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South Dakota

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December 20, 2013

The Honorable Ritchy Gripp
Mayor, City of Humboldt
404 S. Madison
Humboldt, SD 57035

RE: 2013 Inspections Closure Letter

Dear Mayor Gripp:

All outstanding issues from the 2013 inspections are now resolved. Please refer to the attached updated Summary of Deficiencies form for details. I would like to thank Kristie Ellis for her diligence in resolving these issues.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Mary Zanter
Pipeline Safety Program Manager

CC: Kristie Ellis, Finance Officer, City of Humboldt, finance@humboldtsd.com
Boice Hillmer, SDPUC, boice.hillmer@state.sd.us

Attachments

2013 South Dakota Pipeline Safety Inspection

Summary of Deficiencies

Operator: Humboldt Municipal Gas

Inspection Types: DIMP Inspection

Inspection Dates: April 30, 2013

Notices of Probable Violation

Code Section	Code Description	Deficiency Noted	Proposed Correction Due Date	Penalty Proposed	Maximum Allowable Penalty	Compliance Order Proposed
DIMP Records and Field Inspection Protocol Question 19 .1007 (d)	Was the implementation of the measures to reduce risks done in accordance with the procedures in the DIMP plan?	Annual review was not completed in 2012 as required by operator's DIMP plan. During the inspection process it was stated that it was decided to not do the review until the 2012 annual report information was available in 2013. It appears that it was a willful and intentional decision to not do the 2012 annual review as described in the 2012 edition of the DIMP plan. Letter received from KE on 8/26/13 states that the plan has been revised to require review only every 5 years.	8/1/13	\$242	\$100,000	None
DIMP Records and Field Inspection Protocol Question 25 .1007 (f)	Has the operator performed a periodic evaluation of its DIMP plan on the frequency specified in the plan?					
Records and Field Inspection Protocol Question 30 .1007 (f)	Were all of the operator's periodic evaluation and program improvement procedures followed?					

Warnings

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
DIMP Records and Field Inspection Protocol Question 7 .1007 (a)	Verify that Subject Matter Experts (SMEs) have the necessary knowledge and/or experience for the areas of expertise for which they provided input into the DIMP.	No qualification requirements in DIMP plan for SME's. Daryl Seiverding was not OQ qualified for system patrolling prior to 3/1/13. Daryl Seiverding did patrolling inspection in latter half of 2012 without being OQ qualified. Documentation was scattered and difficult to find. Marty Iozzo NACE certification and letter on sufficient CP test stations not in files. Kristie will provide and to send to Nathan. Letter received from KE on 8/26/13 states	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/1/13

Warnings

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
		that the definition of SME has been added to the plan. Daryl was OQ'd on patrolling on 3/1/2013. Marty Iozzo's NACE Certification and CP test station information was faxed on 5/1/13. Issue closed by MZ on 9/10/13.		

Notices of Concern

Code Section	Code Description	Comment
DIMP Records and Field Inspection Protocol Question 5 .1007(a)(5)	Has the operator captured required data on any new pipeline installations? Examples of data required to assess current and potential threats include, but is not limited to, the following: (for pipe, fittings, valves, EFVs, risers, regulators, shut-offs, etc.) <ul style="list-style-type: none"> • Location • Material type and size • Wall thickness or SDR • Manufacturer • Lot or production number 	Need to update service record cards and main cards to show all of the above required information.
DIMP Records and Field Inspection Protocol Question 13 .1007(c)	Does the operator's current subdivision (grouping of materials, geographic areas, etc.) adequately meet the need to properly assess the current and potential threats to the integrity of their system?	Suggest dividing the system. System is not divided between plastic and steel. The steel line has plastic services off of farm taps that would be included in the plastic system.
DIMP Records and Field Inspection Protocol Question 17 .1007(d)	Does the documentation reviewed demonstrate the operator is implementing the measures to reduce risks identified in its DIMP plan?	Need to document the additional OQ training aspects regarding checking relief valves.

