

June 24, 2025

ELECTRONIC MAIL TO: john.sims@enstarnaturalgas.com

Mr. John Sims
President
Alaska Pipeline Company
PO Box 190288
Anchorage, Alaska 99519

CPF No. 5-2024-016-NOPV

Dear Mr. Sims:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Alaska Pipeline Company, which was executed on June 11, 2025. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure: (Consent Order and Consent Agreement)

cc: Mr. Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Jim Curry, Esq., Babst Calland
Mr. Steve Cooper, VP of Operations & Engineering, Alaska Pipeline Company

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

In the Matter of

Alaska Pipeline Company,

Respondent.

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CPF No. 5-2024-016-NOPV

CONSENT ORDER

By letter dated May 23, 2024, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), issued a Notice of Probable Violation and Proposed Compliance Order (Notice) to Alaska Pipeline Company (APC or Respondent).

In response to the Notice, Respondent requested a hearing on Items 1, 4, 5, 6, 7, contesting the underlying violation and proposed compliance order related to each Item (Response). APC also asked for the opportunity to meet informally with PHMSA to discuss Items 1, 4, 5, 6, and 7 in the Notice. Respondent and PHMSA (The Parties) subsequently met to discuss the issues raised in the Response. As a result of those discussions, as explained in more detail below, the Parties have agreed to a Consent Agreement by which makes findings of violation, withdraws two allegations within the Notice, and reduces an Item to a warning.

Accordingly, the Consent Agreement is hereby approved and incorporated by reference into this Consent Order. APC is hereby ordered to comply with the terms of the Consent Agreement pursuant to its terms. Pursuant to 49 U.S.C. § 60101, *et seq.*, failure to comply with this Consent Order may result in the assessment of civil penalties as set forth in 49 U.S.C. § 60122 and 49 CFR § 190.223, or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Consent Order are effective upon service in accordance with 49 CFR § 190.5.

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued

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

In the Matter of

Alaska Pipeline Company

Respondent.

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CPF No. 5-2024-016-NOPV

CONSENT AGREEMENT

From January 18, 2023, through May 10, 2023, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of Title 49, United States Code (U.S.C.), conducted an on-site pipeline safety inspection of the facilities and records of Alaska Pipeline Company's (APC or Respondent) Beluga Gas Natural Gas Transmission Line System in the Matanuska-Susitna and Anchorage Boroughs of Alaska.¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated May 23, 2024, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included two warnings pursuant to 49 CFR § 190.205. In accordance with 49 CFR § 190.207, the Notice proposed finding that APC committed violations of six provisions of 49 CFR Part 192 (Items 1, 4, 5, 6, 7, 8), and proposed ordering Respondent to take certain measures to correct the alleged violations. The other probable violations (Items 2, 3) were brought as warnings, advising the operator to correct the probable violations or face potential future enforcement action.

APC responded to the Notice by letter dated August 23, 2024 (Response).² The company contested the violations for Items 1, 4, 5, 6, and 7, and the proposed compliance order as it related to those Items.

PHMSA and Respondent (the Parties) subsequently met to discuss the issues raised in the Response. As a result of those discussions and as explained in more detail below, the Parties have agreed to a Consent Agreement by which PHMSA makes findings of violation, withdraws

¹ Alaska Pipeline Company is a subsidiary of ENSTAR Natural Gas Company.

² APC requested, via letter dated June 20, 2024, a 60-day extension to respond to the Notice. PHMSA granted this request via letter dated July 1, 2024.

allegations made in the Notice, reduces one Item to a warning, and Respondent agrees to complete certain compliance actions.

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 U.S.C. § 60101, *et seq.* and 49 CFR Part 190, and upon consent and agreement, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notice, Respondent and its referenced pipeline facilities are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement (Agreement), Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Respondent returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

3. Respondent consents to the issuance of the Consent Order and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein. Upon receipt of the executed Consent Order, Respondent agrees to withdraw its request for an administrative hearing regarding the Notice.

