



**Idaho Public Utilities Commission**

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

**Gov. C.L. "Butch" Otter, Governor**

**Paul Kjellander, Commissioner  
Kristine Raper, Commissioner  
Eric Anderson, Commissioner**

November 16, 2018

CERTIFIED MAIL

Pat Darras  
Intermountain Gas Company  
400 N 4<sup>th</sup> St.  
Bismarck, ND 58501

Dear Mr. Darras:

On September 28, 2018 the Idaho Public Utilities Commission, Pipeline Safety Division, was notified in memo by Greg Watkins that Intermountain Gas Company (IGC) was self-reporting three separate incidents of non-compliance.

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: 1. A cathodic protection survey suspense and 2. Two deficiency mitigation suspense's that were not met. 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 and 4803). 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. ...*
2. **IGC's Standard Operating Procedure 4801 Cathodic Protection 5.1 Isolation Districts (5.1.3)**  
*All Isolation Districts shall be tested once each calendar year, not to exceed 15 months, to determine if they meet the criteria for cathodic protection. ...*
3. **49 CFR §192.465 (a) External corrosion control: Monitoring.**  
*Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463.*

**4. IGC's Standard Operating Procedure 4803 Atmospheric Corrosion Control 14. Mitigation (14.1.1)**

*Corrosion Below Stop – 3 months.*

**Finding(s)**

It was revealed in the memo that in May 2018 it was discovered an Annual Cathodic Test Station Survey was missing, an investigation revealed that isolation district 7411151 was not tested during the calendar years of 2016 and 2017 required by standard operating procedure 4801-Cathodic Protection and §192.465 External corrosion control. The previous survey for this portion of the distribution system was completed on March 31, 2015. To be in compliance, the survey must have been completed in 2016 and 2017. This subsequently falls under §192. 605 (a) preparing and following written procedures and therefore IGC was not in compliance. After discovering the error, IGC conducted the survey with a pipe to soil reading of -0.85 (May 4, 2018).

The memo also revealed that there were two instances of required deficiency mitigation that was not met within the company's 3-month requirement per operating procedure 4803. This also falls under §192. 605 (a) preparing and following written procedures and therefore IGC was not in compliance. Upon discovery, IGC created deficiency orders and they were both mitigated (August 29, 2018).

The standards and compliance manager informed us that IGC is implementing changes to the process that will eliminate the possibility of such events from 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 January 11, 2019 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 December 28, 2018.

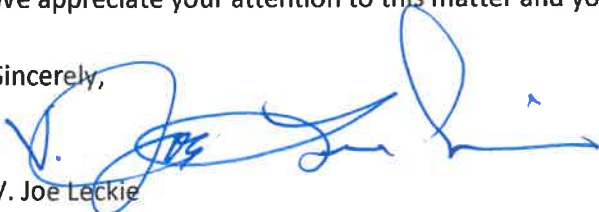
If you wish to dispute the allegations in this notice, but do not want the informal conference, you may send to the Pipeline Safety Division at the above address a written reply to this notice. This written reply must be filed with the Commission on or before January 4, 2019, and must be signed by a 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 January 4, 2019, 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,

A handwritten signature in blue ink, appearing to read 'V. Joe Leckie', is written over the word 'Sincerely,'. The signature is fluid and cursive, with a large initial 'V' and 'J'.

V. Joe Leckie  
Executive Director  
Idaho Public Utility Commission

EXECUTIVE OFFICES

## INTERMOUNTAIN GAS COMPANY

555 SOUTH COLE ROAD • P.O. BOX 7608 • BOISE, IDAHO 83707 • (208) 377-6000 • FAX: 377-6097

RECEIVED

2018 SEP 28 AM 8:53

TO: PUBLIC UTILITIES  
COMMISSION

September 25, 2018

Mr. Joe Leckie  
Executive Administrator  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720-0074

Dear Mr. Leckie,

This letter is to inform you of three missed compliance dates. Because Intermountain Gas conducted audits to ensure the missed compliance dates were in fact isolated instances, the timing of these notifications were not immediate.

On Thursday, May 3, 2018, an Idaho Falls Corrosion Technician discovered an Annual Cathodic Test Station Survey was missing from his compliance software application. An investigation conducted by general office staff identified a clerical error that resulted in isolation district 7411151 not being tested during calendar years 2016 and 2017. Per Intermountain Gas standard operating procedure 4801 – *Cathodic Protection* and §192.465 *External corrosion control: Monitoring*, all Isolation Districts shall be tested once each calendar year, not to exceed 15 months, to determine if they meet the criteria for cathodic protection.

Upon discovery of the missing read, a pipe-to-soil read of isolation district 7411151 was conducted on May 4, 2018. The read was -0.850 volts. The previously documented read from March 31, 2015 was -0.880 volts.

Because cathodic test stations are manually entered in our compliance software application, an audit process was created to compare our Geographical Information System (GIS) with our compliance software. The audit results proved isolation district 7411151 was the only Annual Cathodic Test Station missing from our compliance software. Additionally, a project team is actively working to automate the creation of Annual Cathodic Test Stations by the third quarter of 2019, further reducing the potential of a missed read. In short, when a Cathodic Test Station is added to GIS, it will automatically be added to the compliance software system.

On Wednesday, August 29, 2018 an audit of our compliance software application identified two instances when required deficiency orders were not generated. Because of the missing orders, the Coating Below the Stop Deficiencies were not mitigated within 3-months as required per Intermountain Gas standard operating procedure 4803 – *Atmospheric Corrosion Control*.

- Service Line 00482-733: deficiency identified on April 18, 2017
- Service Line 02139-733: deficiency identified on August 29, 2017

Upon discovery, deficiency orders were created for service lines 00482-733 and 02139-733 on August 29, 2018 and both service lines were mitigated the same day by installing UV wrap at the air-to-soil interface.

The employee conducting the Atmospheric Corrosion Survey correctly identified that each service line had a deficiency, but entered N/A instead of YES in the Coating Below the Stop field. An audit has been created to query the compliance software for N/A entries. The compliance software has been modified, eliminating the ability to enter N/A in deficiency fields. The modifications will be applied in late December after the 2018 Atmospheric Corrosion Surveys are complete.

Please contact me at (208) 377-6032 if you would like additional details or clarification.

Sincerely,



Greg Watkins  
Manager, Policy & Procedure

cc: Pat Darras, VP, Operations & Engineering Services  
Hart Gilchrist, VP, Safety, Process Improvement & Operations Systems  
Josh Sanders, Director, Policy & Procedure