**2013 South Dakota Pipeline Safety Inspection
Summary of Deficiencies**

Operator: Humboldt Municipal Gas Utilities

Inspection Types: O&M Plan Inspection, Records Inspection, OQ Field Inspection, and Field Inspection (pipeline markers & cathodic protection)

Inspection Dates: May 9 and May 21, 2013

Notices of Probable Violation

Code Section	Code Description	Deficiency Noted	Proposed Correction Due Date	Penalty Proposed	Maximum Allowable Penalty	Compliance Order Proposed
192.625(f)	Did the operator use calibrated odorometers?	Odorometer has not been sent in since 8/29/11. Meter needs to be sent in ASAP. This is a repeat offense. Letter from KE received 8/26/13 indicates the odorometer was sent in on 5/22/13 and received back on 6/3/13. Calibration completed. A calendar has been devised to ensure that the calibration will not be missed again.	8/24/13	\$2,615 Calculated by NDS on 7-16-13	\$100,000	Humboldt must hire additional help in the area of gas technician and DOT coordinator. Added by NDS on 7-16-13
§192.707(a)	Are buried mains and transmission lines marked as required in the following areas: (1) at each crossing of a public road and railroad (2) wherever necessary to identify the location of the line to reduce possibility of damage or interference	The following issues were identified regarding pipeline markers: 1. Marker at CP test station #7 needs a new warning sign. 2. Markers need to be installed at 259 th St, where new road was put in. 3. Marker at CP test station #21 needs to have the phone number replaced. 4. Marker west of CP test station #21 needs to have phone number replaced. 5. Marker south of the intersection of 258 th St and 462 nd Ave needs to have phone number replaced.	8/24/13	\$1,951 Calculated by NDS on 7-16-13	\$100,000	Humboldt must hire additional help in the area of gas technician and DOT coordinator. Added by NDS on 7-16-13

		<p>6. Marker north of 25889 462nd St needs to have phone number replace.</p> <p>Letter from KE received 8/26/13 indicates all line markers have been installed and the required information updated. And the employees have been requalified on 192-1413 line markers as of 8/16/2013.</p>				
OQ 192.801	<p>(a) This subpart prescribes the minimum requirements for operator qualification of individuals performing covered tasks on a pipeline facility.</p> <p>(b) For the purpose of this subpart, a covered task is an activity, identified by the operator, that:</p> <p>(1) Is performed on a pipeline facility;</p> <p>(2) Is an operations or maintenance task;</p> <p>(3) Is performed as a requirement of this part; and</p> <p>(4) Affects the operation or integrity of the pipeline.</p>	<p>PEF192-1414.04 Pipe Shutdown/Startup/Pressure Change: Operating Identified Valve(s) was not completed until 5/23/13.</p> <p>This task should have been identified as a covered task and qualifications completed prior to 1/1/13 when Northwestern Energy discontinued their contract for emergency response. Letter from KE received 8/26/13 indicates they were qualified for PEF 192-1414.04 Pipe shutdown /Startup/Pressure Change on 5/23/13, prior to the valve maintenance being done.</p>	8/24/13	\$3,239	\$100,000	<p>Humboldt must hire additional help in the area of gas technician and DOT coordinator.</p> <p>Added by NDS on 7-16-13</p>
§192.225(b).	Has each welding procedure been recorded in detail, including the results of the qualifying tests?	<p>NWE procedures are in the book but they are not authorized to use the NWE standards. They do not have the results of the qualifying test.</p> <p>Letter from KE received 8/26/13 indicates the Town of Humboldt is using SD Interstate Pipeline Co.'s welding procedures and we will also accept Northwestern, Northern Natural Gas and MidAmerican's procedures. The O&M Manual has been updated.</p>	8/24/13	\$3,551	\$100,000	<p>Humboldt must hire additional help in the area of gas technician and DOT coordinator.</p> <p>Added by NDS on 7-16-13</p>
§192.283	Does operator have copies of the destructive tests used to qualify the joining procedures? (yes or no)	Operator has continued to use NWE procedures but does not have the destructive testing documentation for	8/24/13	\$3,863	\$100,000	Humboldt must hire additional

		<p>the qualification. Revised joining procedures must be obtained and utilized.</p> <p>Letter from KE received 8/26/13 indicates they are using the manufactures procedures for joining. The O&M Manual has been updated.</p>				<p>help in the area of gas technician and DOT coordinator.</p> <p>Added by NDS on 7-16-13</p>
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Warnings