4. This Agreement shall apply to and be binding upon PHMSA and Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

6. Nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101,

et seq., and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Respondent will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. Except as set forth herein, this Agreement does not constitute a finding of violation of any other federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of a violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement or in future PHMSA enforcement actions.

II. Findings of Violation:

11. ***Item 1 - 49 CFR § 192.201(a)(2)(i):*** The Notice alleged APC failed to set its pressure relief valves (PRV) to set points that ensure pressure will not exceed the maximum allowable operating pressure (MAOP) plus 10 percent, as required. The Notice further alleged APC could not produce documentation and calculations showing that the accumulation of the PRVs had been accounted for in establishing the set points. APC contested this Item, and the parties discussed this allegation during settlement discussions. Upon consideration of further information, PHMSA withdraws the allegation of violation as it relates to pressure relief valve W-PSV-0562 Pretty Creek and, without admission, APC accepts that PHMSA finds a violation of 49 CFR § 192.201(a)(2)(i) as it relates to pressure relief valves B604-14R Ivan River and W-PSV-0370 Lewis River. Regarding these two remaining PRVs, APC explained that the setpoints for both were reduced in 2023, after the PHMSA inspection but prior to issuance of the NOPV. APC also explained that gas pressure and throughput have declined on the Ivan River and Lewis River laterals over time. As a result, APC explained, both of the PRVs were adequate to prevent overpressure at the prior settings despite the fact that the manufacturer did not specify buildup pressures for APC's required capacities. Respondent has satisfactorily fulfilled the requirements

of the proposed compliance order for this Item that was included in the Notice. No further action is necessary as it relates to this Item.

12. **Item 5 - 49 CFR § 192.743(a):** The Notice alleged APC failed to conduct annual relief valve calculation reviews on pressure relief valves, as required. APC contested this Item, and the parties discussed the allegations during settlement discussions. After consideration of further information, PHMSA withdraws the allegation of violation as it relates to pressure relief valves APC PSV B601-15R, APC PSV B604.14R Ivan River, and MP0 TY-BJ-PSV001 and W-PSV-0562 Pretty Creek and, without admission, APC accepts that PHMSA finds a violation of 49 CFR § 192.743(a) as it relates to pressure relief valve W-PSV-0370 Lewis River.

13. **Item 8 - 49 CFR § 192.925(b):** The Notice alleged APC failed to follow applicable requirements when using external corrosion direct assessments (ECDA) on multiple Beluga Gas Natural Gas Transmission System laterals that were subject to the integrity re-assessment requirements of § 192.937(a), as required. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 CFR § 192.925(b). Respondent submitted documentation during the course of the settlement discussions that satisfactorily fulfilled the requirements of the proposed compliance order for this Item that was included in the Notice. No further action is necessary as it relates to this Item.

14. Items 1, 5, and 8 will be considered by PHMSA as prior offenses in any future PHMSA enforcement action taken against Respondent for the five (5)-year period following the *Effective Date* of this Agreement.

III. Warning Items:

15. **Item 2 - 49 CFR § 192.605(b)(1):** The Notice alleged APC failed to have procedures for operating, maintaining and repairing the pipeline in accordance with each requirement of Subpart M, as required. Specifically, the Notice alleged that APC's procedures did not specify collection and review of documents and calculations for the pressure safety devices located upstream of its facilities that protect its facilities. This Item was brought as a warning Item and does not constitute a finding of violation.

16. **Item 3 - 49 CFR § 192.615(a)(2):** The Notice alleged that APC failed to establish procedures to maintain adequate means of communication with the appropriate public safety answering point, where direct access to a 9-1-1 emergency call center is available from the location of the pipeline, and fire, police, and other public officials as required. This Item was brought as a warning Item and does not constitute a finding of violation.

