



Public Service Commission
State of North Dakota

COMMISSIONERS

Julie Fedorchak
Randy Christmann
Brian P. Kalk

Executive Secretary
Darrell Nitschke

600 East Boulevard, Dept. 408
Bismarck, North Dakota 58505-0480
Web: www.psc.nd.gov
E-mail: ndpsc@nd.gov
Phone: 701-328-2400
ND Toll Free: 1-877-245-6685
Fax: 701-328-2410
TDD: 800-366-6888 or 711

October 30, 2015

Mr. Pat Darras
Vice President of Operations
Montana-Dakota Utilities Co.
400 N 4th Street
Bismarck, ND 58501

Dear Mr. Darras:

On August 11, 2015, Public Service Commission staff conducted an audit of the gas pipeline safety records for the natural gas distribution system in North Dakota operated by the Montana Dakota-Utilities Co. Badlands Region. As a result of that inspection, probable violation(s) were identified.

Respond, in writing, within 30 days of the date you receive this Notice, in the manner specified in the Notice.

If you have any further questions or require additional information, please contact me.

Sincerely,

Aaron Morman, Manager
ND Gas Pipeline Safety Program
701-220-5779

Enclosure

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Public Service Commission
Montana-Dakota Utilities Co., a Division of MDU
Resources, Inc.
Pipeline Safety Enforcement

Case No. GS-15-705

NOTICE OF PROBABLE VIOLATIONS

October 30, 2015

Under North Dakota Century Code section 49-02-01.2, Public Service Commission staff (PSC Staff) conducted an audit of the Montana-Dakota Utilities Co Badlands Region (MDU)(Respondent) gas safety records. Probable violation(s) of the Public Service Commission's (Commission's) gas pipeline safety regulations were identified.

DATE OF AUDIT:

August 11, 2015

TYPE OF AUDIT:

Standard Records

LOCATION OF AUDIT:

MDU Region Office
Dickinson, ND

PSC STAFF:

Aaron Morman, Inspector
Craig Reamann, Inspector

OPERATOR CONTACT PERSON:

Danny L. Hood, PE
701-456-7103

PROBABLE VIOLATION NO. 1

LAWS OR RULES IN EFFECT AT TIME OF PROBABLE VIOLATION:

49 CFR 192.747 Valve maintenance: Distribution systems.

(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.

EVIDENCE:

MDU's Gas Distribution Standards Manual, section 3, page 14, states "“Key Valves” are sectionalizing valves that are used for isolating or sectionalizing a part of a natural gas or propane transmission or distribution system pursuant to 49 Code of Federal Regulations, Part 192. Personnel must maintain key valves in accordance with these regulations and Standards.”

MDU's Valve Information and Inspection Report forms dated May 23, 2013, May 6, 2014, and December 31, 2014, show that Key Isolation Valve #17 in the Bowman distribution system was not checked and serviced at intervals not exceeding 15 months.

PROBABLE VIOLATION:

MDU did not check and service Key Isolation Valve #17, the use of which is necessary for the safe operation of the distribution system, within 15 months.

PROPOSED COMPLIANCE ORDER

PROPOSED CIVIL PENALTY

Under 49-07-05.1, any person who violates a rule or order of the commission pursuant to section 49-02-01.2 is subject to a civil penalty to be imposed by the commission of not to exceed two hundred thousand dollars for each violation for each day that the violation continues, except that the maximum penalty may not exceed two million dollars for any related series of violations.

Proposed Civil Penalty: \$5,000.00

PROBABLE VIOLATION NO. 2

LAWS OR RULES IN EFFECT AT TIME OF PROBABLE VIOLATION:

49 CFR 192.747 Valve maintenance: Distribution systems.

(b) Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.

EVIDENCE:

MDU's Gas Distribution Standards Manual, section 3, page 14, states ""Key Valves" are sectionalizing valves that are used for isolating or sectionalizing a part of a natural gas or propane transmission or distribution system pursuant to 49 Code of Federal Regulations, Part 192. Personnel must maintain key valves in accordance with these regulations and Standards."

MDU's Valve Information and Inspection Report form dated May 6, 2014, and December 31, 2014 show that Key Isolation Valve #17 in the Bowman distribution system was under asphalt, could not be located, and needed to be exposed. No documentation was presented to Staff to show an alternative valve was designated in place of Key Isolation Valve #17.

MDU's Valve Information and Inspection Report form dated April 30, 2015 shows that Key Isolation Valve #17 was made accessible, checked, serviced and operated.

PROBABLE VIOLATION:

MDU did not take prompt remedial action to correct Key Isolation Valve #17 that was found inoperable or designate an alternative valve as required under 49 CFR 192.747(b). Key Isolation Valve #17 was inoperable for at least 358 days.

PROPOSED COMPLIANCE ORDER

PROPOSED CIVIL PENALTY

Under 49-07-05.1, any person who violates a rule or order of the commission pursuant to section 49-02-01.2 is subject to a civil penalty to be imposed by the commission of not to exceed two hundred thousand dollars for each violation for each day that the violation continues, except that the maximum penalty may not exceed two million dollars for any related series of violations.

Proposed Civil Penalty: \$35,800 (358 days @ \$100.00/day)

RESPONSE OPTIONS

Within 30 days of receipt of a notice of probable violation, the respondent must answer to:

Aaron Morman, Manager
ND Gas Pipeline Safety Program
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

The respondent must answer in the following manner:

- (a) When the notice contains a proposed civil penalty--
 - (1) If the respondent is not contesting an allegation of probable violation, pay the proposed civil penalty by certified check or money order made payable to "North Dakota Public Service Commission," and advise the Manager of the payment. The payment authorizes the Commission to make a finding of violation and to issue a final order.
 - (2) If the respondent is not contesting an allegation of probable violation but wishes to submit a written explanation, information, or other materials the respondent believes may warrant mitigation or elimination of the proposed civil penalty, the respondent may submit such materials. This authorizes the Commission to make a finding of violation and to issue a final order.
 - (3) If the respondent is contesting one or more allegations of probable violation but is not requesting a hearing, the respondent may submit a written response in answer to the allegations; or
 - (4) The respondent may request a hearing.
- (b) When the notice contains a proposed compliance order--
 - (1) If the respondent is not contesting an allegation of probable violation, agree to the proposed compliance order. This authorizes the Commission to make a finding of violation and to issue a final order.
 - (2) Request the execution of a consent order under.
 - (3) If the respondent is contesting one or more of the allegations of probable violation or compliance terms, but is not requesting a hearing under § 190.211, the respondent may object to the proposed compliance order and submit written explanations, information, or other materials in answer to the allegations in the notice of probable violation; or
 - (4) The respondent may request a hearing.
- (c) Before or after responding in accordance with paragraph (a) or, when applicable paragraph (b) the respondent may request a copy of the violation report from the Manager. The Manager will provide the violation report to the respondent within five business days of receiving a request.
- (d) Failure to respond in accordance with paragraph (a) or, when applicable paragraph (b) constitutes a waiver of the right to contest the allegations in the notice of probable violation and authorizes the Commission, without further notice to the respondent, to find the facts as alleged in the notice of probable violation and to issue a final order.
- (e) All materials submitted by operators in response to enforcement actions may be placed on publicly accessible Web sites. A respondent seeking confidential treatment for any portion of its responsive materials must submit an application under North Dakota Administrative Code chapter 69-02-09.

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.