

March 12, 2018

CERTIFIED MAIL

Hart Gilchrist  
Intermountain Gas Company  
555 South Cole Rd  
Boise, ID 83707

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I 261801

Dear Mr. Gilchrist:

On February 7, 2018 the Idaho Public Utilities Commission, Pipeline Safety Division, was notified in memo by Greg Watkins that Intermountain Gas Company (IGC) had just discovered two casings that were not in compliance with the leak survey intervals.

In the memo it was brought to our attention that the Idaho natural gas distribution system owned and operated by IGC was out of compliance on two shorted casing leak surveys. This results in probable violations of the pipeline safety regulations Title 49, Code of Federal Regulations, Part 192 and IGC's Standard Operating Procedures (Procedure 4801, 5.4 Casings, pg. 5 of 7). Those probable violations are listed below:

### **PROBABLE VIOLATIONS**

1. **49 CFR §192.605 (a) Procedural manual for operations, maintenance, and emergencies.**

*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. ...*

**IGC's Standard Operating Procedure 4801 5.4 Casings 5.4.4. (2.)**

*If option (1) is impractical....the casing may be monitored with leak detection equipment at intervals not to exceed those prescribed by O.P.S. in sections 192.705 and 192.721.*

2. **49 CFR §192.721 (b)(2) Distribution Systems: Patrolling.**

*Outside business districts, at intervals not exceeding 7 ½ months, but at least twice each calendar year.*

**Finding(s)**

It was revealed in the memo that the leak surveys on shorted casings (72501110 and 82700901) were not monitored with leak detection equipment at the intervals

required by standard operating procedure 4801- Cathodic Protection. The previous leak survey for this portion of the distribution system was completed in April of 2017. To be in compliance, the leak survey must have been completed by the third week of November 2017. The surveys were completed in April and ultimately “closed” inadvertently by the Corrosion Technician in IGC’s compliance software (the software automatically schedules a new 6 month survey to be accomplished). This subsequently did not generate the next 6 month survey and therefore IGC was not in compliance. After discovering the error, IGC conducted a survey of both casings (Feb 2, 2018).

The standards and compliance manager informed us that IGC is implementing changes to the process that will eliminate the possibility of such an event happening in the future.

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 April 16, 2018 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 April 2, 2018.

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 April 16, 2018, 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 April 16, 2018, 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

