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Georgia Public Service Commission

(404) 463-6526
(800) 282-5813

244 Washington Street, SW
Atlanta, GA 30334-5701

FAX: (404) 463-6532
psc.ga.gov

Docket No. 37042

DOCKET# 37042
DOCUMENT# 192708

Dalton Utilities
P. O. Box 869
Dalton, GA 30722

REF: Comprehensive Inspection # JS22-010

☒ Certified Mail ☐ Regular Mail ☐ Email

Attention: Mr. Tom Bundros

On May 9, 2022, a representative of the Georgia Public Service Commission Pipeline/Facilities Safety Office conducted an inspection of your gas system. The enclosed inspection report numbered JS22-010 is provided for your information and file.

In conjunction with this inspection report, Staff has recommended the following enforcement(s):

Enforcement Action:

- ☒ Notice of Probable Violation
- ☒ Notice of Probable Violation with Proposed Civil Penalty
- ☒ Notice of Amendment

Enforcement Letter:

- ☐ Warning Letter
- ☐ Letter of Concern

Enforcement Notification:

- ☐ Observed Issue
- ☐ No Violation

Please review and respond to this report in accordance with the attached Instructions for Responding to Enforcement Actions, Enforcement Letters, and Notifications Issued by the Georgia Public Service Commission. Please refer to Docket No. 37042 in your response.

Please let me know if there are any questions concerning this report at (404) 463-6526 or michellet@psc.state.ga.us. Thank you for your continuing contribution toward increased pipeline safety.

Sincerely,

Michelle Thebert

Michelle L. Thebert
Director, Office of Pipeline Safety/Facilities Protection

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REPORT OF NATURAL GAS SAFETY

INSPECTION NO: JS22-010

OPERATOR: Dalton Utilities

INVESTIGATOR: Jason Smith

INSPECTION DATE: May 9, 2022 REPORT MAILED DATE: January 10, 2023

Any questions concerning this report may be directed to the above address or by telephoning (404) 463-6526.

1. PURPOSE OF INSPECTION

To conduct a comprehensive inspection of the Operator's plans, programs, procedures, pipeline, and pipeline facilities for compliance with the minimum federal safety standards in 49CFR Part(s) 191 and 192.

2. CONTINUING VIOLATIONS

3. CLEARED VIOLATIONS

4. NEW VIOLATIONS

Violation	Description	Inspection#	Date
192.479	Atmospheric corrosion control: General.	JS22-010	5/9/2022
192.615(c)	Each operator shall establish and maintain liaison with appropriate fire, police, and other...	JS22-010	5/9/2022
192.479(a)	Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the...	JS22-010	5/9/2022
192.491(c)	Each operator shall maintain a record of each test, survey, or inspection required by this sub...	JS22-010	5/9/2022
192.147(a)	Each flange or flange accessory (other than cast iron) must meet the minimum requirements of...	JS22-010	5/9/2022

5. OTHER RECOMMENDATIONS/COMMENTS

SEE ATTACHED INSPECTION REPORT

On the week of May 9 and May 18 & 19, 2022 Pipeline Safety Staff reported to the city of Dalton to perform a comprehensive inspection of Dalton Utilities pans, program and facilities.

During this inspection, Dalton Utilities was represented by:
Ralph Smith - Natural Gas Regulatory & Pipeline Manager
Ronnie Wilkerson - Supervisor
Erik Rittenhouse - Foreman
Eric Atkins - Technician
Phillip Pfeifer - Technician
Maurice Chaney - MGAG/SRCS (consultant)

Commission Pipeline Safety Staff was represented by:
Jason Smith - Lead Inspector
Jeff Baggett – Supervisor, Facilities Protection Unit
Daniel Clemmons - Pipeline Safety Inspector
Jack Hewitt - Pipeline Safety Inspector

Also present during this inspection was Glynn Blanton, PHMSA State Programs Evaluator.

At the time of this inspection Dalton Water, Light & Sinking Fund Commission had no previously existing probable violations.

As a result of this inspection, Staff found that Dalton Utilities was in probable violation of the minimum federal safety standards; specifically:

NOTICE OF PROBABLE VIOLATION

1. 49CFR §192.491 - Corrosion control records.
   (c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years with the following exceptions:
      (2) Operators must retain records of the two most recent atmospheric corrosion inspections for each distribution service line that is being inspected under the interval in §192.481(a)(2).

   STAFFS COMMENTS: PHMSA baseline Records inspection form question states: #3. Atmospheric Corrosion Monitoring - Do records document inspection of aboveground pipe for atmospheric corrosion?