17. **Item 7 - 49 CFR § 192.807:** The Notice alleged that APC failed to obtain and maintain qualification records as required by § 192.807 for individuals that completed, or should have completed, inspection and calibration tasks required by § 192.739, for three upstream, producer owned, pressure relief valves that provide protection to the APC Beluga pipeline. This Item was brought as a violation. APC contested the allegations for this Item and provided additional information to PHMSA. As a result, the Parties agree this will be a warning item, which does not constitute a finding of violation. Further, Respondent has satisfactorily fulfilled

the requirements of the proposed compliance order for this Item that was included in the Notice. No further action is necessary as it relates to this Item.

18. For Warning Items 2, 3, and 7, if OPS finds a violation of these provisions in a subsequent inspection, Respondent may be subject to future enforcement action.

IV. Withdrawn Items:

19. **Item 4 - 49 CFR § 192.739(a):** The Notice alleged APC failed to conduct the annual inspections and calibrations required by § 192.739(a) on multiple pressure limiting station relief devices. APC contested the allegations in the Notice for this Item and provided additional information to PHMSA. After consideration of further information, PHMSA withdraws the allegation of violation.

20. **Item 6 - 49 CFR § 192.743(a):** The Notice alleged APC failed to determine the relief capacity of multiple relief devices valves on the top of the horizontal condensate holding tank, located at the MP39 site, as required. APC contested this Item, and the parties discussed the allegations during settlement discussions. As a result of those discussions, PHMSA agrees to withdraw this Item.

V. Compliance Terms:

21. **Item 5 - 49 CFR § 192.743(a):** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent contested the underlying allegations in the Notice and the associated compliance measures. The Parties discussed this Item during settlement discussions and APC provided additional information, partially satisfying the proposed compliance terms in the Notice. As such, Respondent agrees to undertake the following remaining corrective measures regarding annual capacity reviews of the PRVs protecting its system.

Within **180** days of the ***Effective Date***, APC must submit documentation to the Director, Western Region, demonstrating that APC conducted and documented an engineering review of the PRV capacity calculations for PRV: W-PSV-0370 Lewis River.

VI. Enforcement:

22. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 CFR Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$272,926 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. The maximum civil

penalty amounts are adjusted annually for inflation. *See* 49 CFR § 190.223. All corrective measures and associated schedules set forth or referenced in Section V (Compliance Terms) are automatically incorporated into this Agreement and are enforceable in the same manner.

VII. Review and Approval Process:

23. With respect to any submission under Section V (Compliance Terms) of this Agreement that requires the approval of the Director, the Director may: (a) approve, in whole or in part, the submission; (b) approve the submission on specified, reasonable conditions; (c) disapprove, in whole or in part, the submission; or (d) any combination of the foregoing. If the Director approves, approves in part, or approves with conditions, Respondent will take all actions as approved by the Director, subject to Respondent's right to invoke the dispute resolution procedures with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent a written notice of the deficiencies. Respondent will correct all deficiencies within the time specified by the Director and resubmit it for approval.

VIII. Dispute Resolution:

24. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including any decision of the Director under the terms of Section V Compliance Terms. If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator. Such request must be made in writing and provided to the Director, counsel for the Western Region, and to the Associate Administrator, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process, except as agreed by the Director or Associate Administrator in writing.

IX. Effective Date:

25. The term "*Effective Date*," as used herein, is the date on which the Consent Order is issued by the Associate Administrator incorporating the terms of this Agreement.

X. Recordkeeping and Information Disclosure:

26. Unless otherwise required in this Agreement, Respondent agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed, unless a longer period of time is required pursuant to 49 CFR parts 190-199. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Respondent may assert a claim

of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 CFR Part 7. Respondent must mark the claim of confidentiality in writing on each page and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 CFR Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

XI. Modification:

27. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

XII. Termination:

28. This Agreement will remain in effect until the Compliance Terms in Section V is satisfied, as determined by the Director. The Agreement shall not terminate until the Director confirms, in writing, that the Agreement is terminated in accordance with this paragraph. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

XIII. Ratification:

29. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

30. The Parties hereby agree to all findings, conditions, and terms of this Agreement.

[Signature Lines on Following Page]

For Alaska Pipeline Company:

Date

For PHMSA:

Director, Western Region, Office of Pipeline Safety

Date