

August 2, 2023

VIA ELECTRONIC MAIL TO: mrockwell@interiorgas.com

Mr. Mark Rockwell
Director of Operations
Interior Gas Utility
2525 Phillips Field Road
Fairbanks, Alaska 99709

Re: CPF No. 5-2022-010-NOA

Dear Mr. Rockwell:

Enclosed please find the Order Directing Amendment issued in the above-referenced case to Interior Gas Utility (IGU). It makes findings of inadequate procedures, finds that certain amended procedures are adequate, and requires IGU to amend certain portions of its procedures. When the amendment of procedures has been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Order Directing Amendment by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Daniel Britton, General Manager, Interior Gas Utility, dwbritton@interiorgas.com
Mr. Brendan Kern, Engineer, Interior Gas Utility, bkern@interiorgas.com

CONFIRMATION OF RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

**Interior Alaska Natural Gas Utility,
d/b/a Interior Gas Utility,**

Respondent.

CPF No. 5-2022-010-NOA

ORDER DIRECTING AMENDMENT

On January 12, 2021, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Interior Gas Utility's (IGU or Respondent) procedures for welding and cooldown/start-up in North Pole, Alaska.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated July 18, 2022, a Notice of Amendment (Notice). In accordance with 49 CFR § 190.206, the Notice proposed finding that certain of IGU's procedures were inadequate to assure safe operation and proposed that Respondent amend its procedures.

IGU responded to the Notice by letter dated August 16, 2022 (Response). In its Response, IGU submitted additional documentation and contested the allegations in the Notice. Personnel from IGU and PHMSA met online on December 13, 2022, to discuss the issues addressed in the notice¹. Respondent did not request a hearing and therefore waived its right to one.

FINDING OF INADQUATE PROCEDURES

Item 1: The Notice alleged that Respondent's procedures were inadequate in regard to 49 CFR § 193.2301, which states:

§ 193.2301 Scope.

Each LNG facility constructed after March 31, 2000 must comply with requirements of this part and of NFPA-59A-2001 (incorporated by reference *see* § 193.2013). In the event of a conflict between this part and NFPA 59A, this part prevails.

¹ Region Recommendation, at 1.

The Notice alleged IGU's welding procedures were inadequate to assure safe operation of a pipeline facility. Specifically, the Notice alleged IGU's procedures failed to implement the requirements of NFPA 59A 6.3.4.1, as required per § 193.2301.² NFPA 59A 6.3.4.1 states, "Qualification and performance of welders shall be in accordance with Section 328.2 of ASME B 31.3, *Process Piping*, and 6.3.4.2 of this standard." The Notice alleged that at the time of the inspection, IGU's procedures were inadequate because they failed to clearly state which welding specifications were to be utilized to complete construction welds.³

In its Response, IGU stated that NFPA 59A 10.11⁴ is the standard that applied to its facility.⁵ IGU argued that its procedures were adequate because it relies on contractors and subcontractors, each of which have their own procedures, for construction and welding projects.⁶ Respondent averred that because the contractors and subcontractors have their own specific requirements for welders, IGU's procedures cannot specify what procedures a particular company must require as they use different contractors for different projects.⁷ Respondent further argued at the time of the inspection, the subcontractor used for the construction projects reviewed by the inspector utilized welders trained on approved welding procedure specifications (WPS) for that company, and that the welders performing the work utilized the company's WPS most appropriate to meet the piping specifications for the project.⁸

Section 193.2301 requires each operator of an LNG facility to comply with requirements of Part 193 and NFPA-59A-2001. Regarding welding, section 6.3.4.1 of NFPA 59A states that the qualification and performance of welders shall be in accordance with Section 328.2 of ASME B 31.3, in addition to other requirements. As it relates to IGU's response, ASME B 31.3, Section 328.1 states "Each employer is responsible for the welding done by the personnel of his organization and, except as provided in paras. 328.2.2 and 328.3, shall conduct the tests required to qualify welding procedures, and to qualify and as necessary requalify welders and welding operators." Additionally, ASME B 31.3, paragraph 328.2.2 states, in part, that,

Each employer is responsible for qualifying any welding procedure that personnel of the organization will use. Subject to the specific approval of the Inspector, welding procedures qualified by others may be used, provided that the following conditions are met.

