

VERMONT PUBLIC
SERVICE BOARD

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August 5, 2016

Judith Whitney, Clerk of the Board
Vermont Public Service Board
112 State Street
Montpelier, Vermont 05620-2701

re 8814

RE: Gas Safety, Notice of Probable Violation

Dear Ms. Whitney:

Enclosed please find a copy of a Notice of Probable Violation under Public Service Board Rule 6.000. Pursuant to Rule 6.104(A), when the Department issues a Notice of Probable Violation to a person alleged to have violated Board Rules pertaining to gas safety, a copy must be filed with the Board and is to be treated by the Board as a petition to impose penalties under 30 V.S.A. § 2816.

Pursuant to Rule 6.104(D), the alleged violator has 30 days from the date of receipt of the Notice to respond in writing to the Board and the Department. The response may either accept any proposed remedial action and commit to the payment of any proposed civil penalty, or object to the same. In the event the response is an acceptance of the proposed remedial action and penalty, the alleged violator will be deemed to have waived any right to a hearing as long as the Board's final Order is consistent with the agreement between the Department and the alleged violator. See PSBR 6.104(E)(1)-(2) & (G). In the event the alleged violator objects to any proposed remedial action and penalty and requests a hearing, the Board shall provide notice and an opportunity for hearing before entering any final Order. See PSBR 6.104(E)(3) & (H).

Thank you for your assistance in this matter. Please don't hesitate to call if you have any questions.

Cordially,



GC Morris, Gas Engineer

cc: John St.Hilaire, Vermont Gas Systems, Inc.

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Department of Public Service
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August 5, 2016

John St. Hilaire, Vice President Operations
Vermont Gas Systems, Inc.
P.O. Box 467, Burlington, VT 05402-0467
85 Swift Street, South Burlington, VT 05403

Notice of Probable Violations
Re: Construction of the Addison Natural Gas Project

Dear Mr. St.Hilaire:

Pursuant to 30 V.S.A. § 29, and Public Service Board (PSB) Rule 6.100, the Vermont Department of Public Service (Department) conducted several pipeline safety inspections related to construction of the Addison Natural Gas Project (Project) by Vermont Gas Systems, Inc. (VGS) in June 2016. These inspections were made to verify compliance with 49 CFR 192, PSB Rule 6.100, and other requirements related to the certificate of public good authorizing construction of the Project pursuant to 30 V.S.A. § 248 (PSB Docket No. 7970). This letter serves to document specific concerns and is not intended to be a comprehensive list.

During the inspections and subsequent interviews with VGS representatives, the Department became aware of several probable violations of 49 CFR 192, as provided in greater detail below. These items were shared with VGS representatives at the time of discovery and again during numerous subsequent meetings with you and other construction personnel up until the date of this letter. We acknowledge VGS has addressed some of these items subsequent to notification of the findings in the field. In some cases, however, VGS has not adequately demonstrated that specific conditions have been remediated.



49 CFR 192.303 states, in its entirety: “Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.” This code requirement can be broken into two components: 1) each operator must *develop*, prior to construction, “comprehensive written specifications or standards consistent with [49 CFR 192]” for each construction task or requirement to be performed, and 2) each operator must then *follow* its written specifications or standards during construction.

The inspection findings below all relate to VGS project specification: CHA Project No. 28757, Section 130000 – Minimum requirements for Pipeline Construction Paralleling Overhead Electrical Lines (copy attached). The Department requested a current copy of this specification¹ in March 2016 and during several subsequent meetings with you, including on April 8, 2016. VGS provided a copy of this specification to the Department on May 24, 2016. VGS commenced construction tasks that fall under this specification on June 7, 2016.

FINDINGS

1) Section 1.1 A. states: “VELCO requirements shall be maintained at all times. In the event of a conflict between this specification and VELCO requirements, VELCO shall govern, [sic]” The “VELCO requirements” are not otherwise identified, specified, or included as an appendix to the VGS specification. Subsequent to asking VGS contract construction personnel and contract inspectors for the VELCO requirements, the Department requested the VELCO requirements from VGS corporate personnel on June 17, 2016. VGS was unable to produce these requirements. The Department was only able to obtain the VELCO requirements directly from VELCO, after making a request to VELCO. There is no “comprehensive written specification or standard” in place if it is not clear to construction personnel what the VELCO requirements are or where to locate them (especially since the VELCO requirements “govern” in the event of a conflict with the VGS specification). The Department requests that VGS immediately conduct a meeting with VELCO to gain a complete understanding of the specific VELCO requirements, and then to attach those VELCO requirements as an appendix to the VGS specification.

