



August 23, 2024

Via Certified Mail & Email

Mr. Dustin Hubbard
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Avenue, Suite 110
Lakewood, CO 80228
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**RE: CPF 5-2024-016-NOPV
APC Preliminary Response, Request for Informal Conference, and Request for a
Hearing**

Mr. Hubbard,

By way of this letter, Alaska Pipeline Company (APC) respectfully provides its preliminary response to the above-referenced Notice of Probable Violation and Proposed Compliance Order (NOPV or Notice), dated May 23, 2024. APC appreciates the additional time that PHMSA provided for APC to respond to the Notice. The Notice arose from PHMSA's 2023 inspection of APC, on which APC had provided an earlier written response on November 28, 2023.

APC respectfully requests an informal meeting pursuant to 49 U.S.C. § 60117(b)(1)(B) to discuss the allegations and proposed compliance order in the Notice and provide additional information. To preserve its rights, APC also requests a hearing pursuant to 49 C.F.R. §§ 190.208(a)(4) and 190.211(b). Please consider the preliminary response set out below as the statement of issues that APC intends to discuss at the informal meeting, and at a hearing, if one is necessary.

APC hopes that a hearing will be unnecessary and that the parties can resolve this matter during or after the informal meeting. As such, APC respectfully requests that PHMSA refrain from scheduling a hearing so that the parties have sufficient time to attempt to informally resolve this matter. If a hearing is held, APC will be represented by counsel at the hearing.

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Notice Item #1 – 49 C.F.R. § 192.201 (Design regulations for relief devices)

PHMSA's NOPV states that PRV setpoints may not be greater than the system maximum allowable operating pressure (MAOP) or that each PRV setpoint's accumulation pressure has been reviewed to ensure in a relief event the net setpoint ensures system pressure will not exceed the MAOP plus 10%. There is no dispute that APC's setpoints were less than 10% above MAOP. The MAOPs of Ivan River, Lewis River and Pretty Creek are all 1031 psig. During the inspection, the valves were set at the following limits: Ivan River 1100 psig, Lewis River 1077 psig, Pretty Creek 1105 psig. The maximum allowable over pressure protection set point is MAOP + 10%, which equals 1134 psig. As such, the set points during the inspection were below the MAOP + 10% threshold. *See* PHMSA Exhibit A-4.

The next point in PHMSA's NOPV is that APC must prove that in a relief event the net setpoint ensures system pressure will not exceed the MAOP + 10%. First, APC would point out that PHMSA has acknowledged that there is no definition of "set point" in Part 192.¹ Furthermore, PHMSA has previously specifically found that setting a relief valve at a pressure above MAOP does not violate Part 192, as long as the operator can prevent exceedance of the MAOP established under 49 C.F.R. § 192.619 during normal operation.²

APC's PRV can relieve more gas than the upstream source can provide. PRVs must be set to operate so that regardless of the set point, the pressure of the pipeline does not exceed 110 % of the MAOP as determined by §192.619. APC's installed relief valve system, as set and maintained, provides for that level of overpressure protection.

PHMSA has not introduced any evidence that shows that APC's PRV settings are insufficient to prevent MAOP exceedance. On the basis of the foregoing, APC respectfully contests the allegation in Item 1 and requests that it be withdrawn.

While APC requests that PHMSA withdraw Item 1, in the spirit of continuous improvement, APC has made clarifications to its procedures and forms regarding PRV setpoints. *See* Attachment A.

¹ PHMSA Interpretation PI-92-058, Arizona Corporate Commission (Oct. 22, 1992).

² *PHMSA Interpretation PI-19-0119, Arizona Corporate Commission (July 13, 2021):* "Question 1 - Does the relief valve set point at a pressure above the MAOP violate §§ 192.739(a)(3) and 192.619? PHMSA Response – No, setting a relief valve set-point at a pressure higher than MAOP does not violate §§ 192.619 or 192.739(a)(3) if the operator meets the applicable relief valve set pressures for MAOP, as defined in either §§ 192.201 or 192.739, for the maximum relief valve set pressures above MAOP. Note that § 192.619 prohibits operating a segment of steel or plastic pipeline at a pressure that exceeds a pipeline's MAOP during normal operation."