   During field visits Staff noted multiple locations where the external coating on aboveground pipeline facilities were in poor condition. One of the locations was 421 11th Avenue. Dalton Utilities was not able to provide documentation on when 421 11th Avenue was last surveyed for atmospheric corrosion.

PROBABLE VIOLATION: Dalton Utilities failed to maintain records demonstrating when the location in question was last surveyed for atmospheric corrosion.

2. 49CFR §192.479 - Atmospheric corrosion control: General.
   (a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

   COMMENTS: PHMSA baseline Field inspection form question states: #4. Atmospheric Corrosion Monitoring - Do field observations confirm pipe exposed to atmospheric corrosion is protected?

   During field visits Staff noted multiple locations where the external coating on aboveground pipeline facilities were in poor condition, meaning large areas with coating disbondment, lack of coating and moderate atmospheric corrosion. Staff found coating issues at the following locations: 1130 Richards St meter station, 421 11th Ave meter station, the Cleveland Hwy reg. station and the Howard Dr reg. station.

   PROBABLE VIOLATION: Dalton Utilities failed to clean and coat each portion of pipeline that is exposed to the atmosphere as required under §192.479.

3. 49CFR §192.147 - Flanges and flange accessories.
   (a) Each flange or flange accessory (other than cast iron) must meet the minimum requirements of ASME/ANSI B 16.5 and MSS SP-44 (incorporated by reference, see § 192.7), or the equivalent.

   COMMENTS: PHMSA baseline Field inspection form question states: #2. Flanges and Flange Accessories - Do flanges and flange accessories meet the requirements of 192.147?

   During field visits Staff came across bolts missing from flanges on the meter station at 1130 Richards Street.

   PROBABLE VIOLATION: Dalton Utilities failed to ensure that each of their flanges or flange accessories meet the minimum requirements of ASME/ANSI B 16.5 and MSS SP-44 as required by §192.147(a).

NOTICE OF AMENDMENT

As a result of this inspection Staff found that Dalton Water, Light & Sinking Fund Commission was in probable violation of the minimum federal safety standards; specifically:

1. 49CFR §192.615 - Emergency plans.
   (c) Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials to:

(1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;
(2) Acquaint the officials with the operator's ability in responding to a gas pipeline emergency;
(3) Identify the types of gas pipeline emergencies of which the operator notifies the officials; and
(4) Plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property.

COMMENTS: PHMSA baseline Procedures inspection form question states: #19. Liaison with Public Officials - Does the process include steps for establishing and maintaining liaison with appropriate fire, police and other public officials and utility owners?

While reviewing the Operator's emergency manual Section X 'Liaison with Public Officials and Emergency Response Organizations in the Vicinity of Dalton Utilities Pipeline' Staff found it fails to mention having liaison with utility owners in the vicinity of the pipeline system.

REQUIRED AMENDMENT: Dalton Utilities must amend their procedures to address establishing and maintaining liaison with other utility owners/operators in the vicinity of their pipeline system.

2. 49CFR §192.479 - Atmospheric corrosion control: General.
(a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

(b) Coating material must be suitable for the prevention of atmospheric corrosion.

COMMENTS: PHMSA baseline Procedures inspection form question states: #1. Atmospheric Corrosion - Does the process give adequate guidance identifying atmospheric corrosion and for protecting above ground pipe from atmospheric corrosion?

Dalton Utilities O&M Section 9-O 'Atmospheric Corrosion Control – General' item (b) states "Coating material will be suitable for the prevention of atmospheric corrosion. See Dalton Utilities' Construction Manual for specification related to this coating material."

In addition O&M Section 9-E 'External Corrosion Control – Protective' Item (f) states "Dalton Utilities will select and apply, including surface preparation, a coating as appropriate for the situation and as determined by a person qualified to perform pipeline corrosion control design per Section 9-A(b)(1) in accordance with standards and specifications included in Dalton Utilities' Construction Manual."

At the time of this inspection Staff found that Dalton Utilities does not have a construction manual.

REQUIRED AMENDMENT: Dalton Utilities must amend their procedures to address the requirements of §192.479(b) coating material specifications.

