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Chris Nelson, Vice Chairperson
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South Dakota

PUBLIC UTILITIES COMMISSION

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May 6, 2013

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

RE: South Dakota 2013 DIMP Records and Field Inspection of Humboldt Natural Gas Facilities

Dear Mayor Griep:

This letter and attachments summarize the findings of the DIMP records and field inspection conducted in reference to the Humboldt natural gas facilities. I would like to thank Kristie Ellis and Terry Hansen from GTS for meeting with Mary Zanter and 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.

A notice of probable violation has been issued in regard to not having the yearly review of the DIMP program completed in 2012. 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. Due to the severity of a willful and intentional decision that does not meet code requirements, we are referring this issue to the Commission and recommending a penalty of \$242 be assessed by the Commission.

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,

Nathan D. Solem

Nathan D. Solem

Pipeline Safety Program Manager

Cc: Ms. Kristie Ellis, Finance Officer, City of Humboldt, finance@humboldtsd.com
Mary Zanter, SDPUC, mary.zanter@state.sd.us

Attachments