IGU
INTERIOR
GAS UTILITY

2525 Phillips Field Road . Fairbanks, Alaska 99709 . (907) 452-7111 . FAX (907) 452-8111

August 16, 2022

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

Dear Mr. Hubbard:

We received your Notice of Probable Violation and Proposed Compliance Order, **CPF 5-2022-008-NOPV**, on July 18th, 2022. This letter is our 30-day response to the Notice of Probable Violation (NOPV) and Proposed Compliance Order (PCO).

1. Interior Gas Utility (IGU) does not contest this allegation.

   The notice refers to NFPA 59A 4.4.2. Given each LNG container at Storage Site 1 is less than 100,000 gallons and the aggregate storage capacity at each of those sites is less than 280,000 gallons, NFPA 59A, Chapter 10 applies. Nevertheless, Section 10.3.9 states "All penetrations on storage containers shall be identified. Markings shall be legible under all conditions."

   IGU has corrected the identified deficiency by revising standard operating procedures and marking all storage container penetrations in accordance with the proposed compliance order. See Attachment 1 for revised SOPs and Attachment 2 for pictures of the labels on the tanks.

2. IGU does not contest this allegation but wishes to provide additional information.

   The notice refers to NFPA 59A 6.1.1. Given each LNG container at Storage Site 4 is less than 100,000 gallons and the aggregate storage capacity at each of those sites is less than 280,000 gallons, NFPA 59A, Chapter 10 applies. Nevertheless, Section 10.11 has similar language for piping installation in accordance with ASME B31.3.

   For the specific items identified in the Pipeline Safety Violation Report, Violation 2 Part E1, items a through g, all have been completed or corrected since the inspection, with the exception of item c. See Attachment 3 for the updated records. Additional notes on Attachment 3:

a) During the PHMSA inspection, the M-27 bubble map the inspectors viewed was the field copy. The records have since been cleaned up for IGU records. Weld X43 never existed, it was redundant with X45 and so was never filled in. The other missing welder IDs have been filled in and highlighted with a red circle in attachment 3.
b) The weld joint, weld size and welder ID columns were filled in after the PHMSA inspection. See Attachment 3.
c) IGU believes that the calibration due date listed on the Liquid Penetrant Report is a typo as earlier reports with the same serial number device had calibration due dates due after the date of this examination. Two of these reports are included in Attachment 3. IGU is working through the construction contractor to find a calibration record for that device.
d) The Liquid Penetrant Report has been updated with the correct welder IDs.
e) The Liquid Penetrant Report has been updated with the correct welder IDs.
f) The Liquid Penetrant Report has been updated with the correct welder IDs.
g) The Liquid Penetrant Report has been updated with the correct welder IDs.

IGU will perform a 100% review of all bubble maps and weld inspections as outlined in the Proposed Compliance Order.

3. IGU does not contest this allegation but wishes to provide additional information.

   The notice refers to NFPA 59A 6.6.2. Given each LNG container at Storage Site 4 is less than 100,000 gallons and the aggregate storage capacity at each of those sites is less than 280,000 gallons, NFPA 59A, Chapter 10 applies. Nevertheless, Section 10.11 has similar language for piping installation in accordance with ASME B31.3.

   IGU is in the process of reviewing the identified pressure test records with the contractor. If the records cannot be satisfactorily corrected or accepted, IGU will propose further corrective action. Should any systems require retest, IGU requests that the final Compliance Order allow for a due date of August 31st, 2023, so that testing can be performed during warmer summer months, minimizing the effects of a plant shutdown on IGU customers.

4. IGU is contesting this allegation.

   The notice refers to NFPA 59A 7.1.1.1. Given each LNG container at Storage Sites 1 and 4 is less than 100,000 gallons and the aggregate storage capacity at each of those sites is less than 280,000 gallons, NFPA 59A, Chapter 10 applies. Nevertheless, Section 10.12.2 has similar wording that states "LNG containers shall be equipped with two independent liquid level devices. One shall provide a continuous level indication ranging from full to empty and shall be maintainable or replaceable without taking the container out of service."

   IGU and the engineering company who designed Storage Site 4, RESPEC Company

LLC (formerly PDC Engineers), and their LNG design consultant, CHI Engineering, have stated that the current level gauging setup at Site 4 (which is the similar at Site 1) meets the requirements of NFPA 59A-2001, 10.12.2. IGU's interpretation is as follows:

The level gauging meets the requirements of NFPA 59A 2001 Edition, Chapter 10.2 Container Instrumentation, paragraph 10.12.2, and where;

a. There are two independent devices,
    i. One Level Indicator consisting of a differential pressure indicating gauges, ranged 0 - 75" WC, scaled 0 – 100%, and;
    ii. One Level Indicating Transmitter, Emerson Rosemount Model 3051, ranged 0-100 IWC, and scaled 4 ma = 0 IWC, 20 ma = 75 IWC/100%, and where;
b. Either can be isolated for service while the other remains in service, and where;
c. Both can be serviced without taking the tank out of service, and;
d. There is a 100% full trycock available for calibration, if/when the LNG density changes more than 2.5% and recalibration is warranted.
e. The code references independent devices and does not specifically reference independent sense lines.

5. IGU is not contesting this allegation but wishes to provide additional information.

   IGU has applied cable car seals to the isolation valves upstream of the relief valves on tanks #2 and #3 at Site 1 and has verified that all other LNG tank PSV isolation valves have been car sealed open. In PHMSA Exhibit A, part 1, page 2, there is a picture of two relief valves and an emergency vent valve. See Attachment 1 for the updated SOP and Attachment 6 for pictures of the added car seals.

6. IGU is not contesting this allegation but wishes to provide additional information. A new tank truck electrical grounding cable has been installed at Storage Site 1. See Attachment 7 for a picture of the new cable.

7. IGU is contesting this allegation. Procedures that were in place for Site 1 and Site 3 at the time of the inspection can be found in Attachment 8 and a sample of records of security checks in accordance with the procedures can be found in Attachment 9.

Following your review of our explanations in this letter, please feel free to contact us to discuss any further concerns.

Sincerely,

Mark Rockwell

Mark Rockwell
Director of Operations
Interior Gas Utility
2525 Phillips Field Rd.
Fairbanks, AK 99709