(a) The Inspector shall be satisfied that:

(1) the proposed welding procedure specification (WPS) has been prepared, qualified and

² Notice, at 2.

³ *Id.*

⁴ NFPA 59A 10.11.1 states, "All piping that is part of an LNG container and the facility associated with the container for handling cryogenic liquid or flammable fluid shall be in accordance with ASME B 31.3, *Process Piping*."

⁵ Response, at 1.

⁶ Response, at 1.

⁷ *Id.*

⁸ *Id.*

executed by a responsible, recognized organization with expertise in the field of welding; and (2) the employer has not made any change the welding procedure.

In this case, IGU stated that they use contractors and subcontractors who have their own WPS for welding projects.⁹ Respondent further contended in its Response that, a “welder is required to use an approved WPS prepared by their company and with their company letterhead on it.”¹⁰ IGU was allowed to utilize another organization’s procedure so long as the conditions stated in ASME B 31.3, paragraph 328.2.2 were met. However, IGU has not established that its current procedures align with ASME B 31.3 as required by NFPA 59A, paras. 6.3.1.4 and 10.11, pursuant to § 193.2301. While in its Response, IGU described the methods its subcontractors utilized to select the WPS used for the construction work referenced in the Notice¹¹, IGU has not demonstrated through its Response that it has procedures in place to document and review a contractor and subcontractor’s procedures to verify that those procedures have been prepared, qualified, and executed by a responsible, recognized organization with expertise in the field of welding, as is required by ASME B 31.3, paragraph 328.2.2.

Accordingly, based upon a review of all the evidence, I find Respondent’s procedures were inadequate to assure safe operation of the pipeline facility.

Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206, Respondent must amend its procedures, as necessary, to include a method to review and document contractor and subcontractor welding procedures. Respondent must submit the applicable procedures to the Director, Western Region, OPS within 30 days following receipt of this Order.

The Regional Director may extend the period for compliance with this Order upon a written request timely submitted by the Respondent and demonstrating good cause for an extension. Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Item 2: The Notice alleged that Respondent’s procedures were inadequate in regard to 49 CFR § 193.2503, which states:

§ 193.2503 Operating procedures.

Each operator shall follow one or more manuals of written procedures to provide safety in normal operation and in responding to an abnormal operation that would affect safety. The procedures must include provisions for:

- (a) ...
- (b) Startup and shutdown, including for initial startup, performance

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

testing to demonstrate that components will operate satisfactory in service.

The Notice alleged that IGU's cooldown and start-up procedures were inadequate to assure safe operation of a pipeline facility by failing to implement the requirements of § 193.2503(b). IGU opposed the allegation in the Notice and the parties met virtually on December 13, 2022.¹² Per a letter dated February 3, 2023 (Letter), the Director acknowledged receipt of *North Pole Gasification Plan*, on August 16, 2022, and *LNG Storage Tank Purging and Cooldown Procedure Manual, SOP S4-6202*, on January 17, 2023.¹³ Upon review of the received procedures, the Director determined in the Letter that inadequacies previously found in IGU's cooldown and start-up procedures had been corrected.¹⁴

Accordingly, based upon a review of all evidence, I find Respondent's procedures were inadequate, as alleged in the Notice, but have subsequently been adequately amended. Therefore, no further action is necessary regarding this Item.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Order are effective upon service in accordance with 49 C.F.R. § 190.5.

August 2, 2023

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued

¹² Region Recommendation, at 1.

¹³ See Letter.

¹⁴ *Id.*