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
§192.459	<p>When the operator has knowledge that any pipeline is exposed, is the exposed pipe examined for:</p> <p>(a) Evidence of corrosion? (b) Coating deterioration?</p>	<p>Bell Hole reports have not been done in the past. No history for any exposed piping.</p> <p>Letter from KE received 8/26/13 indicates that when and if the Town of Humboldt has an exposed pipe, the bell hole report will be completed and filed at the finance office.</p>	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13
§191.22(a) & §191.22(b)	Has an operator ID been obtained or verified? (OPID)	<p>Missed required date but has been completed. Operator needs to provide documentation.</p> <p>Letter from KE received 8/26/13 indicates that the OPID verification was faxed on 5/1/13.</p>	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13
§192.615(b)(2)	(a) Training appropriate employees as to the requirements of the emergency plan.	<p>Emergency response training has not been documented.</p> <p>Letter from KE received 8/26/13 indicates that the Town of Humboldt will document the emergency response training and simulations in the future.</p>	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13
§192.615(b)(3)	Review activities following actual or simulated emergencies to determine if they are effective. Does facility have the review and its outcome documented within their records?	<p>No simulations have been document.</p> <p>Letter from KE received 8/26/13 indicates that the Town of Humboldt will document the emergency response training and simulations in the future.</p>	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13

Warnings

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
§192.225(b).	Has each welding procedure been recorded in detail, including the results of the qualifying tests?	Welding procedures are not available.	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13
192.283	Does operator have copies of the destructive tests used to qualify the joining procedures? (yes or no)	Operator has continued to use NWE procedures but does not have the destructive testing documentation for the qualification. Revised joining procedures must be obtained and utilized.	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13
OQ Field Inspection 9.01 Covered Task Performance	Verify the qualified individuals performed the observed covered tasks in accordance with the operator's procedures or operator approved contractor procedures	Missing line marker at road crossings was not identified. Letter from KE received 8/26/13 indicates all line markers have been installed and the required information updated. And the employees have been requalified on 192-1413 line markers as of 8/16/2013.	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13
OQ Field Inspection 9.02 Qualification Status	Verify the individuals performing the observed covered tasks are currently qualified to perform the covered tasks.	Qualification of operating identified valves should have been completed prior to 1/1/13. Letter from KE received 8/26/13 indicates: According to my notes from the conference call and the discussion on the Operator Qualification, the only item that was identified that would need to be qualified on, at that point, was leak surveys, which we were qualified on the task on 11/1/2012. The other notes indicated that we would qualify "as needed" not by 1/1/2013. We were qualified for PEF 192-1414.04 Pipe Shutdown/Startup/Pressure Change on 5/23/13, prior to the valve maintenance	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13

Warnings

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
		being done.		
OQ Field Inspection 9.03 Abnormal Operating Condition Recognition and Reaction	Verify the individuals performing covered tasks are cognizant of the AOCs that are applicable to the tasks observed.	Missing line marker at road crossings was not identified. Letter from KE received 8/26/13 indicates all line markers have been installed and the required information updated. And the employees have been requalified on 192-1413 line markers as of 8/16/2013.	Humboldt Municipal Gas may be in violation of the code section listed in the first column. The city is advised to correct this or be subject to an enforcement action.	8/24/13

Notices of Concern

Code Section	Code Description	Comment
§192.459	When the operator has knowledge that any pipeline is exposed, is the exposed pipe examined for: (a) Evidence of corrosion? (b) Coating deterioration?	There are no records indicating inspection of exposed piping.
§192.475(a)	Is gas tested to determine corrosive properties?	Need to maintain information from Northern Natural regarding properties of the gas. Information can be accessed by going to NorthernNaturalGas.com and selecting "Gas Quality" under "Informational Posting".
§192.625(b)	Odorization Method –	Operator should get information on odorizer. Currently operator has no information if problems should occur.
§192.723(b)(2)	Does the operator conduct leakage surveys (to include manholes/cracks in pavement/other pertinent locations) of the distribution system outside of the principal business areas at intervals not exceeding 63 months, but at least once every 5 calendar year?	Maps need to be reviewed to ensure that all areas are included in the survey. Suggest reviewing all leak surveys to ensure that entire system is covered and planned for future years.

**2013 South Dakota Pipeline Safety Inspection
 Summary of Deficiencies
 Operator: Humboldt Municipal Gas Utilities
 Inspection Types: OQ Records Follow-up
 Inspection Dates: July 1, 2013**

