

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

City of Granville
Gas Safety – Granville, ND
Inspection

Case No. GS-11-687

NOTICE OF PROBABLE VIOLATIONS
November 14, 2011

On June 21, 2011, under authority provided by North Dakota Century Code section 49-02-01.2, North Dakota Public Service Commission staff (Commission Staff) conducted an audit of the City of Granville's (Granville's) liquefied petroleum gas distribution facility records (Audit). As a result of the Audit and discussions between Commission Staff and Granville staff, eight probable violations of the Public Service Commission's gas pipeline safety regulations, North Dakota Administrative Code Chapter 69-09-03, were noted.

DATE OF THE AUDIT:
June 21, 2011
(9:00a.m. to 3:00 p.m. CDT)

GAS SAFETY INSPECTOR:
Bob Bachmeier, Inspector

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

OPERATOR CONTACTS:
Ralph Larsen, Mayor
Telephone: (701)-728-6369

Karlain Drader, Propane 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.

GAS PIPELINE SAFETY

Under North Dakota Administrative Code Chapter 69-09-03, gas pipeline facilities used for the intrastate distribution and transmission of gas must be designed, constructed, and operated to meet the safety standards set forth in Title 49, Code of Federal Regulations Parts 190, 191, 192, and 199, as of the date adopted by the Public Service Commission.

Under 49 CFR 192.603:

- (a) No person may operate a segment of pipeline unless it is operated in accordance with this subpart [Subpart L—Operations].
- (b) Each operator shall keep records necessary to administer the procedures established under §192.605.

Under 49 CFR 192.605:

- (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 192.703:

- (a) No person may operate a segment of pipeline, unless it is maintained in accordance with this subpart [Subpart M—Maintenance].

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.

PROBABLE VIOLATION NO. 1

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

49 CFR 192.465(a)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.465 in effect at the time of the probable violation:

- (a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission line, not in excess of 100 feet (30 meters), or separately protected service line, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

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) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

Under Granville's Operation and Maintenance Plan, page 23, Section Six, Preventing Corrosion, in effect at the time of the probable violation:

The operator will take readings with a pipe-to-soil voltmeter and copper/copper sulfate half-cell electrode. This will be done randomly throughout the system each year for 1/2 of the service lines and, after two years, all of the service risers will have been tested.

EVIDENCE

Granville provided no records at the June 21, 2011 audit to show that a 2010 cathodic protection survey had been conducted. An interview of Granville staff confirmed that no cathodic protection survey had been conducted in 2010.

STATEMENT OF PROBABLE VIOLATION

Granville did not conduct a cathodic protection survey in 2010 on separately protected service lines as required under 49 CFR 192.465(a) and Section Six of Granville's Operation and Maintenance Plan.

PROBABLE VIOLATION NO. 2

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

49 CFR 192.615(c)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

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

(c) Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials to:

(1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;

(2) Acquaint the officials with the operator's ability in responding to a gas pipeline emergency;

- (3) Identify the types of gas pipeline emergencies of which the operator notifies the officials; and,
- (4) Plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property

Under Granville's Emergency Response Plan, page 16, Section VII, Training and Public Information, in effect at the time of the probable violation:

Emergency training will be conducted at least once a year.

EVIDENCE

Granville provided no records at the June 21, 2011 audit to show that Granville maintained appropriate liaison with fire, police, and other public officials. An interview of Granville staff confirmed that no liaison with appropriate fire, police, and other public officials had been conducted in 2010.

STATEMENT OF PROBABLE VIOLATION

Granville did not maintain liaison with appropriate fire, police, and other public officials as required under 49 CFR 192.615(c) and Granville's Emergency Response Plan, page 16, Section VII.

PROBABLE VIOLATION NO. 3

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

49 CFR 192.625(f)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.625(a) in effect at the time of the probable violation:

- (a) A combustible gas in a distribution line must contain a natural odorant or be odorized so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell.

Under 49 CFR 192.625(f) in effect at the time of the probable violation:

- (f) To assure the proper concentration of odorant in accordance with this section, each operator must conduct periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable.

Under Granville's Operation and Maintenance Plan, page 7, Section 2.5, Checking for Odor, in effect at the time of the probable violation:

Sniff tests will be performed by the operator, by using a propane gas odorator machine.

These tests will be performed three times per year (April, August, and December), each test, will be performed at the extremities of the system to confirm that the gas contains odorant.

