



Public Service Commission
State of North Dakota

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January 10, 2020

Mr. Patrick Darras
VP of Engineering and Operations Services
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Re: Case No. GS-20-015

Dear Mr. Darras:

On July 23, 2019, Staff conducted an Operator Qualification Field inspection of the Montana-Dakota Utilities Co. (MDU) gas pipeline safety program. As a result of the inspection, staff is issuing the attached Notice of Amendment (NOA) in regards to the Public Service Commission gas pipeline safety regulations.

Respond in the manner specified in the Response Options section of the NOA, within 30 days of the date you receive this NOA.

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

Sincerely,

Caleb Simburger, Program Manager
ND Gas Pipeline Safety Program
701-328-4056

Enclosure

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Public Service Commission
Montana-Dakota Utilities Co.
Pipeline Safety Enforcement**

Case No. GS-20-015

NOTICE OF AMENDMENT

January 10, 2020

Under North Dakota Century Code section 49-02-01.2, Public Service Commission staff (Commission staff) conducted an Operator Qualification Field inspection of the Montana-Dakota Utilities Co (MDU) gas pipeline safety program. Concern(s) in regards to the Public Service Commission gas pipeline safety regulations were identified.

DATE OF AUDIT:

July 23, 2019

TYPE OF AUDIT:

Operator Qualification Field Inspection

LOCATION OF AUDIT:

East Boulevard Ave
Bismarck, ND

PSC STAFF:

Aaron Morman, Inspector

OPERATOR'S AUDIT CONTACT PERSON:

David Gutschmidt
701-222-7924

NOTICE OF AMENDMENT

PRELIMINARY STATEMENT

On July 23, 2019, Montana-Dakota Utilities Co. (Respondent) personnel were performing the following covered tasks:

- Annual inspections of regulator stations
- Maintenance of regulator inspections of regulator inspections
- Annual inspections of valves (at the regulator stations)
- Annual maintenance of valves (at the regulator stations)

At the site of the company field inspections and maintenance, Commission staff requested and was provided a copy of Respondent's procedural manual for the covered tasks being performed by Respondent's personnel. See Attachment 1: Respondent's Construction, Operation and Maintenance Standards (Standards). Commission staff uses the company's manual of written procedures to assess adherence by personnel to the procedures and to evaluate the qualification of the individual performing the covered tasks.

AUDIT FINDINGS:

The Standards did not contain procedures (step-by-step instructions) for personnel performing the covered tasks. Procedures should be written to be uniformly interpreted by all personnel, to be thorough, and be applied in a consistent manner. Also, the Standards utilize suggestive wording, such as "should." The use of definitive words such as "shall" or "must" help clarify obligations.

PIPELINE SAFETY REGULATION IN EFFECT AT TIME OF NOTICE OF AMENDMENT:

49CFR 192.605 Procedural manual for operations, maintenance, and emergencies. (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.

EVIDENCE:

A copy of the operator's "CONSTRUCTION, OPERATION AND MAINTENANCE STANDARDS", that was provided to Commission staff for viewing during the Field Operator Qualification inspection. The maintenance standards cover the observed tasks under the following headings:

- MAINTENANCE OF REGULATOR STATIONS - (Pages 132 & 133)
- ANNUAL INSPECTIONS - (Pages 133 & 134)
- VALVE INSPECTION & MAINTENANCE - (Page 149)

COMPLIANCE ACTION:

By March 30, 2020, provide to the Commission, documentation to show that Respondent has amended its Standards to provide written procedures for covered tasks that are procedural in nature and will more clearly identify the steps required to complete covered tasks by qualified individuals. The procedural format helps ensure that process adherence is accomplished and that "work-arounds" are not employed that

would invalidate the evaluation and qualification that was performed for the individual in performance of the task. [A "work-around" is a situation where the individual is using a process that wouldn't work the way it was written (due to an inadequate process or an equipment change that made the process steps invalid), or the individual has found a "better" way to get the job done faster instead of using a tool the way it was designed.]

Respondent is required to replace suggestive wording with definitive wording in the procedures where applicable. This will clarify the obligation to complete specific actions while performing the procedures.

RESPONSE OPTIONS

Within 30 days of receipt of a Notice of Amendment, the Respondent must answer to:

Caleb Simburger, 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 of Amendment contains a proposed Compliance Action--
 - (1) If the Respondent is not contesting the Notice of Amendment, agree to the proposed Compliance Action. This authorizes the Commission to issue a final order directing amendment of the operator's plans or procedures.
 - (2) Request the execution of a consent order under.
 - (3) If the Respondent is contesting the Notice of Amendment or compliance terms, but is not requesting an informal hearing with the Program Manager, the Respondent may object to the proposed Compliance Action and submit written explanations, information, or other materials in answer to the Notice of Amendment; or
 - (4) The Respondent may request an informal hearing with the Program Manager.
- (b) Failure to respond in accordance with paragraph (a) constitutes a waiver of the right to contest the Notice of Amendment and authorizes the Commission, without further notice to the Respondent, to issue a final order directing amendment of the operator's plans or procedures.
- (c) 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 Notice of Amendment or contests a proposed Compliance Action 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) Direct an amendment of the operator's plans or procedures; and
- (c) Direct other appropriate enforcement actions.