Notices of Probable Violation

Code Section	Code Description	Deficiency Noted	Proposed Correction Due Date	Penalty Proposed	Maximum Allowable Penalty	Compliance Order Proposed
OQ Protocol 3.01	Development/Documentation of Areas of Qualification for Individuals Performing Covered Tasks	<p>Operator did not take all the necessary steps to ensure that all qualifications were completed prior to 1/1/13 as necessary. NorthWestern terminated the contract to perform emergency response and maintenance activities on 12/31/12. Operator had indicated that they would have the OQ tasks that may need to be performed covered by the transition date since no one else would be in place to perform these tasks.</p> <p>As of 7/1/13 there are 9 OQ identified tasks that do not have anyone qualified to perform. Other tasks were not completed as late as 5/23/13. The tasks not completed by the operator as of 7/1/13 include:</p> <ul style="list-style-type: none"> • KNT192-0702.00 Customer Pressure Regulating, Limiting, and Relief Devices - O&M • KNT192-0801.00 Locating Pipelines • KNT192-0803.00 Inspection for Damage • KNT192-1301.00 Leak & Strength Test - Service Lines, Mains, and Transmission Lines • KNT192-1413.00 Line Markers • KNT192-2011.00 Prevention of Accidental Ignition • PEF192-0702.01 Customer Pressure Regulate/Limit/Relief - O&M: Residential/Small Comm 	10/1/13	<p>Included under Valve OQ issue on other inspection.</p> <p>Added by NDS on 7-17-13</p>	\$100,000	<p>Humboldt must hire additional help in the area of gas technician and DOT coordinator.</p> <p>Added by NDS on 7-17-13</p>

		<ul style="list-style-type: none"> • PEF192-0801.01 Locating Pipelines • PEF192-0803.01 Inspection For Damage • PEF192-1202.01 Outside Gas Leakage Investigation, Pinpointing, and Grading • PEF192-1301.04 Leak/Strength Test - Service/Main/Trans. Line: Op. Press. (soap test) • PEF192-1410.01 Cover - Service Lines, Mains, and Transmission Lines • PEF192-1418.02 Purging: Small Vol., e.g. Svc. Line, Short Pipe, Compressor, etc. <p>Letter from KE received 8/26/13 indicates : Daryl has completed the following:</p> <p style="margin-left: 40px;">KNT 192-0702.00 7/23/2013 KNT 192.0803.00 7/19/2013 KNT 192.1413.00 8/16/2013</p> <p>The following items were listed in error; Daryl was qualified on the following dates:</p> <p style="margin-left: 40px;">KNT192-0801 12/13/2011 PEF192-0801.01 12/13/2011 PEF192-1202.01 03/01/2013</p> <p>The following items still need to be completed:</p> <p style="margin-left: 40px;">KNT192-1301.00 KNT192.2011.00 PEF192-0702.01 PEF192-803.01 PEF192-1301.04 PEF192-1410.01 PEF192-1418.02</p> <p>Daryl will be finishing the two on-line classes prior to 10/1/2013. The PEF's will be also done prior to 10/1/2013. Terry Hanson has been contacted to schedule to PEF training items.</p>				
OQ Protocol 3.02	Covered Task Performed by Non-Qualified Individual	Daryl Severding performed the following tasks without having proper operator qualification. These tasks included:	10/1/13	\$4,019 Added by	\$100,000	Humboldt must hire additional

		<ul style="list-style-type: none"> • 192-Abnormal Operating Conditions - completed 3/11/13 • KNT192-0901.00 System Patrolling - completed 3/11/13 • PEF192-0901 System Patrolling - completed 5/2/13 • KNT192-0801.00 Locating Pipelines – not completed • PEF192-0801.01 Locating Pipelines – not completed <p>Letter from KE received 8/26/13 indicates : Completed items: 192-AOC 3/11/13 KNT-192-0901 3/11/13 PEF-192-0901 5/2/13</p> <p>The following items were listed in error: KNT192-801.00 12/13/2011 PEF192-801.01 12/13.2011</p>		NDS on 7-17-13		<p>help in the area of gas technician and DOT coordinator.</p> <p>Added by NDS on 7-17-13</p>
OQ Protocol 7.01	Qualification “Trail”(i.e., covered task; individual performing; evaluation method(s); continuing performance evaluation; reevaluation interval; reevaluation records)	<p>The spreadsheet used to track qualifications of individuals was not accurate. A number of mistakes were found during the inspection showing a date for last qualification when there was no documentation showing those qualifications.</p> <p>Letter from KE received 8/26/13 indicates : More time and attention will be spent on the documentation of the Operator Qualification program, as I stated earlier, we have devised a calendar to cover all of our manuals, records and documentation with a timeline. Mistakes happen, as I have indicated above, there were several mistakes made in the documentation of these audit items as well.</p>	10/1/13	\$1,548 Added by NDS on 7-17-13	\$100,000	<p>Humboldt must hire additional help in the area of gas technician and DOT coordinator.</p> <p>Added by NDS on 7-17-13</p>

Warnings

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
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Warnings

Code Section	Code Description	Efficiency Noted	Warning	Proposed Correction Due Date
		None		

Notices of Concern

Code Section	Code Description	None	Comment
		None	