EVIDENCE

Granville provided no records at the June 21, 2011 audit to assure the proper concentration of odorant was readily detectable in the pipeline. An interview of Granville staff confirmed that no periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable had been conducted in 2010.

STATEMENT OF PROBABLE VIOLATION

Granville did not conduct periodic sampling of combustible gases to determine the percentage of gas in air at which the odor becomes readily detectable in 2010, as required under 49 CFR Part 192.625(f) and Section 2.5 of Granville's Operation and Maintenance Plan.

PROBABLE VIOLATION NO. 4

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

49 CFR 192.721(b)(1)(2)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.721 in effect at the time of the probable violation:

- (a) The frequency of patrolling mains must be determined by the severity of the conditions which could cause failure or leakage, and the consequent hazards to public safety.
- (b) Mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage must be patrolled -
 - (1) In business districts, at intervals not exceeding 4 1/2 months, but at least four times each calendar year; and
 - (2) Outside business districts, at intervals not exceeding 7 1/2 months, but at least twice each calendar year.

A description of patrolling can be found in 49 CFR 192.705 Transmission lines:
Patrolling.

- (a) Each operator shall have a patrol program to observe surface conditions on and adjacent to the transmission line right-of-way for

indications of leaks, construction activity and other factors affecting safety and operation.

Under Granville's Operation and Maintenance Plan, page 16, Section Three, Patrolling, in effect at the time of the probable violation:

The operator will make quarterly patrols of the distribution mains...

EVIDENCE

Granville provided no records at the June 21, 2011 audit to show that quarterly patrols of the distribution mains had been conducted in 2010. An interview of Granville staff confirmed that no quarterly patrols of the distribution mains had been conducted in 2010.

STATEMENT OF PROBABLE VIOLATION

Granville failed to conduct quarterly patrols of the distribution mains as required under 49 CFR Part 192.721(b)(1)(2) and page 16, Section Three, Patrolling, of Granville's Operation and Maintenance Plan

PROBABLE VIOLATION NO. 5

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

49 CFR 192.723(b)(1)(2)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.723 in effect at the time of the probable violation:

- (a) Each operator of a distribution system shall conduct periodic leakage surveys in accordance with this section.
- (b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:
 - (1) A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year.
 - (2) A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months.

Under Granville's Operation and Maintenance Plan, page 19, Section Five, Detecting Leaks, in effect at the time of the probable violation:

"An annual above and below ground leak survey will be conducted in the business district and twenty percent of the distribution mains and services in the residential area, will be surveyed, above and below ground every year so that each section will be surveyed once every five years."

EVIDENCE

Granville provided no records at the June 21, 2011 audit to show that above and below ground leak surveys had been conducted in 2010. An interview of Granville staff confirmed that no above and below ground leak surveys had been conducted in 2010.

STATEMENT OF PROBABLE VIOLATION

Granville failed to conduct an annual above and below ground leak survey in the business district as well as twenty percent of the distribution mains and services in the residential area as required under 49 CFR Part 192.723(b)(1)(2) and under page 19, Section Five, Detecting Leaks, of Granville's Operation and Maintenance Plan. .

PROBABLE VIOLATION NO. 6

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

49 CFR 192.739(a)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.739 in effect at the time of the probable violation:

- (a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is-
- (1) In good mechanical condition;
 - (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
 - (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and
 - (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

Under Granville's Operation and Maintenance Plan, page 9, Section 4.3, Pressure Regulators, in effect at the time of the probable violation:

Once every year, not to exceed every 15 months, regulators will be inspected to determine that:

- A. The regulators are in good mechanical condition.
- B. The regulators are set to function at the correct pressure.
- C. The regulator diaphragms are not leaking.
- D. The regulators have no signs of internal corrosion.

EVIDENCE

Granville provided no records at the June 21, 2011 audit to show that it had performed a pressure regulating station inspection and test at intervals not exceeding 15 months, but at least once each calendar year. An interview of Granville staff confirmed that no pressure regulating station inspection and test had been conducted in 2010.

STATEMENT OF PROBABLE VIOLATION

Granville failed to conduct a pressure regulating station inspection and test at intervals not exceeding 15 months, but at least once each calendar year, as required under 49 CFR Part 192.739(a) and under Granville's Operation and Maintenance Plan, page 9, section 4.3.

PROBABLE VIOLATION NO. 7

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

49 CFR 192.743(a)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.743 in effect at the time of the probable violation:

- (a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations.

