



Public Service Commission

State of North Dakota

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October 12, 2010

Karlain Drader
City of Granville
Box 39
Granville, ND 58741

Dear Ms. Drader:

On August 11, 2010, Public Service Commission staff conducted an audit of the gas pipeline safety records for the liquefied petroleum (LP) distribution system operated by the City of Granville at Granville, North Dakota. As a result of that inspection, eleven probable violations were noted.

Attached to this letter is the Notice of Probable Violations setting forth the eleven probable violations found during the audit. Attached to the Notice is Commission staff's Proposed Compliance Order and Proposed Civil Penalty.

Also on August 11, 2010, Public Service Commission staff conducted an operator qualification inspection for the LP distribution system. As a result of that inspection, one probable violation was noted. Attached to this letter is the Notice of Probable Violations setting one probable violation regarding operator qualification and attached to that Notice is Commission staff's Proposed Compliance Order and Proposed Civil Penalty.

Please carefully note the operator response options detailed in the Notice of Probable Violations. Respond, in writing, within 30 days of the date you receive this Notice, or sooner, by choosing only among the options listed.

If you have any further questions or require additional information, please contact me at 328-4077.

Sincerely,

Patrick Fahn, Director
Compliance and Competitive Markets Division

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**City of Granville
Gas Pipeline Safety
Violation**

Case No. GS-10-602

NOTICE OF PROBABLE VIOLATION
October 12, 2010

Under North Dakota Century Code section 49-02-01.2, the Public Service Commission staff conducted an operator qualification inspection of the liquefied petroleum (LP) distribution system operated by the City of Granville at Granville, North Dakota. As a result of the inspection, a review of a Gas Emergency and Response Report concerning damage that occurred to a service pipe within Granville's LP distribution system on July 10, 2010, and discussions between Commission staff and City of Granville staff, Commission staff found one probable violation of the Public Service Commission's gas pipeline safety regulations (North Dakota Administrative Code chapter 69-09-03).

DATE OF THE INVESTIGATION:
August 11, 2010

GAS PIPELINE SAFETY INSPECTORS:
Bob Bachmeier

NAME OF OPERATOR:
City of Granville
Box 39
Granville, ND 58741
Telephone No: (701) 728-6369

OPERATOR CONTACT PERSON:
Karlain Drader, System Operator
City of Granville
Cell Telephone No: (701) 263-1591

OPERATOR RESPONSE OPTIONS

Within 30 days of receipt of this notice:

1. If the operator intends to contest a probable violation:
 - a) request a hearing in writing and include a statement of the issues which the operator intends to raise at the hearing; **OR**
 - b) submit written explanations, information, and other materials to defend its case.
 - c) **Do not remit the proposed civil penalty until and unless so ordered by the Commission.**

2. If the operator intends to contest a proposed compliance order:
 - a) object to the proposed compliance order in writing; and submit written explanations, information, or other materials in support of alternative compliance actions and submit dates the actions will be completed;
 - b) submit a written response outlining actions already taken to correct the probable violations, including the date of those actions;

- c) request the execution of a consent order to include the terms of an agreement between the Commission staff and the operator to dispose of the case, and to include an express waiver of all right to hearing or appeal of the order; **OR**
 - d) request a hearing in writing and include a statement of the issues which the operator intends to raise at the hearing.
 - e) **Do not remit the proposed civil penalty until and unless so ordered by the Commission.**
3. If the operator intends to contest a proposed civil penalty:
- a) submit a written explanation, information, or other materials that are the basis for contesting the proposed penalty, and that would mitigate or compromise the proposed penalty; **OR**
 - b) request a hearing in writing and include a statement of the issues which the operator intends to raise at the hearing.
 - c) **Do not remit the proposed civil penalty until and unless so ordered by the Commission.**
4. If the operator does not intend to contest a probable violation or proposed compliance order or proposed civil penalty, submit a written statement to admit the violation, agree to the proposed compliance order, waive all right to hearing or appeal of the order, and also pay the proposed civil penalty.

COMMISSION ACTION

The Commission may issue an order without hearing if the operator contests a probable violation, contests a proposed compliance order, or contests a proposed civil penalty but does not request a hearing.

The Commission may issue an order after hearing.

