSA for changing the primary entity and the name of the operator. At the time of the inspection, Black Hills Energy did not provide evidence to comply with the requirements of §191.22 (c) (2) (i-ii). It is our understanding that their regulated pipeline was purchased by Cheyenne Light Fuel and Power, a subsidiary of Black Hills Corporation, on July 1, 2015.

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. 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(s) identified in this letter. Failure to do so will result in Black Hills Energy 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 5-2015-0020W** and for each document you submit, please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible. 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 "Chris Hoidal", written in a cursive style.

Chris Hoidal

Director, Western Region

Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 Ogirima (#151269)