

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: esudduth@interiorgas.com

May 2, 2025

Ms. Elena Sudduth
General Manager
Interior Gas Utility
2525 Phillips Field Road
Fairbanks, AK 99709

CPF 5-2025-011-NOPV

Dear Ms. Sudduth:

From August 5 to August 9, 2024, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Interior Gas Utility's (IGU) Fairbanks and North Pole distribution systems in Fairbanks North Star Borough, Alaska.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 192.53 General.

Materials for pipe and components must be:

(a)...

(c) Qualified in accordance with the applicable requirements of this subpart.

IGU failed to utilize material for pipe that was qualified in accordance with the applicable requirements of Subpart B. During the inspection, an inspector from PHMSA observed a Teflon hose connection within the Fairbanks distribution system at IGU's Storage Site 3. The hose connected pressure measuring instrumentation to the steel distribution header piping.

Per § 192.59, plastic pipe must be manufactured in accordance with a specification listed in Appendix B to Part 192.

Subsequent to the field inspection, IGU provided to PHMSA manufacturer documentation for the observed hose demonstrating it was an Eaton Everflex Hose. This manufacturer documentation indicated that the hose was made of Teflon (PTFE) and had a braided steel exterior. However, neither the manufacturer information, nor any other information obtained provided evidence of the hose being manufactured to a specification listed in Appendix B to Part 192, as required.

Accordingly, IGU was in violation of § 192.53(c) for utilizing a material for pipe that was not qualified in accordance of Subpart B.

2. § 192.285 Plastic pipe: Qualifying persons to make joints.

(a) No person may make a plastic pipe joint unless that person has been qualified under the applicable joining procedure by:

(1)...

(2) Making a specimen joint from pipe sections joined according to the procedure that passes the inspection and test set forth in paragraph (b) of this section.

(b) The specimen joint must be:

(1)...

(2) In the case of a heat fusion, solvent cement, or adhesive joint:

(i) Tested under any one of the test methods listed under § 192.283(a), and for PE heat fusion joints (except for electrofusion joints) visually inspected in accordance with ASTM F2620 (incorporated by reference, see § 192.7), or a written procedure that has been demonstrated to provide an equivalent or superior level of safety, applicable to the type of joint and material being tested;

(ii) Examined by ultrasonic inspection and found not to contain flaws that would cause failure; or

(iii) Cut into at least 3 longitudinal straps, each of which is:

(A) Visually examined and found not to contain voids or discontinuities on the cut surfaces of the joint area; and

(B) Deformed by bending, torque, or impact, and if failure occurs, it must not initiate in the joint area.

IGU failed to qualify its personnel to make plastic pipe joints in accordance with § 192.285(a)(2) because it did not have and/or follow a procedure for making a specimen joint from pipe sections that examined and tested heat fusion joint specimens using a method acceptable per § 192.285(b)(2).

Section 192.285(b)(2) allows for various methods to be utilized to test and examine joint specimens to determine adequate joining when qualifying joiners. During the inspection, PHMSA inspectors observed pictures of plastic pipe butt fusion joint specimen testing that showed the test joints were cut axially in half and subsequently quality tested by bending the axial halves of the specimen. Testing methods not specifically described by § 192.285(b)(2) are not adequate to qualify joiners unless a written procedure that has been previously demonstrated to provide an equivalent or superior level of safety, applicable to the type of joint and material being tested, is utilized. IGU did not provide a written procedure demonstrating equivalent or superior level of safety for butt fusion joint testing during the inspection.

Accordingly, IGU was in violation of § 192.285(a)(2) for failing to follow a procedure to examine and test heat fusion joint specimens via an acceptable method when qualifying personnel to join plastic pipe.

3. § 192.1007 – What are the required elements of an integrity management plan?

A written integrity management plan must contain procedures for developing and implementing the following elements:

(a)

(d) *Identify and implement measures to address risks.* Determine and implement measures designed to reduce the risks from failure of its gas distribution pipeline. These measures must include an effective leak management program (unless all leaks are repaired when found).

IGU failed to implement an effective leak management plan per § 192.1007(d).

During the inspection, PHMSA inspectors reviewed record of a leak, found at meter #340152, that was identified and graded as a Class 2 leak, pursuant to IGU's procedures and leak grading guidelines, by an IGU technician in May 2024. IGU did not have record of the leak being monitored and scheduled for repair nor did IGU have record that the repair of the leak had occurred.

PHMSA inspectors and IGU personnel visited the meter location during the inspection on August 8, 2024, and IGU personnel tested for a leak via gas meter. Testing indicated a Class 2 leak, per IGU's procedures and leak grading guidelines, was occurring.

Accordingly, IGU was in violation of § 192.1007(d) for failing to have an effective leak management program.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to Items 1, 2, and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Interior Gas Utility. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region

Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2025-011-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
PHP-500 H. Keogh (#24-305759)
Mr. George Deal, Director of Operations, Interior Gas Utility – sdeal@interiorgas.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Interior Gas Utility (IGU) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Interior Gas Utility with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to the Teflon hose connection at Storage Site 3, IGU must replace the Teflon hose with piping acceptable for use per § 192.53 within **30** days of receipt of the Final Order and submit documentation this was completed to the Western Region Director.
- B. In regard to Item 2 of the Notice pertaining to the testing of joint specimens for qualifying joiners, IGU must provide the Western Region Director with either (a) evidence that the observed method of joint testing has been demonstrated to provide an equivalent or superior level, or (b) provide the Western Region Director with a procedure adopted to provide for conformance with § 192.285(b)(2) within **90** days of receipt of the Final Order.
- C. In regard to Item 3 of the Notice pertaining to the observed gas leak, IGU must provide the Western Region Director record of repair of the identified leak and an updated leak management program that tracks and repairs leaks appropriately, within **60** days of receipt of the Final Order.
- D. It is requested (not mandated) that Interior Gas Utility maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.