

July 21, 2016

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 59505-0480

RE: Public Service Commission
City of Granville
Pipeline Safety Case

GS-15-723

Dear Mr. Nitschke:

Granville and PSC Advocacy Staff submit for Commission decision the attached
Consent Agreement.

Respectfully,



John M. Schuh
Staff Attorney

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Public Service Commission)
City of Granville)
Pipeline Safety Case)**

GS-15-723

CONSENT AGREEMENT

Preliminary Statement

On September 9-11, 2015, the Public Service Commission Staff Gas Pipeline Safety Inspector, Aaron Morman (Inspector), conducted a standard records audit of the gas pipeline safety records for the liquefied petroleum gas (LPG) distribution system operated by the City of Granville (Granville).

As a result of the audit, a number of probable violations of the pipeline safety regulations were identified. On November 12, 2015, PSC Advocacy Staff issued a Notice of Probable Violation (NOPV) alleging the following:

Probable Violation 1: Granville did not test the capacity of relief device #14 in 2014 or determine the capacity by review and calculations as required by 49 CFR § 192.743.

Probable Violation 2: Granville did not check or service distribution valve(s) as required by 49 CFR § 192.747(a).

Probable Violation 3: Granville did not test their cathodic protection system as required under 49 CFR § 192.465(a).

Probable Violation 4: Granville did not conduct a pressure test on a segment of system pipeline repaired on February 12, 2014, as required under 49 CFR § 192.513(a).

See Notice of Probable Violation, November 12, 2015.

Granville filed two responses to the NOPV. The December 18, 2015 response did not contest the allegations of probable violation, but gave a written explanation, information, and other materials that Granville believed should mitigate or eliminate the proposed civil penalties included in the NOPV. The January 29, 2016 response provided an update regarding Granville's efforts to test relief device #14. Granville did not request a hearing.

Granville and PSC Advocacy Staff (the Parties) engaged in good faith settlement discussions resulting in this Consent Agreement. Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and that an order approving this Consent Agreement is the most appropriate means of resolving the NOPV, pursuant to North Dakota Administrative Code § 69-09-03-02 and 49 C.F.R. § 190.219, without adjudication of any issue of fact or law, and upon consent and agreement of the parties, the following is agreed upon.

I. GENERAL PROVISIONS

1. Granville agrees and understands that this Consent Agreement is subject to the approval of the Public Service commission.
2. Granville acknowledges that Granville and its pipeline system are subject to the jurisdiction of the North Dakota Public Service Commission, and the laws, rules and administrative orders issued thereunder. For purposes of this Consent Agreement, Granville acknowledges that it received proper notice in this proceeding and that the NOPV states claims upon which relief may be granted pursuant to North Dakota Century Code § 49-02-01.2 and 49 CFR § 190.

3. Granville, for purposes of this Consent Agreement, does not contest the allegations made in the NOPV and agrees to abide by the terms of this Consent Agreement. Granville agrees to pay the civil penalty as set forth in Section III of this Consent Agreement, and agrees to achieve compliance by completing the actions specified in Section II.

4. Granville consents to the filing of this Consent Agreement and an Order Adopting this Consent Agreement (Order) and hereby waives any further procedural requirements with respect to its issuance. Granville understands and agrees to waive all rights to contest the NOPV, the right to be represented by legal counsel, the right to present evidence and arguments to the Commission, the right to cross examine witnesses, or contest the validity of this Consent Agreement and the Order Adopting this Consent Agreement, including all rights to administrative or judicial hearings or appeals. By agreeing to this Consent Agreement, Granville waives all of those rights in their entirety.

5. This Consent Agreement shall apply to and be binding upon Granville, successors, or assigns. Granville agrees to provide a copy of this Consent Agreement and the Order Adopting this Consent Order to all of Granville's officers, employees and agents whose duties might reasonably include compliance with this Consent Agreement.

6. For all transfers of ownership or operating responsibility of Granville's gas pipeline system, Granville shall provide a copy of the Consent Agreement and Order to prospective transferee before such transfer.

7. This Consent Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Consent Agreement, and the Parties acknowledge that there are no representations, agreements or understandings relating to the settlement other than those expressly contained in this Consent Agreement, except that the terms of this Consent Agreement and may be construed by reference to the NOPV.

8. Nothing in this Consent Agreement affects or relieves Granville of its responsibility to comply with all applicable requirements of pipeline safety laws, rules and orders issued thereunder. Nothing in this Consent Agreement alters the Commission's authority to bring enforcement actions against Granville pursuant to pipeline safety laws, rules and orders issued.

II: Work to be Performed

9. Granville will IMMEDIATELY take action to ensure each covered task required for safe operation and maintenance of Granville's LPG distribution system (Covered Task) and have a qualified individual to perform said task.

10. Granville must complete corrective action by September 1, 2016. The corrective action to be completed is:

(a) Provide to the Commission an update to its written qualification program that identifies:

(i) All of Granville's current covered tasks;

(ii) The primary qualified individual or organization performs the covered task;

- (iii) The date that the primary individual or organization was qualified to perform the covered task.
- (iv) In addition to the primary individual or organization specified by Granville to perform Granville's covered tasks, Granville will also provide the Commission the name of qualified individuals or organizations that will be available to perform a covered task in the event that the primary individual or organization is no longer qualified, capable, or available to perform Granville's a covered task.

OR

- (b) Granville will immediately cease operation of its LPG distribution system.

11. The Commission may grant an extension of time for completion of any of the work to be performed hereunder upon a timely request that demonstrates good cause for an extension and sufficient detail to evaluate Granville's good cause request.

III: Civil Penalties

12. The Commission has the authority to assess a civil penalty for violation of a rule or order of the Commission, not to exceed \$200,000 for each violation for each day that the violation continues, except that the maximum penalty may not exceed \$2,000,000 for any related series of violations. See N.D. Admin. Code § 49-07-05.1.

13. In determining the amount of a civil penalty under this part, the program manager shall consider the appropriateness of the penalty to the size of the business of the person charged, the nature, circumstances and gravity of the violation, the degree of culpability, any history of prior violations, the effect on the respondent's ability to continue in business, the good faith of the person charged in attempting to achieve compliance, after notification of a violation, and such matters as justice may require. See N.D.C.C. § 49-07-05.1.

14. Granville agrees to be assessed a civil penalty of \$30,000.

15. Granville agrees to remit \$3,000 of the \$30,000 civil penalty, payable to the North Dakota Public Service Commission, within ten business days of service of an Order approving the Consent Agreement.

16. Granville agrees that the remaining \$27,000 civil penalty be suspended, on condition that Granville successfully completes corrective action in Section II (Work to be Performed).

17. Granville agrees and understands that failure to successfully complete corrective action in Section II (Work to be Performed) will require remittance of the suspended portion of the penalty, \$27,000, within the time ordered by the Commission, in addition to any other remedies that the Commission deems fit.

V: Effective Date

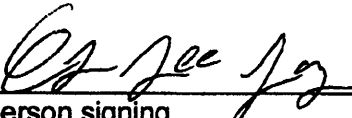
18. The "Effective Date" as used herein is the Order date of the Commission.

VII: Ratification

19. The parties undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Consent Agreement and to execute and legally bind such party to this document.


20. The Parties hereby agree to all conditions and terms of this Consent Agreement:

For Granville:



Person signing Corey Lee LONG
Title Mayor
City of Granville
Date: July-19-2016

For PSC Staff:



Aaron Morman
Program Manager
PSC Staff
Date: July 21, 2016