A Commission order may:

- (a) require the operator to complete compliance actions;
- (b) impose a civil penalty; and
- (c) suspend operation of the pipeline system.

PROBABLE VIOLATION NO. 1

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR Part 192.805

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR Part 192.805 in effect at the time of the probable violation:

Each operator shall have and follow a written operator qualification program. The program shall include provisions to:

(b) Ensure through evaluation that individuals performing covered tasks are qualified; ...

Evidence

On July 10, 2010, damage occurred to a service pipe within Granville's LP distribution system. A review of Granville's July 10, 2010 Gas Emergency and Response Report shows that this event would require the performance of several tasks covered under the City's written operator qualification program including:

1. Vaporization plant operations (emergency shut off of the main line at the plant)
2. Emergency shut-down of the supply tank (emergency shut off of the main line at the plant)
3. Characteristics and hazards of propane
4. Potential ignition source – indoor/outdoor
5. Recognizing emergency conditions
6. Recognizing and reporting propane gas leaks (report received by Jack Morrison)
7. Personal protective equipment
8. Controlling the accidental release of gas (line pinched off at residence)
9. Recognizing unsafe meter sets (meter reinstalled by Mike Ferr and Karlain Drader)
10. Leak classification
11. Operating a combustible gas indicator
12. Emergency response and restoration of service
13. Leak surveys and patrols
14. Customer leak investigation
15. Pressure checks to establish gas service (pressure test by Mike Ferr and Karlain Drader)
16. Establishing and disconnecting gas
17. Odorization (strong odor level detected)
18. Bar hole testing and purging
19. Locating and marking facilities
20. Installing service (repairs made and meter reinstalled by Mike Ferr and Karlain Drader)
21. Abandoning facilities
22. Job site protection
23. Back hoe safety

24. Excavation and shoring safety
25. Plastic pipe fusion
26. Plastic pipe repair
27. Fusion qualifications
28. Pressure testing plastic pipelines
29. Purging safety

In an interview with the City of Granville staff, Commission staff determined that Granville staff responding to the emergency event were not qualified to perform these tasks covered by the City of Granville's written operator qualification program.

Statement of Probable Violation

The City of Granville did not ensure through evaluation that individuals performing tasks covered by its written operator qualification program were qualified, as required under 49 CFR Part 192.805(b).

**PROPOSED COMPLIANCE ORDER
AND
PROPOSED CIVIL PENALTY**

Under the Authority of the North Dakota Century Code section 49-02-01.2, the North Dakota Public Service Commission staff proposes a compliance order incorporating the following requirements to assure compliance of the City of Granville with North Dakota's minimum gas pipeline safety standards (North Dakota Administrative Code chapter 69-09-03):

Any person found in violation is subject to a civil penalty not to exceed \$10,000 for each violation for each day the violation continues, except that the maximum civil penalty may not exceed \$500,000 for any related series of violations.

REGARDING PROBABLE VIOLATION No. 1

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, The City of Granville shall provide to the Commission, in writing, a system operator training plan which shows all of Granville's covered tasks, the name(s) of individuals who perform those tasks, and when and how those individuals were qualified to perform those tasks. If Granville's staff has not been qualified to perform certain tasks, then the City of Granville shall show how and when training will occur. The City of Granville shall provide to the Commission operator qualification records for any individuals or contractors who will perform covered tasks in the interim until Granville staff has been qualified.

PROPOSED CIVIL PENALTY:
\$3,000.00

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

City of Granville
Gas Safety – Granville, ND
Inspection

Case No. GS-10-602

NOTICE OF PROBABLE VIOLATIONS
October 12, 2010

Under North Dakota Century Code section 49-02-01.2, the Public Service Commission staff conducted an audit of the City of Granville's gas safety records. As a result of the August 11, 2010 review of Granville's Operation and Maintenance Plan and Emergency Response Plan, review of a Gas Emergency and Response Report concerning damage that occurred to a service pipe within Granville's LP distribution system on July 10, 2010, and discussions between Commission staff and City of Granville staff, eleven probable violations were noted of the Public Service Commission's gas pipeline safety regulations, North Dakota Administrative Code Chapter 69-09-03.

