

Plan of Action and Suspended Penalty Agreement

Garretson Natural Gas Utilities (“Respondent”) owns and operates a natural gas utility pipeline, the operation of which is subject to SDCL Chapter 49-34B and 49 C.F.R. 192. Among other applicable regulations and requirements thereunder, Respondent is required by law to maintain certain records, including record of its relief capacity calculations. Respondent’s operation of its natural gas utility pipeline and maintenance of record records are subject to inspection and review by the South Dakota Public Utilities Commission Staff (“Staff”). The parties acknowledge that Respondent has completed necessary annual inspections and maintenance and that it has engaged a third-party contractor to assist it in its operations and maintenance. However, Respondent has acknowledged that its utility pipeline records do not show specific relief valve calculations for certain years as identified in the Complaint on file in PS25-001.

In compromise of the claims identified in the Complaint, and with the shared goal of ensuring compliance with applicable state and federal laws, Respondent submits the following plan of action to Staff:

Responsibility for Operations, Management and Record Keeping: Respondent shall promote an environment wherein City utility staff takes responsibility for compliance with all applicable record-keeping requirements related to relief valve calculations, including timely, adequate, and accurate recordkeeping.

Delegation and Management: Respondent and Staff acknowledge that Respondent is a municipality that operates with limited staffing, making redundancy in term of personnel difficult. Respondent agrees to identify additional individuals who will assist ensuring that all operation and inspection practices are documented, with a focus on maintenance of appropriate records, and establishment of deadlines for completion of required inspections and related records maintenance.

Interaction and Timely Communication: Respondent shall foster an environment in which timely and effective communication with Staff is recognized as vital. In the event of notice of any deficiency from the South Dakota Public Utilities Commission Staff, Respondent shall develop a corrective action plan to respond to and remedy any deficiencies in a timely manner, not to exceed any deadlines established by Staff. Respondent shall resolve any claimed deficiency through immediate, significant, and sustained efforts, with completion of said efforts not to extend beyond any deadlines established by Staff, unless otherwise mutually agreed upon by the parties.

Seek Guidance: Respondent and Staff agree that Staff's goal is to promote and ensure compliance with applicable state and federal laws. Respondent agrees to seek guidance from Staff where necessary to ensure consistent application of applicable state and federal laws and documentation of compliance for operation and inspection practices.

Additional Requirements for Two-Year Term: In addition to those items identified above, and its existing and ongoing statutory obligations, Respondent further agrees to work with Staff to respond to any additional record requests, inquiries, and participate in any recommended safety training as Staff deems necessary for the two-year period following Commission approval of the parties' Stipulation and Settlement Agreement and this plan of action. To the extent that Staff makes any requests for additional action by Respondent, Staff agrees to make such request in writing to Jordan Doane, Public Works Director, with a copy to Paetyn Dreckman, City Finance Officer, whether by email or U.S. Mail, first class, postage prepaid, with any response and/or compliance deadline set forth in said written communication.

In compromise and resolution of this matter, Staff and Garretson agree that a total civil penalty of \$5,000 should be imposed with \$2,500 due within 30-days of the Commission's Order and \$2,500 shall be suspended for the term of this Plan on the condition that Respondent maintain and produce for inspection all pressure relief valve calculations, as required pursuant to statute, upon request from Staff for the next 2 years. If Staff concludes following reasonable investigation and notice that Respondent has failed to prepare and maintain records relating to relief valve capacity, Respondent agrees that it shall be immediately required to pay the suspended civil penalty of \$2,500.