Under Granville's Operation and Maintenance Plan, page 10, Section 4.4, Pressure Relief Devices, in effect at the time of the probable violation:

Once every year, not to exceed 15 months, the relief device will be inspected to determine that:

- A. It operates at the set pressure.
- B. After testing, the device closes again*.
- C. The diaphragm of the relief device is not leaking.

EVIDENCE

Granville provided no records at the June 21, 2011 audit to show that pressure relief devices had been inspected and tested at intervals not exceeding 15 months, but at least once each calendar year. An interview of Granville staff confirmed that no pressure relief inspection and test had been conducted in 2010

STATEMENT OF PROBABLE VIOLATION

Granville failed to conduct a pressure relief device inspection and test at intervals not exceeding 15 months, but at least once each calendar year, as required under 49 CFR Part 192.743(a) and under Granville's Operation and Maintenance Plan, page10, section 4.4.

PROBABLE VIOLATION NO. 8

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

49 CFR 192.747(a)

BACKGROUND, EVIDENCE AND STATEMENT OF PROBABLE VIOLATION:

Under 49 CFR 192.747 in effect at the time of the probable violation:

(a) Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.

Under Granville's Operation and Maintenance Plan, page 12, Section 4.6, Key Valves, in effect at the time of the probable violation:

Once every year, not to exceed 15 months, the key valve will be inspected for good operating condition, checked for external corrosion, checked for leaks, and serviced.

EVIDENCE

Granville provided no records at the June 21, 2011 audit to show that the key valves were checked and serviced at intervals not exceeding 15 months, but at least once each calendar year. An interview of Granville staff confirmed that no key valves were checked and serviced in 2010.

STATEMENT OF PROBABLE VIOLATION

Granville failed to check and service necessary valves for the safe operation of a distribution system at intervals not exceeding 15 months, but at least once each calendar year, as required under 49 CFR Part 192.747(a) and under Granville's Operation and Maintenance Plan, page12, section 4.6.

**PROPOSED COMPLIANCE ORDER
AND
PROPOSED CIVIL PENALTY**

Under North Dakota Century Code 49-02-01.2, the North Dakota Public Service Commission staff proposes this 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 December 31, 2001, Granville shall conduct a cathodic protection survey on its entire system and Granville shall provide records of the cathodic protection survey to the Commission by no later than 30 days of completion of the survey.

PROPOSED CIVIL PENALTY:
\$1,000.00

REGARDING PROBABLE VIOLATION No. 2:

PROPOSED COMPLIANCE ORDER:

By no later than December 31, 2001, Granville shall provide a record to the Commission showing that they established liaison with appropriate fire, police, and other public officials in 2011 and that emergency training was conducted.

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, Granville shall provide records that show periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable for calendar year 2011.

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, Granville shall provide records that show quarterly patrols of the distribution mains have been conducted for calendar year 2011.

PROPOSED CIVIL PENALTY:

\$1,000.00

REGARDING PROBABLE VIOLATION No. 5:

PROPOSED COMPLIANCE ORDER:

By no later than December 31, 2001, Granville shall conduct an above and below ground leak survey in the business district, conduct an above and below ground leak survey of the ten percent of the distribution mains and services in the residential area that should have been surveyed in 2010 and the ten percent of the distribution mains and services in the residential area that must be surveyed in 2011, and provide records to the Commission by no later than 30 days of completion of the above and below ground leak surveys.

PROPOSED CIVIL PENALTY:

\$2,000.00

REGARDING PROBABLE VIOLATION No. 6:

PROPOSED COMPLIANCE ORDER:

By no later than December 31, 2001, Granville shall inspect and test the pressure regulating station and provide records to the Commission by no later than 30 days of completion of the inspection and test.

PROPOSED CIVIL PENALTY:

\$1,000.00

REGARDING PROBABLE VIOLATION No. 7:

PROPOSED COMPLIANCE ORDER:

By no later than December 31, 2001, Granville shall inspect and test the pressure relief device and provide records to the Commission by no later than 30 days of completion of the inspection and test.

PROPOSED CIVIL PENALTY:

\$1,000.00

REGARDING PROBABLE VIOLATION No. 8:

PROPOSED COMPLIANCE ORDER:

By no later than December 31, 2001, Granville shall check and service the valves necessary for the safe operation of the distribution system and provide records to the Commission by no later than 30 days of completion of the inspection and test.

PROPOSED CIVIL PENALTY:

\$1,000.00