Notice Item # 4 – 49 C.F.R. § 192.739 (Annual inspection and calibration of relief devices)

APC previously provided overpressure protection records from 2022, *see* PHMSA Exhibits D-4 and D-5, and is providing overpressure protection records from 2023 for B601, B604, and B605 herewith in Attachment B. APC installed a PSV (B605-14R) at MP 0 in 2023, eliminating the need for the producer's PSV (MP0 TY-BJ-PSV001). Having furnished these records, APC believes it is in compliance and no finding of violation is appropriate.

Notice Item #5 – 49 C.F.R. § 192.743 (Relief device capacity)

Attachments B and C, provided herewith, reflect the capacity and set points of the PSVs in question for 2023. The 2022 records were previously provided, *see* PHMSA Exhibits A-2, A-3, E-2, and E-3.

PHMSA guidance indicates that if there have been no changes in MAOP or operational changes, an operator can make an annual capacity check from historical engineering calculations.³ This guidance also provides as an example of a violation: "Capacity calculations pre-date piping changes (or other factors) that may have impacted actual capacity requirements."⁴ Together, this guidance makes clear that the calculations don't need to be performed every year, as long as nothing that would affect relief capacity needs has changed (change in MAOP or operational change). However, to satisfy the 49 C.F.R. § 192.743 annual review requirement, the operator would still need some way of showing that each year it checked for changes and found none. Neither the regulations nor guidance specify how this must be done, which provides operators with substantial flexibility in how they choose to do it. There is similar supportive language on this topic in PHMSA's inspection questions.

There are many PHMSA enforcement cases in which PHMSA has found capacity calculation violations. In evaluating those cases, it is evident that operators use a variety of means to document capacity calculations and annual reviews. It appears that annual reviews can be as simple as an annual signature or initial that the calculations were reviewed and nothing affecting the capacity demand has changed.

APC determined the relief capacity of its PRVs and conducted the annual capacity calculation checks required on third party PRVs. APC will provide documentation within the requested 180-day period.

³ PHMSA O&M Enforcement Guidance for 192.743 (Jul. 21, 2017).

⁴ *Id.* p. 157.

Notice Item #6 – 49 C.F.R. § 192.743 (Relief device capacity-horizontal condensate storage tank)

In Item 6, PHMSA alleges a violation of 49 C.F.R. § 192.743(b) regarding capacity calculations for certain relief devices on a liquid condensate storage tank. APC uses this low-pressure horizontal tank to store condensates and water that have been removed from the gas stream via an upstream knockout separator. These liquid hydrocarbons are stored until they can be removed from the tank and shipped away via truck. This horizontal tank is not subject to Part 192 because it is not a “pipeline” used in the “transportation of gas” as those terms are defined in the Pipeline Safety Act.⁵ In a 2017 interpretation issued to the West Virginia Department of Environmental Protection PHMSA evaluated tanks which are very similar to the APC horizontal condensate tank and concluded that they are not subject to Part 192.⁶ As a result, APC respectfully requests that PHMSA withdraw Item 6 of the NOPV.

Notice Item #7 – 49 C.F.R. § 192.807 (Operator qualification records related to relief device inspections)

See PHMSA Exhibit G-1. Concerning MP0 TY-BJ-PRV001, APC installed a relief (B605-14R) at MP-0 in 2023. The OQ records for the technician are provided in Attachment D. These OQ records establish that the inspection and calibration of W-PSV-0370 Lewis River and W-PSV-0562 Pretty Creek were performed by people with the appropriate operator qualifications. Having furnished these records, APC believes it is in compliance and no finding of violation is appropriate.

Should you have any questions or concerns please contact me at steve.cooper@enstarnaturalgas.com or 907-334-7730. APC looks forward to meeting with you and your staff to resolve this matter.

Sincerely



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Alaska Pipeline Company, LLC

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Attachments as noted.

⁵ 49 USC §§ 60101(a)(3) and 60101(a)(21).

⁶ See, e.g., PHMSA Interpretation, West Virginia Dep’t of Environmental Protection (WVDEP), [PI-17-0002](#) (Oct. 23, 2017).

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