



Public Service Commission
State of North Dakota

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December 17, 2018

Daniel Werth, Chief Operating Officer, Caliber North Dakota LLC
1200 17th St. Suite 2100
Denver, CO 80202

Re: Case No. GS-18-396

Dear Mr. Werth:

On October 15-18, 2018 Public Service Commission staff conducted an audit of the gas pipeline safety records for the jurisdictional natural gas gathering and transmission systems in North Dakota operated by the Caliber North Dakota LLC. As a result of that inspection, one probable violation was identified.

Respond, in the manner specified in the Response Options section of the NOPV, within 30 days of the date you receive this Notice of Proposed Violation.

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

Sincerely,

Arnie Siverson, Program Manager
Gas Pipeline Safety Program
701-328-4056

Enclosure

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Public Service Commission
Caliber North Dakota LLC
Pipeline Safety Enforcement**

Case No. GS-18-396

NOTICE OF PROBABLE VIOLATION
December 17, 2018

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

DATE OF AUDIT:
October 15-18, 2018

TYPE OF AUDIT:
Standard Records

LOCATION OF AUDIT:
Caliber North Dakota LLC. Office
Watford City, ND

PSC STAFF:
Aaron Morman, Inspector

OPERATOR'S AUDIT CONTACT PERSON:
Carol Butero
720-630-2658

PROBABLE VIOLATION NO. 1

AUDIT FINDINGS:

Respondent did not inspect and test pressure safety valve PSV 3070 SN:WR2827F at its Hay Butte Plant, a pressure regulating station, in calendar year 2017 as required at least once each calendar year as is required.

PIPELINE SAFETY REGULATION IN EFFECT AT TIME OF PROBABLE VIOLATION:

49CFR 192.739 Pressure limiting and regulating stations: Inspection and testing.

192.739(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.

EVIDENCE:

During the October 15-18, 2018 audit, the records requested by PSC inspector during the audit and subsequently emailed on October 30, 2018 did not show that valve PSV 3070 SN:WR2827F was inspected in calendar year 2017.

Mercer Valve Co., Inc., "Valve Test Report" for PSV 3070 at the Hay Butte Plant - Date 03/15/16

Mercer Valve Co., Inc., "Inspection and Valve Test Report" for PSV 3070 Hay Butte - Date 11/09/16

Mercer Valve Co., Inc. "Inspection and Valve Test Report" for PSV 3070 Hay Butte Gas Plant – Date 01/15/18

PROPOSED CIVIL PENALTY

Proposed Civil Penalty: \$15,000

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.

RESPONSE OPTIONS

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

Arnie Siverson, Program 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 Public Service Commission (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 an informal hearing with the Program Manager.
- (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 an informal hearing with the Program Manager, 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 an informal hearing with the Program Manager.
- (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 Program Manager. The Program 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.