



Public Service Commission
State of North Dakota

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December 14, 2015

Mr. Corey Long
Mayor
City of Granville
407 Main Street South
Granville, ND 58741

Dear Mr. Long:

On November 22, 2016, Public Service Commission staff conducted an audit of the gas pipeline safety records for the gas distribution system operated by the City of Granville. 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
City of Granville
Pipeline Safety Enforcement**

Case No. GS-16-764

NOTICE OF PROBABLE VIOLATION(S)
December 14, 2016

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

DATE OF AUDIT:
November 22, 2016

TYPE OF AUDIT:
Standard Records

LOCATION OF AUDIT:
Granville City Hall
Granville, ND

PSC STAFF:
Craig Reamann, Inspector

OPERATOR CONTACT PERSON:
Anita Trana
701-728-6369

PROBABLE VIOLATION NO. 1

PROBABLE VIOLATION:

Respondent did not inspect or test the capacity of relief device #14 in 2015 or determine the capacity by review and calculations. Relief devices must have sufficient capacity to protect the facilities to which it is connected.

LAWS OR RULES IN EFFECT AT TIME OF PROBABLE VIOLATION:

49 CFR 192.743 Pressure limiting and regulating stations: Capacity of relief devices.

(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. Except as provided in 192.739(b), the capacity must be consistent with the pressure limits of 192.201(a). 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.

EVIDENCE:

During the November 22, 2016 audit, Respondent provided no records to show compliance with 49 CFR 192.743 (a) for relief device #14.

PROPOSED CIVIL PENALTY

Proposed Civil Penalty: \$1500 (Reduced from \$5000)

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.

Under the North Dakota Public Service Commission Gas Pipeline Safety Program Manual, May 18, 2016: penalties proposed for any probable violation for system operators with 5000 or less customers are reduced by 50%.

Under the North Dakota Public Service Commission Gas Pipeline Safety Program Manual, May 18, 2016: When proposing a civil penalty for a NOPV, the Program Manager shall consider the appropriateness of the civil penalty to: the effect on the operator's ability to continue to do business.

In consideration of these factors, the proposed penalty is adjusted from \$5000 to \$1500.

PROBABLE VIOLATION NO. 2

PROBABLE VIOLATION:

In 2015, Respondent did not check or service distribution valve(s) as required under 49 CFR 192.747 (a).

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

EVIDENCE:

City of Granville Operation and Maintenance Plan Section 4.6 states:
Key Valve: This valve is a manually operated plug valve located at the storage tank facility. The valve is designed to be used in cases of emergency to close off the supply of propane vapor to the town system.

This valve is #12, as shown on Figure 1, Page 8.

During the November 22, 2016 audit, Respondent provided no records to show compliance with 49 CFR 192.747 (a), for valve #12, the use of which may be necessary for the safe operation of the distribution system.

PROPOSED CIVIL PENALTY

Proposed Civil Penalty: \$1500 (Reduced from \$5000)

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.

Under Section C(19) (b)(2) of the North Dakota Public Service Commission Gas Pipeline Safety Inspection Plan, July 29, 2009, penalties proposed for any probable violation for system operators with 5000 or less customers are reduced by 50%.

Under the North Dakota Public Service Commission Gas Pipeline Safety Program Manual, May 18, 2016: When proposing a civil penalty for a NOPV, the Program Manager shall consider the appropriateness of the civil penalty to: the effect on the operator's ability to continue to do business.

In consideration of these factors, the proposed penalty is adjusted from \$5000 to \$1500.

Probable Violation NO. 3

PROBABLE VIOLATION:

In 2015 Respondent did not inspect their aboveground pipe for atmospheric corrosion as required under 49 CFR 192.481 (a).

LAWS OR RULES IN EFFECT AT TIME OF PROBABLE VIOLATION:

49.CFR 192.481 (a) Atmospheric Corrosion Control: Monitoring.

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows: If the Pipeline is located: Onshore- Then the frequency of inspection is: At least once every 3 calendar years, but with intervals not exceeding 39 months.

EVIDENCE:

During the November 22, 2016 audit, Respondent provided records for this inspection dated October 19, 2011, and another record dated September 7, 2016 this shows non-compliance with 49 CFR 192.481 (a), for Atmospheric Corrosion Control Monitoring.

PROPOSED CIVIL PENALTY

Proposed Civil Penalty: \$1500 (Reduced from \$5000)

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.

Under Section C(19) (b)(2) of the North Dakota Public Service Commission Gas Pipeline Safety Inspection Plan, July 29, 2009, penalties proposed for any probable violation for system operators with 5000 or less customers are reduced by 50%.

Under the North Dakota Public Service Commission Gas Pipeline Safety Program Manual, May 18, 2016: When proposing a civil penalty for a NOPV, the Program Manager shall consider the appropriateness of the civil penalty to: the effect on the operator's ability to continue to do business.

In consideration of these factors, the proposed penalty is adjusted from \$5000 to \$1500.

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.