DATE OF THE INSPECTION:

August 11, 2010
(9:30 a.m. to 3:00 p.m. CDT)

GAS SAFETY INSPECTORS:

Alan Moch, Inspector
Bob Bachmeier, Inspector

NAME OF OPERATOR:

City of Granville
Box 39
Granville, ND 58741
Telephone: (701) 728-6369

OPERATOR CONTACT PERSON:

Karlain Drader, Operator
Cell phone No: (701) 263-1591

OPERATOR RESPONSE OPTIONS

Within 30 days of receipt of this notice:

1. If the operator intends to contest a probable violation:
 - a) request a hearing in writing and include a statement of the issues which the operator intends to raise at the hearing; **OR**
 - b) submit written explanations, information, and other materials to defend its case.
 - c) **Do not remit the proposed civil penalty until and unless so ordered by the Commission.**

2. If the operator intends to contest a proposed compliance order:
 - a) object to the proposed compliance order in writing; and submit written explanations, information, or other materials in support of alternative compliance actions and submit dates the actions will be completed;
 - b) submit a written response outlining actions already taken to correct the probable violations, including the date of those actions;

- c) request the execution of a consent order to include the terms of an agreement between the Commission staff and the operator to dispose of the case, and to include an express waiver of all right to hearing or appeal of the order; **OR**
 - d) request a hearing in writing and include a statement of the issues which the operator intends to raise at the hearing.
 - e) **Do not remit the proposed civil penalty until and unless so ordered by the Commission.**
3. If the operator intends to contest a proposed civil penalty:
- a) submit a written explanation, information, or other materials that are the basis for contesting the proposed penalty, and that would mitigate or compromise the proposed penalty; **OR**
 - b) request a hearing in writing and include a statement of the issues which the operator intends to raise at the hearing.
 - c) **Do not remit the proposed civil penalty until and unless so ordered by the Commission.**
4. If the operator does not intend to contest a probable violation or proposed compliance order or proposed civil penalty, submit a written statement to admit the violation, agree to the proposed compliance order, waive all right to hearing or appeal of the order, and also pay the proposed civil penalty.

COMMISSION ACTION

The Commission may issue an order without hearing if the operator contests a probable violation, contests a proposed compliance order, or contests a proposed civil penalty but does not request a hearing.

The Commission may issue an order after hearing.

A Commission order may:

- (a) require the operator to complete compliance actions;
- (b) impose a civil penalty; and
- (c) suspend operation of the pipeline system.

PROBABLE VIOLATION NO. 1

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR 192.603(b)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.603 in effect at the time of the probable violation:

(b) Each operator shall keep records necessary to administer the procedures established by Section 192.605.

Under 49 CFR 192.605 in effect at the time of the probable violation:

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response.

(b) (1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

Under 49 CFR 192.513(c) in effect at the time of the probable violation:

(a) Each segment of a plastic pipe must be tested in accordance with this section.

(c) The test pressure must be at least 150 percent of the maximum allowable operating pressure or 50 p.s.i. gage, whichever is greater.

Evidence

On July 10, 2010, damage occurred to a service pipe within Granville's LP distribution system. A review of Granville's July 10, 2010 Gas Emergency and Response Report shows that the damaged pipe was pressure tested but does not indicate the level of pressure applied to the repaired pipe.

Statement of Probable Violation

The City of Granville did not make an adequate record, as required under 49 CFR 192.603(b), to show the level of test pressure applied to the pipe repaired on July 10, 2010, .

PROBABLE VIOLATION NO. 2

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR 192.603(b)

Under 49 CFR 192.603 in effect at the time of the probable violation:

(b) Each operator shall keep records necessary to administer the procedures established by Section 192.605.

Under 49 CFR 192.605 in effect at the time of the probable violation:

(b) (1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

Under 49 CFR 192.751(a) of Subpart M in effect at the time of the probable violation:

(a) Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion, including the following:

(a) When a hazardous amount of gas is being vented into open air, each potential source of ignition must be removed from the area and a fire extinguisher must be provided.

Evidence

On July 10, 2010, damage occurred to a service pipe within Granville's LP distribution system. A review of Granville's July 10, 2010 Gas Emergency and Response Report does not show that potential ignition sources were removed or that a fire extinguisher had been provided.

Statement of Probable Violation

The City of Granville did not make an adequate record, as required under 49 CFR 192.603(b), to show that all potential ignition sources were removed at the onset of this emergency, or that a fire extinguisher had been provided at the scene of the emergency as required by 49 CFR Part 192.605(b)(1) and 49 CFR Part 192.751(a).