2) Section 3.2 A. states: “The contractor will furnish a responsible person that can understand and follow the Technical Specifications and Electrical Safety required

¹ This specification, Section 130000, is included with a group of specifications collectively titled Technical Specifications for Vermont Gas Systems, Inc. 85 Swift Street, South Burlington, VT 05403, Addison Natural Gas Project (ANGP), Phase 1 and dated April 29, 2015. This collective group of specifications was utilized during the 2015 construction season. VGS informed the Department that the 2016 construction season was expected to begin approximately April 18, 2016 and that portions of the collective specifications would be modified prior to the 2016 construction season. Section 130000 was not one of the portions modified and remains dated 04.29.15. This specification could be applicable to project Right of Way activities, such as clearing, blasting, crushing, and grading which occurred prior to pipeline installation.

for the specific project. The responsible person for electrical safety must be approved by the Owner.” Responsibilities and duties of this “responsible person” are specified throughout the specification. On June 17, 2016, the Department inquired about the “responsible person” and representatives of the primary contractor and of VGS stated a responsible person was not designated nor had a responsible person been approved. On June 24, 2016, VGS’s Engineering Compliance Manager informed the Department in writing that their contractor had an electrical expert on the Project and suggested the Department contact the Project Manager/VGS representative for the purpose of contacting that person. On June 24, 2016, the Department asked the Project Manager/VGS representative about the “responsible person”; the Project Manager/VGS representative was not aware of the responsible person’s identity. On June 24, 2016, the Department issued a written information request to VGS regarding the identity and approval criteria of the responsible person, and requested that VGS respond with this information at the earliest opportunity because this is a critical and immediate safety topic. On June 27, 2016, VGS verbally informed the Department that a “responsible person” arrived onsite that same day. The Department Pipeline Inspector was introduced to the identified person on June 27, however the person stated he “was not assigned as an on-site representative”. The Department has not, to date, received written documentation from VGS to substantiate the criteria it utilized to approve the “responsible person”, when that person was approved and what actions that person has the authority to perform.

Additionally, the Department made the following observations at several locations where pipeline construction activity was occurring:

On June 7, 2016, the Department’s Pipeline Inspector observed pipeline stringing² along Hurricane Lane in Williston. At that time, he asked the VGS representative to present a record of an electrical safety assessment for the location. The VGS representative was not aware of the responsible person to measure and record induced voltage at that location.

On June 8 and June 10, 2016, the Department’s Pipeline Inspector observed pipeline stringing at Project station 1500+00 in Monkton and observed pipeline welding at Project station 1032+00 in Hinesburg. At those times, he asked VGS representatives to present a record of an electrical safety assessment for the respective location. The VGS representatives were not aware of the responsible person to measure and record induced voltage at those locations.

These observations indicate the absence of a “responsible person”, contraventions of the Project specifications, and probable violations of state and federal gas pipeline safety regulations.

3) Further deviations from the Project specifications were observed on June 24, 2016 and are indicated in the chart below.

² Interstate Natural Gas Association of America (INGAA) defines “stringing” in the Association’s Frequency Asked Questions (FAQs) regarding pipeline construction: “Natural gas pipelines are assembled in segments typically 40 to 80 feet long. The crew monitors the pipeline design plan to make sure that the segments of pipe are lined up along the pipeline right-of-way. This process is called stringing.” This process occurs prior to welding the segments together.

ANGP Specification Section 130000 Parts	Department Observations on 6/24/16
3.3 C. states <i>"Pipe shall be unloaded from stringing trucks by a side boom equipped with grounding cable..."</i>	Hydraulic excavator with a vacuum pipe handler (other than specified) utilized for pipe unloading at Project Station 941+00
3.3 B. states <i>"Before any section of pipe is picked up or moved in any way, the ground shall be completed between the section of pipe and the equipment moving that pipe."</i>	Pipe moved with no ground connection at Project Station 941+00
3.4 A. states <i>"Each continuous segment of pipeline being worked on should be grounded to at least two separate points."</i>	Pipeline segment was grounded at only one point at Project Station 941+00
3.4 G. states <i>"Each section of pipe in the stack shall be grounded with a 5/8" min. diameter ground rod...."</i>	1/2" Ground rod utilized at Project Station 941+00
3.4 I. states <i>"All grounding attachments and removals shall be made by or under the direct supervision of the person responsible for electrical safety."</i>	Grounding attachments made without direct supervision of person responsible for electrical safety at Project Station 941+00
3.4 B. states <i>"Suitable connectors should be utilized to connect the #2 A.W.G. cable to the individual ground rods and to the pipeline."</i>	Connectors were utilized with no apparent electrical rating at Project Station 941+00
3.4 F. states <i>"The person in charge of electrical safety shall check the integrity of each connection by measuring the resistance from a near point on the copper cable to the ground rod or pipeline steel using a suitable Ohm Meter."</i>	Electrical measurements taken by method inconsistent with specification at Project Station 941+00
3.4 A. states <i>"Each continuous segment of pipeline being worked on should be grounded to at least two separate points."</i>	Pipe-string with no grounding or bonding at Project Station 720+00
3.4 M. 1. states <i>"Each person coming into contact with the pipeline during construction should do so only when: (a) Using rubber insulating gloves."</i>	Employees handled pipe without rubber-insulating gloves at Project Station 673+00
3.8 A states <i>"The contractor should post adequate signs warning of possible electrical hazards at each access to the right-of-way and any other measures required to prevent public access to temporary grounding installations."</i>	No signs indicating the presence of an electrical hazard were at location with pipe segment, Project Station 673+00
3.4 G states <i>"Each section of pipe in the stack shall be grounded with a 5/8" min. diameter ground rod driven into the ground at least four (4) feet."</i>	Grounding rod depth: 6" at Project Station 650+00

As we've discussed on numerous occasions, remediation of these probable violations is especially urgent as these are worker safety issues. On July 8, 2016, the Department's Pipeline Inspector measured voltage as prescribed in Section 3.5 A. of the specification and obtained a reading as high as 118 V_{AC} between an ungrounded pipe and a clean steel pin driven into the ground.

