



Idaho Public Utilities Commission

P.O. Box 83720, Boise, ID 83720-0074

C.L. Butch Otter, Governor

Paul Kjellander, Commissioner

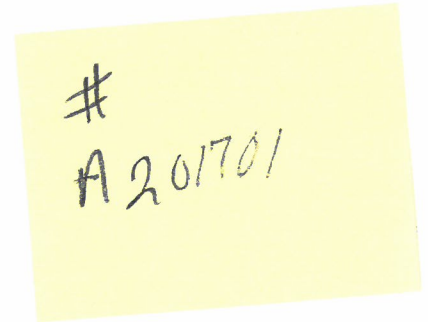
Kristine Raper, Commissioner

Eric Anderson, Commissioner

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

May 15, 2017

Mike Faulkenberry
Avista Corporation
1411 Mission Ave, MSC-6
P.O. Box 3727
Spokane, WA. 99220-3727



Dear Mr. Faulkenberry:

On December 12, 2016 the Idaho Public Utility Commission, Pipeline Safety Division, was part of a teleconference with Avista personnel: Karen Cash, Randy Bareither and Jodie Lamb to discuss Avista Leak Survey “gaps” that occurred in 2016.

During the teleconference it was brought to our attention that the Idaho natural gas distribution system owned and operated by Avista Corporation was going to be out of compliance by years end. This results in probable violations of the pipeline safety regulations Title 49, Code of Federal Regulations, Part 192 and Avista Utilities, Standards for Natural Gas, Maintenance Leak Surveys (Spec 5.11 pg. 6 & 7) for calendar year 2016. Those probable violations are listed below:

PROBABLE VIOLATIONS

1. **49 CFR §192.723 (b)(1) Distribution Systems: Leakage Surveys.**
A leakage survey with leak detector equipment must be conducted in business districts, including.... at intervals not exceeding 15 months, but at least once each calendar year.

2. **49 CFR §192.723 (b)(2) Distribution Systems: Leakage Surveys.**
A leakage survey with leak detector equipment must be conducted outside

business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months....

Finding(s)

It was revealed during the teleconference that the leak surveys in the Silver Valley of Northern Idaho were only one-third complete and it was believed that they were not going to be completed by years end. The previous leak survey for this portion of the distribution system was completed in September of 2011. To be in compliance, the leak survey must have been completed by December of 2016. The survey was ultimately suspended (due to low survey quality and safety issues) in December with the onset of winter. This subsequently caused some of the annual leak surveys to exceed 15 months. At the time of the teleconference it was relayed that 58 leaks had been discovered during the survey (by survey's end a total of 89 leaks were discovered).

The leak survey manager informed us that come spring of 2017 the entire Silver Valley would be completely re-surveyed.

Under Title 6, Idaho Statutes, You are subject to civil penalty under 61-712A. Civil penalty for violation. Any person who violates or fails to comply with, or who procures, aids or abets any violation of Title 61 of Idaho Code, governing safety of pipeline facilities and the transportation of gas, or of any order, decision, rule or regulation duly issued by the Idaho public utilities commission governing the safety of pipeline facilities and the transportation of gas, shall be subject to a civil penalty of not to exceed two thousand dollars (\$2,000) for each violation for each day that the violation persists. However, the maximum civil penalty shall not exceed two hundred thousand dollars (\$200,000) for any related series of violation.

A reply to this letter is required no later than 45 days from the date of this letter. Please send all documents to our office at P.O. Box 83720-0074, Boise, Idaho 83720-0074. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available.

You have a right to appear before the Pipeline Safety Division in an informal conference before July 14, 2017 at the Commission's offices at 472 W. Washington St, Boise. You have the right to present relevant documents to the Commission at the conference. At the informal conference, the Commission will make available to you any evidence which indicates that you may have violated the law, and you will have the opportunity to rebut this evidence. If you intend to request an informal conference, please contact the Pipeline Safety Division no later than July 3, 2017.

If you wish to dispute the allegations in this notice, but do not want the informal conference, you may send to the Pipeline safety Division at the above address a written reply to this notice. This written reply must be filed with the Commission on or before July 14, 2017, and must be signed by a Company Official. The reply must include a complete statement of all relevant facts including a complete description of the corrective action you took to correct the non-compliance and actions to be taken to prevent future repeat failures in these areas of concern.

If you do not respond to this notice, as specified above, by July 14, 2017, you will be deemed to have admitted the allegations and will be subject to statutory civil penalties.

If you have any questions concerning this notice, please contact me at (208) 334-0331. Also all written responses should be addressed to me at the above address or you may fax your response to (208) 334-3762.

We appreciate your attention to this matter and your effort to promote pipeline safety.

Sincerely,

V. Joe Leckie
Executive Director/Program Manager
Idaho Public Utility Commission