PROBABLE VIOLATION NO. 3

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR 192.273(b)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.273(b) in effect at the time of the probable violation:

(b) Each joint must be made in accordance with written procedures that have been proven by test or experience to produce strong gastight joints.

Evidence

On July 10, 2010, damage occurred to a service pipe within Granville's LP distribution system. Discussions with Granville staff and a review of Granville's operation and maintenance plan indicated that the fusion procedures used to repair the service line were not qualified by the City of Granville as required under 192.273(b).

Statement of Probable Violation

The City of Granville did not qualify the procedure, as required under 49 CFR Part 192.273(b), that was used to repair the service line in this emergency.

PROBABLE VIOLATION NO. 4

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR 192.13(c)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.13 in effect at the time of the probable violation:

(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

Under the City of Granville Operation and Maintenance Plan, page 41, Appendix A in effect at the time of the probable violation:

"No person may make a plastic pipe joint on the city propane system unless that person has been certified by an applicable trainer..."

Evidence

On July 10, 2010, damage occurred to a service pipe within Granville's LP distribution system. Discussions with Granville staff and a review of Granville's operation and maintenance plan indicate that the person performing the plastic mechanical joint to repair the service line was not qualified as required by Granville's Operation and Maintenance plan, page 41, appendix A.

Statement of Probable Violation

The City of Granville failed to qualify the person performing the mechanical joint procedure used to repair the service line in this emergency as required under page 41, Appendix A of Granville's Operation and Maintenance Plan and 49 CFR Part 192.13(c).

PROBABLE VIOLATION NO. 5

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR 192.13(c)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.13 in effect at the time of the probable violation:

(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

Under the City of Granville's Emergency Plan in effect at the time of the probable violation:

Section I, Page one: "In order to receive emergency calls, a telephone will be maintained so that emergency calls can be received twenty four hours a day seven days a week for proper response."

Evidence

Discussions with Granville staff indicate that the emergency cell phone assigned to the system operator as required on page one of Granville's Emergency Plan is sometimes shut off; and, that at times, the cell phone is given to non-system personnel for use while performing non-system tasks.

Statement of Probable Violation

The City of Granville failed to maintain 24-hour per day, seven days per week emergency contact communication availability as required in Section I, page one of Granville's Emergency Response Plan and 49 CFR Part 192.13(c).

PROBABLE VIOLATION NOS. 6-10

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR 192.13(c)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.13 in effect at the time of the probable violation:

(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

Under the City of Granville Emergency Plan in effect at the time of the probable violation:

Section IV, Page four, Paragraph B – Classifying Emergencies: “In order to provide a uniform understanding of the degree of severity, all emergency situations will be classified....”.

Section IV, Page five, Paragraph C – Implementing Emergency Action - Leaks Outside Buildings: “After receiving the details of an outside leak, emergency response personnel will go to the scene immediately and will have the following equipment with them: an explosion proof flashlight, combustible gas indicator, a bar hole probe, a shovel, valve wrench, the “Emergency Response Guideline List” (See Appendix E), and squeeze off tools and stoppers.”

Section IV, Page five, Paragraph D – System Operations Related to Emergencies - Shutting the System Down: “During an emergency, it may become necessary to rapidly shut down all or a portion of the distribution system. The following steps should be followed:

1. Determine the location of all valves that need to be closed. This can be determined by reviewing maps of key valve locations.”.

Section IV, Page five, Paragraph D – System Operations Related to Emergencies -Termination and Restoration of Service: “When all or part of the system has been shut down, the service shut-off valves on all affected service lines will be closed and will not be turned on until the system has been reactivated.... Before individual service is restored, emergency personnel must gain access into the building, and to all gas appliances within the building. If access into the building is not possible, the shut-off valve will be left in the off position and locked, a tag will be left in a conspicuous location advising the customer to call the propane plant operator to arrange for restoration of service.”.

Section VII, Page sixteen, Paragraph A - Emergency Personnel Training: “Designated emergency personnel of the Granville Propane System will be trained to respond to emergencies including hands-on training when possible.”.