CONCLUSIONS

Based on the above findings, the Department concludes that two Probable Violations are related to this topic:

1) A Probable Violation of 49 CFR 192.303 to the extent that VGS did not fully develop and follow project specification: CHA Project No. 28757, Section 130000 – Minimum requirements for Pipeline Construction Paralleling Overhead Electrical Lines as described above in Findings 1 through 3. This Probable Violation has existed from June 7, 2016, through the date of this letter to the extent that VGS is not in full compliance of its written specification, although the Department notes that VGS has made some progress towards compliance during this time period. If we only consider the number of construction days from June 7 through June 24, 2016 (including Saturdays, but not Sundays), this would result in a minimum of 16 days in (probable) violation.

2) A Probable Violation of PSB Rule 6.102 (B), which states: "The Department may at any time request information reasonably related to enforcement of gas safety rules or regulations. Such information shall be provided within fifteen (15) days. Where the Department determines that an emergency need for such information exists, the Department may require information to be provided immediately." As documented in Finding 2, above, on June 24, 2016, the Department issued a written information request to VGS regarding the identity and approval criteria of the responsible person, and requested that VGS respond with this information at the earliest opportunity because this is a critical and immediate safety topic. The Department has not received this information as of the date of this letter, which is a minimum of 14 business days in (probable) violation (from July 18, which is 15 business days from June 24), considering the Department requested this information at VGS's earliest opportunity due to the immediate safety topic.

RELIEF SOUGHT

Based on the foregoing, the Department recommends that the Board immediately require VGS to:

- A. Review all existing specifications, plans, instructions, and procedural documents related to the Project and define all the potential threats to personnel, property and

- equipment related to the presence of electric transmission lines and the means by which these threats might be brought to bear;
- B. Develop, establish, revise or enhance comprehensive written processes to define specific methods, instruments and other equipment to continually identify, monitor, evaluate and document all electrical hazard(s) considering all construction and installation techniques required to build the Project;
 - C. Develop, establish, revise or enhance comprehensive written processes to define specific methods, instruments and other equipment to mitigate all electrical hazards, continually monitor mitigated electrical hazards and document the mitigation of all electrical hazards;
 - D. Develop, establish, revise or enhance a comprehensive written electrical hazards training program), including items B, C, and D above, and promptly convene sessions of the training program, with mandatory attendance required of all appropriate personnel;
 - E. Implement improved supervisory controls to prevent recurrence of violations; and
 - F. Perform any other actions that the Board deems appropriate.

Based on Findings 1 through 3, above, the Department further recommends that the Board enter an Order against VGS to impose of a total civil penalty of \$150,000 in accordance with PSB Rule 6.104(I) and 30 V.S.A. § 2816.

PROCEDURES GOVERNING THIS NOTICE OF PROBABLE VIOLATION

A copy of this Notice of Probable Violation has been filed with the Public Service Board and is to be treated as a petition to impose penalties under 30 V.S.A. § 2816.

In accordance with PSB Rule 6.104 (D), Vermont Gas Systems Inc. must make a written response to the Department and to the Board within 30 days of this Notice.

This Notice of Probable Violation contains a statement of remedial action sought and proposes the imposition of a civil penalty. Therefore, Vermont Gas Systems, Inc. may:

- 1) Agree to take the remedial action sought and submit a plan for compliance which shall include a schedule of steps to be taken and a date by which complete compliance shall be obtained;
- 2) Pay any civil penalty by certified check payable to the Board; and/or
- 3) Object to imposition of the remedial action and the imposition of the penalty and request a hearing before the Board.

Pursuant to Public Service Board Rule 6.104 (F), a request for hearing must include a statement of the issues intended to be raised at hearing, assert any defenses VGS intends to raise and include an explanation of any mitigating factors accompanied by supporting data or other information. The hearing request may also include any offer made in compromise of the proposed civil penalty or remedial action.

Pursuant to Public Service Board Rule 6.104 (G), if Vermont Gas Systems, Inc. agrees to the remedial actions sought and agrees to pay the proposed civil penalty identified herein, then it will be deemed to have waived notice and an opportunity for hearing, provided the Board's final Order is substantially consistent with the remedial action and penalty agreed to by the Department and Vermont Gas Systems, Inc..

Please contact me with any questions relating to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "GC Morris".

GC Morris
Gas Engineer

cc: Eileen Simollardes, Vermont Gas Systems, Inc.
Bill Jordan, Department of Public Service
Louise C. Porter, Department of Public Service