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South Dakota

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January 25, 2013

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

RE: 2012 Fourth Quarter Open Pipeline Inspection Item Report

Dear Mayor Griep:

Attached please find our quarterly report on open pipeline inspection items. The intent is to help achieve timely compliance on all items.

In addition, a summary of the status of all 2008-2012 inspections is provided below.

Inspection	Status
2008 Standard Inspection	Closed
2009 Compliance Follow-Up Inspection	Closed
2009 Operator Qualification Inspection	Closed
2009 Standard Inspection	Closed
2010 Standard Records Inspection	Closed
2010 Drug & Alcohol Inspection	Closed
2011 Standard Records Inspection	Closed
2011 Public Awareness Inspection	Closed
2011 DIMP Inspection	Closed
2012 Drug & Alcohol Inspection	Open – information received but not completely processed
2012 Standard Records Inspection	Open – information received but not completely processed

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

Sincerely,

Nathan D. Solem

Nathan 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

**Humboldt Municipal Gas Open Inspection Item Report
4th Quarter 2012**

Inspection Date	Inspection Name	Code Section	Open Items	Open Item Compliance Date
07/17-07/18/2012	Drug & Alcohol	§199.1	<i>Covered Employee List needs to be updated.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§40.11	<i>Missing USC information. Need to identify the BAT in the plan.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§40.25(a)	<i>No documentation to support pre-employment testing or good faith effort to obtain testing information from previous DOT-regulated employers. However, there have been random tests documented for all employees in the pool. For future employees, this needs to be conducted.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§199.105(a)	<i>No documentation to support pre-employment testing or good faith effort to obtain testing information from previous DOT-regulated employers. For future employees, this needs to be conducted.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§199.105(b), 225(a)	<i>Section needs to be updated to include the current definition of an incident.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§199.105(c)(5)	<i>Need to get a record from Sanford that describes their randomization process.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§40.111(a)	<i>Need to get a copy of the report stating that they don't need to produce the statistical summary for Humboldt.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§40.123(b)	<i>Need to get a record from Sanford about the QA reviews.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§199.111(b)(c)	<i>Needs to be added to MRO section of the plan.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§40.167(b)(c)	<i>This needs to be recorded somehow.</i>	11/30/2012
07/17-07/18/2012	Drug & Alcohol	§199.209(b)	<i>No pre-employment alcohol testing is recorded for any employees. However, random alcohol testing records are available for all employees except for Daryl Sieverding. As such, reset testing needs to occur for Daryl.</i>	11/30/2012
08/07-08/08/2012	Standard Records	§192.357(a)	<i>The following services are have not been installed to minimize piping stress:</i> <i>201 4th 108 Grant 201 2nd Ave</i> <i>As such, Humboldt needs to conduct a</i>	1/31/13

			<p><i>statistically valid survey of their customer meter sets in order to determine if this is a larger issue. Please see below and the cover letter for further explanation.</i></p>	
08/07-08/08/2012	Standard Records	\$192.355	<p>One of the areas inspected was customer service installations. We are concerned whether there are any hazardous installations. Although none were found in the sample of 18 conducted by the SDPUC this is not a statistically valid sample. At this point in time, we request under the authority of 49-34B-7 and 192.355 b that Humboldt Municipal Gas conduct a statistically valid random sample of customer services looking for "unsafe/hazardous" installations. The services shall be evaluated according to a newly developed "minimum" safety standard for regulator vent clearance. This new "minimum" must meet the requirements of 192.355 b and reflect Crook's philosophy on what constitutes a safe installation. It is not the intent to require Humboldt to alter their customer service installation standard to this new minimum. We are merely concerned with fixing all "unsafe/hazardous" installations. All "potentially unsafe/potentially hazardous" installations found during Humboldt sampling are to be fixed and cost records maintained.</p> <p>As examples of what we feel might constitute a "potentially unsafe" customer and meter installation, see the picture in the cover letter.</p> <p>This same sampling can be used to evaluate whether there are additional meter sets where excessive stress exits per above issue under 192.357 a.</p> <p>By January 31, 2012, Humboldt must submit a report summarizing:</p> <ul style="list-style-type: none"> • The extent of potentially unsafe installations (vents) found • Folding of a remediation plan for fixing the entire population of potentially unsafe post code installations (vents) into the DIMP plan <ul style="list-style-type: none"> • The estimated cost of the vent remediation plan. • The extent of stressed meter set installations • The cost to repair all stressed meter sets • Folding of fixing stressed meter sets into the DIMP plan. <p>The sampling must be randomized using a</p>	1/31/13

			<p>method such as that at www.random.org. The sample size must be statistically significant such as can be determined at the following website.</p> <p>http://www.surveysystem.com/sscalc.htm#one</p>	
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