Evidence

On July 10, 2010, damage occurred to a service pipe within Granville's LP distribution system. Discussions with Granville staff indicated that Granville personnel

did not properly respond to this emergency according to the requirements of Section IV, Paragraphs B, C, and D, and Section VII, of Granville's Emergency Plan.

Statement of Probable Violation

Granville staff did not: 1) classify this emergency; 2) provide proper squeeze-off tools at this emergency; 3) determine the location of applicable key valves to properly shut down the system; 4) properly restore service after the emergency repair was completed by shutting down affected services at the risers and tagging those services until access to the buildings could be achieved and pilots could be properly relit; 5) properly train any of the designated emergency responders, including the system operator as required by Granville's Emergency Response Plan.

PROBABLE VIOLATION NO. 11

PROVISION(S) OF THE LAWS OR RULES ALLEGEDLY VIOLATED:

49 CFR 192.603(b)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.603 in effect at the time of the probable violation:

(b) Each operator shall keep records necessary to administer the procedures established by Section 192.605.

Under 49 CFR 192.605 in effect at the time of the probable violation:

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response.

Under 49 CFR 192.615 – Emergency Plans in effect at the time of the probable violation:

(b) Each operator shall:

(3) Review employee activities to determine whether the procedures were effectively followed in each emergency.

Evidence

On July 10, 2010, damage occurred to a service pipe within Granville's LP distribution system. A review of Granville's 2010 records does not show that a review of Granville employee activities was conducted to determine whether Granville's procedures were effectively followed in this emergency.

Statement of Probable Violation

The City of Granville did not make an adequate record, as required by 49 CFR Part 192.603(b), to show that a review of Granville employee activities was conducted to determine whether Granville's procedures were effectively followed in this emergency, as required by 49 CFR Part 192.605 General and 49 CFR Part 192.615(b)(3).

**PROPOSED COMPLIANCE ORDER
AND
PROPOSED CIVIL PENALTY**

Under North Dakota Century Code 49-02-01.2, the North Dakota Public Service Commission staff proposes a compliance order incorporating the following requirements to assure compliance of the City of Granville with North Dakota's minimum gas pipeline safety standards, North Dakota Administrative Code Chapter 69-09-03, as applicable to its operation:

Any person found in violation is subject to a civil penalty not to exceed \$10,000 for each violation for each day the violation continues, except that the maximum civil penalty may not exceed \$500,000 for any related series of violations.

REGARDING PROBABLE VIOLATION No. 1:

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, the City of Granville shall provide to the Commission a pressure test report to show the actual amount of pressure applied to the service line repaired during this emergency.

PROPOSED CIVIL PENALTY:
\$1,000.00

REGARDING PROBABLE VIOLATION No. 2:

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, the City of Granville shall provide a record to show that all potential ignition sources were removed from the scene at the onset of this emergency, or that a fire extinguisher had been provided at the scene of the emergency.

PROPOSED CIVIL PENALTY:
\$1,000.00

REGARDING PROBABLE VIOLATION No. 3:

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, the City of Granville shall provide written proof that it has qualified the plastic joining procedure used to repair the service line in this emergency.

PROPOSED CIVIL PENALTY:

\$1,000.00

REGARDING PROBABLE VIOLATION No. 4:

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, the City of Granville shall provide written proof that the person performing the fusion procedure used to repair the service line in this emergency was qualified.

PROPOSED CIVIL PENALTY:

\$1,000.00

REGARDING PROBABLE VIOLATION No. 5:

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, the City of Granville shall insure to the Commission that it will maintain a 24-hour per day, seven days per week emergency contact communication availability.

PROPOSED CIVIL PENALTY:

\$1,000.00

REGARDING PROBABLE VIOLATION No. 6-10:

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, the City of Granville shall provide to the Commission a written emergency training plan that will insure that in the future all emergencies will be responded to in accordance with Granville's Emergency Response Plan and 49 CFR Part 192.

PROPOSED CIVIL PENALTY:

\$5,000.00

REGARDING PROBABLE VIOLATION No. 11:

PROPOSED COMPLIANCE ORDER:

By no later than 30 days of receipt of this Notice of Probable Violation, the City of Granville shall provide to the Commission a written report that shows a review of Granville employee activities during this emergency and a determination as to whether Granville's procedures were effectively followed.

PROPOSED CIVIL PENALTY:

\$1,000.00