PROPOSED CIVIL PENALTY

Under Commission Rule 515-9-1.01, by virtue of the authority vested in the Commission by law and pursuant to orders issued by the Commission on May 4, 1967, July 6, 1967, April 23, 1968, and October 29, 1970, all Rules and Regulations prescribed by the United States Department of Transportation applicable to the "Transportation of Natural and Other Gas by Pipeline: Minimum Safety Standards" (C.F.R. 49, Parts 191 and 192) are by this Rule made the Rules and Regulations of the Georgia Public Service Commission for the safe installation and operation of all natural gas transmission and distribution facilities by companies subject to the jurisdiction of the Commission within this State.

Under Commission Rule 515-9-3-.08 (Written Formal Notice of Violation), the Commission may propose a civil penalty in conjunction with this notice of probable violation. Further, Dalton Utilities is subject to civil penalties under O.C.G.A. § 46-2-91(b) which states that: Any operator which violates any rule or regulation of the commission prescribed pursuant to subsection (i) of Code Section 46-2-20, or which fails, neglects, or refuses to comply with any order after notice thereof, shall be liable to a penalty not to exceed the maximum penalties provided for in 49 C.F.R. Section 190.223.

Staff has reviewed the circumstances surrounding the probable violations cited in this report and has recommended the civil penalty listed below. Please note that this recommended amount is less than the amount authorized by Georgia law.

Item #	Code / Rule	Description	Proposed Penalty
1	§192.491(c)(2)	Corrosion Control Records	$7,500.00
TOTAL PROPOSED PENALTY			$7,500.00

Please review and respond to this report in accordance with the attached Instructions for Responding to Enforcement Letters Issued by the Georgia Public Service Commission.

OPERATOR RESPONSE FORM

Operator Name: Dalton Utilities

Informal Conference Requested: Yes ☐ No ☐

Docket Number: 37042

Responses required within **30 days of electronic mail**. Provide the following information for this report:

Response to Inspection Number:_____

Type of Enforcement Action(s) cited in report:			Informal Conference Requested	
☐ Notice of Probable Violation (NOPV)	☐ New	☐Continuing	☐ Yes	☐ No
☐ Notice of Amendment (NOA)	☐ New	☐Continuing	☐ Yes	☐ No
☐ Warning Letter	☐ New	☐Continuing	☐ Yes	☐ No
☐ Letter of Concern	☐ New	☐Continuing	☐ Yes	☐ No
☐ Observed Issue	☐ New	☐Continuing	☐ Yes	☐ No
☐ Proposed Civil Penalty	$ _____ PCP $ Amount (Total for report)			

Indicate below (A-E) based on the type of Enforcement Actions in this report: (Check all that apply)
Complete a separate copy of Page 2, Operator Response to Enforcement Action, for each cited item.

A. Response for **Notice of Probable Violation** (with and without proposed civil penalty):
   1. ☐ Written statement indicating that corrective measures have achieved Compliance or
   2. ☐ Written plan of action outlining the corrective measures that will be taken to achieve compliance and when compliance is anticipated.

B. Response for **NOA**:
   1. ☐ Contested: Attach written explanation, information, or other material in answer to the allegations in the Notice of Amendment stating your reasons for objecting to the NOA, in whole or in part; or
   2. ☐ Not Contested: Explanation, information, or other material believed to warrant modification of the NOA in whole or in part; or
   3. ☐ Written request for clarification. (Attached)

C. Response for **Continuing** and/or **Existing** violations:
   Current status, updates, expected completion dates, proposed modifications, etc., of the continuing and/or existing violations, even if this information was previously provided. Referencing a previously filed response letter, as status, updates, etc. alone is not sufficient for this response. Failure to provide this information may result in formal interrogatories from the Director through data requests.

D. Response for ☐ **Letter of Concern** / ☐ **Warning Letter**
   I acknowledge receipt of the Letter of Concern/Warning Letter:_____
   SIGNATURE / TITLE

   Additional Comments: (Optional)_____

E. Response for **Observed Issue** and **No Violation**: (Optional Response)
   Staff requests that the Operator acknowledge receipt of the Observed Issue/No Violation in writing, or by submitting an email to the FPU Director

Operator Response to Enforcement Action

Enforcement Action for:_____ ☐ New Violation ☐ Continuing Violation
Enter Code / Commission Rule (Complete a separate attachment for each enforcement action)

Enforcement Action(s) cited in report:	Conference Requested:	
☐ Notice of Probable Violation (NOPV)	☐ Yes ☐ No	$_____ Proposed Penalty for this violation
☐ Notice of Amendment (NOA)	☐ Yes ☐ No	
☐ Warning Letter	☐ Yes ☐ No	
☐ Letter of Concern	☐ Yes ☐ No	
☐ Observed Issue	☐ Yes ☐ No	
☐ Proposed Civil Penalty	☐ Yes ☐ No	

