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*South Dakota*

**PUBLIC UTILITIES COMMISSION**

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March 25, 2014

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

RE: South Dakota 2014 Drug & Alcohol Inspection of Garretson Natural Gas Utilities

Dear Mayor Gripp:

This letter and attachments summarize the findings of the Records inspection, in reference to the Humboldt natural gas facilities. I would like to thank Daryl Sieverding and Amanda Siemonsma for meeting with me and providing the required information.

The findings from the inspections are summarized into the following categories in the attached Summary of Deficiencies form.

1. **Notices of Probable Violation** – are issued if the inspector has good cause to believe a serious or repeat violation of the pipeline safety regulations has occurred. Notices of Probable Violation can also include monetary penalties of up to \$100,000 per day of violation and may include specific corrective actions that must be taken to correct the situation within a specific time frame and to come into compliance with the pipeline safety regulations.
2. **Warnings** – are issued for first time or less serious violations of the pipeline safety regulations. Warnings may include specific corrective actions that must be taken to correct the situation within a specific time frame and to come into compliance with the pipeline safety regulations.
3. **Notices of Concern** – are issued where no direct violation of the pipeline safety regulations exists and for informational purposes to aid the operator in managing as safe and effective pipeline as possible. Notices of Concern are also used to denote areas where best industry practices are not being followed. No action is required for Notices of Concern.

The completed inspection forms have also been enclosed that will include additional details such as inspection notes and the inspection issue corrections made prior to the issuance of this report.

**You must respond to the warnings listed in the Summary of Deficiencies form within 30 business days from the date this letter is received.** Please indicate in your response either agreement with each warning and requirement along with the proposed correction date or whether the issue is disputed. Failure to respond is considered agreement.

Please note the inspection conducted is limited to the specified code sections in the attached inspection forms. The South Dakota Public Utilities Commission (SDPUC) did not examine overall system condition or operability and does not warrant the same under any condition. Other system or code compliance issues may exist.

Failure to include such items in this report does not prohibit future SDPUC action nor limit applicability in future inspections.

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

Sincerely,

A handwritten signature in black ink that reads "Mary Zanter". The signature is written in a cursive style with a large, looped "M" and "Z".

Mary Zanter

Pipeline Safety Program Manager

CC: Daryl Sieverding, City of Humboldt, [finance@humboldtsd.com](mailto:finance@humboldtsd.com)  
Amanda Siemonsma, City of Humboldt, [finance@humboldtsd.com](mailto:finance@humboldtsd.com)  
Boice Hillmer, SDPUC, [boice.hillmer@state.sd.us](mailto:boice.hillmer@state.sd.us)

Attachments

**2014 South Dakota Pipeline Safety Inspection  
 Summary of Deficiencies  
 Operator: Humboldt Municipal Gas Utility  
 Inspection Types: Drug & Alcohol Program Inspection  
 Inspection Dates: 3/19/14**

**Notices of Probable Violation**

Code Section	Code Description	Deficiency Noted	Proposed Correction Due Date	Penalty Proposed	Maximum Allowable Penalty	Compliance Order Proposed

**Warnings**

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
Drug & Alcohol Protocol A.01.b	A.01.b. Verify that the Anti-Drug Program identifies the covered employees (as defined in §199.3) that are required to be tested for the presence of prohibited drugs [§199.1].	Need to add covered employees to page 45.	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.	7/1/14
Drug & Alcohol Protocol A.01.c.	A.01.c. If an employer utilizes applicable contractors or subcontractors who perform covered functions and conduct drug testing, education and training as part of the Anti-Drug Program [§199.115], but separate from the employer, verify that there is a process in place and implemented to ensure compliance with Part 199 and Part 40.	Missing contractor records for 2011 and 2012.	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.	7/1/14
Drug & Alcohol Protocol C.03.c.	C.03.c. Verify that the operator selects a sufficient number of covered employees for random testing during each calendar year to equal an annual rate not less than the required minimum annual percentage rate (see Protocol C.03.a.) [199.105(c)(6)].	Need past years (2012 & 2013) testing results.	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.	7/1/14

**Warnings**

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
Drug & Alcohol Protocol C.03.d.	<b>C.03.d.</b> Verify that random drug tests are unannounced and that the dates for administering the tests are spread reasonably throughout the calendar year [199.105(c)(7)].	Need past years (2012 & 2013) testing results.	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.	7/1/14
Drug & Alcohol Protocol C.04.a.	<b>C.04.a.</b> Verify that decisions to test are reasonable and articulable, and based on specific contemporaneous physical, behavioral or performance indicators of probable drug use. Verify that at least two supervisors, one of whom is trained in detection of the symptoms of drug use, substantiate and concur in the decision to test an employee who is reasonably suspected of drug use [§199.105(d)].	Daryl and Amanda both need to have training on reasonable cause testing.	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.	7/1/14
Drug & Alcohol Protocol H.01.b.	<b>H.01.b.</b> Verify that the Alcohol Misuse Prevention Program identifies the covered employees (as defined in §199.3) that are required to be tested for the presence of alcohol [§199.1].	Need to create a list of covered employees.	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.	7/1/14
Drug & Alcohol Protocol H.01.c.	<b>H.01.c.</b> If an employer utilizes applicable contractors or subcontractors who perform covered functions and conduct alcohol testing, education and training as part of the Alcohol Misuse Prevention Program [§199.245], ], but separate from the employer, verify that there is a process in place and implemented to ensure compliance with Part 199 and Part 40.	Missing records for 2011 and 2012.	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.	7/1/14
Drug &	<b>N.01.a.</b> Verify that an employer who is using a	Section in Drug plan but not in the	Humboldt Municipal Gas may be	7/1/14

**Warnings**

Code Section	Code Description	Deficiency Noted	Warning	Proposed Correction Due Date
Alcohol Protocol N.01.a.	service agent concerning whom a PIE is issued stops using the services of the service agent no later than 90 days after the Department has published the decision in the Federal Register or posted it on its web site. The employer may apply to the ODAPC Director for an extension of 30 days if it is demonstrated that a substitute service agent cannot be found within 90 days [§40.409(b)].	Alcohol plan.	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.	

**Notices of Concern**

Code Section	Code Description	Comment