OPERATORS RESPONSE: _____

_____

_____

_____

_____

_____

_____

_____

Response Provided by: _____ Date:_____
Name / Title

Internal use only:

Lead Inspector: _____ Date Response Reviewed:_____

Actions Acceptable: ☐ Yes ☐No Re-inspection Needed:☐ Yes ☐ No Clear Violation:☐ Yes ☐ No

_____

Supervisor Review by:_____ Date Reviewed:_____

Additional Enforcement Recommended: ☐ Yes ☐ No

_____

Director Review

Approved: ☐ Yes ☐No Schedule Special Follow-up Inspection: ☐ Yes ☐ No

Cleared Violation: ☐ Yes ☐ No

Comments:_____

_____

Filings:
For all written responses or any other official correspondence, the Operator shall file the response at the following address:

Ms. Sallie Tanner, Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, Georgia 30334

The Operator must file **five (5)** copies of any response and/or official correspondence, as well as a CD with an electronic version of the response in Microsoft Word and/or a PDF, if applicable.

Informal Conference:
Any Operator who chooses to request an informal conference shall request such a conference through emailing the Director (michellet@psc.state.ga.us), calling the Director (404-463-2765), or selecting the "Request Conference" choice.

Civil Penalty Payments:
Certified check for the full amount of the recommended civil penalty or consent agreement amount made payable to the Georgia Public Service Commission. The Operator's name, applicable Docket No., and Inspection Report No. must be included on the certified check. Mail payment to:

Ms. Michelle Thebert, Director, Facilities Protection Unit
Georgia Public Service Commission
244 Washington Street
Atlanta, Georgia 30334

Hearing Requests:
The Operator has the right to request a hearing before the full Commission to contest the alleged probable violations, recommended civil penalties, and all other proposed actions of enforcement. A request for a hearing must be submitted in writing and in accordance with Commission Rule 515-2-1-.04. The Operator must include a statement of the issues that you intend to raise at the hearing. The issues may relate to the allegations, new information, proposed compliance order, proposed civil penalty, or any other recommendation for enforcement action. Please refer to Commission Rule 515-9-3-.11 and O.C.G.A. § 46-2-91 for assessment considerations upon which civil penalties are based. An operator's failure to specify an issue may result in a waiver of the right to raise that issue at hearing. The request must also indicate whether or not the Operator will be represented by counsel at the hearing.

Open Records and Trade Secret Filings:
The Operator is advised that any material provided to the Commission, and all materials prepared by the Commission, including the Notice of Probable Violations and any Orders issued in this case, may be considered public information and subject to disclosure under the Georgia Open Records Act (O.C.G.A. § 50-18-70 et seq.). If you believe that any portion of your response material is security sensitive, privileged, confidential or may cause your company competitive disadvantages and would qualify for protection under the Commission's "Trade Secret Rule" (Commission Rule 515-3-1-.11), you must, along with the complete original document clearly marked "TRADE SECRET" on each page, provide a second copy of the document with the portions you believe qualify for trade secret treatment redacted, and an explanation of why you believe the redacted information qualifies for such trade secret treatment. Should the Commission receive a request for disclosure of any "TRADE SECRET" material, you will be notified, if after review, the materials and your provided justification are deemed not to meet any exemptions provided in the Georgia Open Records Act. You may appeal the Commission's decision to release material at that time. Your appeal will stay the release of those materials until a final decision is made.

BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
STATE OF GEORGIA

IN THE MATTER OF:	)	
	)	
Violation(s) Report with Proposed Civil	)	**DOCKET NO. 37042**
Penalty; and Notice of Amendment	)	
Dalton Utilities	)	
Inspection JS22-010 on May 9, 2022	)	

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that I have caused to be served a copy of the foregoing, and a copy of same was served upon all parties and persons listed below via electronic mail as indicated by an asterisk. I further certify that the *Dalton Utilities was* served a hard copy of the above-stated document by U.S. Mail, certified/return receipt requested.

*Sallie Tanner, Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334

*Tom Bundros, CEO
Dalton Utilities
P.O. Box 869
Dalton, GA 30722
tbundros@dutil.com

*Michelle Thebert, Facilities Protection Unit Director
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334

Respectfully Submitted this 18th day of January 2023:

Cathy Nesbitt

Cathy Nesbitt, Administrative Assistant
Georgia Public Service Commission
Facilities Protection Unit
244 Washington Street, SW
Atlanta, GA 30334