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Georgia Public Service Commission

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244 Washington Street, SW
Atlanta, GA 30334-5701

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psc.ga.gov

DOCKET# 37042
DOCUMENT# 218051

Docket No. 37042

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

REF: Follow Up Inspection # JS23-011

☐ Certified Mail ☐ Regular Mail ☒ Email

Attention: Mr. John Thomas

On March 14, 2023, a representative of the Georgia Public Service Commission Pipeline Safety/Facilities Protection Office conducted an on-site inspection of your gas system and found that previously identified probable violation(s) of the Pipeline Safety Regulations have either been cleared or are continuing, as identified below.

- ☒ Previously existing probable violation(s) has/have been cleared.
- ☒ Previously existing probable violation(s) still exist.
- ☐ Additional Enforcement
  - ☐ Notice of Proposed Violation
  - ☐ Notice of Proposed Violation with Proposed Civil Penalty
  - ☐ Warning Letter
  - ☐ Letter of Concern
  - ☐ Observed Issue
- ☐ Consent Agreement Pending

The enclosed inspection report numbered JS23-011 is provided for your information and file.

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) 985-4271 or mthebert@psc.ga.gov. Thank you for your continuing contribution toward increased pipeline safety.

Sincerely,

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

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REPORT OF NATURAL GAS SAFETY

INSPECTION NO: JS23-011

OPERATOR: Dalton Utilities

INVESTIGATOR: Jason Smith

INSPECTION DATE: March 14, 2023 REPORT MAILED DATE: March 19, 2024

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

1. PURPOSE OF INSPECTION

To follow-up on the Operator's previously existing probable violations

2. CONTINUING VIOLATIONS

Violation	Description	Inspection#	Date
192.615(c)	Each operator shall establish and maintain liaison with appropriate fire, police, and other...	JS22-010	5/9/2022

3. CLEARED VIOLATIONS

Cleared on 3/14/2023

Violation	Description	Inspection#	Date
192.479	Atmospheric corrosion control: General.	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

4. NEW VIOLATIONS

Violation	Description	Inspection#	Date
Consent Agreement Pending	Operator is negotiating Consent Agreement with the FPU Director	JS23-011	3/14/2023

5. OTHER RECOMMENDATIONS/COMMENTS

SEE ATTACHED INSPECTION REPORT

DALTON UTILITIES / FOLLOW-UP INSPECTION
INSPECTION NUMBER JS23-011 / DOCKET NUMBER #37042

On March 14, 2023 Staff reported to Dalton Utilities to conduct a follow-up inspection on the Operator's previously existing probable violations.

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

Commission Pipeline Safety Staff was represented by:
Jason Smith - Lead Inspector
Jeff Baggett - Pipeline Line Safety Supervisor

At the time of this inspection Dalton Utilities was under five (5) existing probable violations cited under inspection #JS22-010. Staff reviewed these violations with the Operator and determined that:

PROBABLE VIOLATION CLEARED

1. In regard to the probable violation of 49CFR §192.479(a) which was cited under inspection #JS22-010; in that report Staff stated: "Dalton Utilities failed to clean and coat each portion of pipeline that is exposed to the atmosphere as required under §192.479."

   OPERATOR RESPONSE: In their response letter to inspection #JS22-010 that was dated February 10, 2023 the Operator stated: "Dalton Utilities has hired a contractor to perform atmospheric corrosion inspections and coating of all above ground facilities. Repairs or replacements will be made as necessary. The expected completion date for this work is December 31, 2023."

   FOLLOWUP INSPECTION: After reviewing the submitted response Staff got in contact with the Operator and informed them that we would need to see some sort of record to prove the locations mentioned in inspection report #JS22-010 had been addressed.

   On March 2, 2023 Dalton Utilities provided pictures of 1130 Richards St meter station, 421 11th Ave meter station, the Cleveland Hwy reg. station and the Howard (Howell) Dr reg. station having been painted. Later that afternoon Staff informed the Operator that the pictures of the Cleveland Hwy and the Howell Dr reg. stations were not clear enough for verification purpose.

   On March 9, 2023 the Operator e-mailed additional pictures of the two regulator stations in question, having been painted.

   Staff determined that this violation 192.479(a) could be cleared at this time.

2. In regard to the probable violation of 49CFR §192.147(a) which was cited under inspection #JS22-010; in that report Staff stated: "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)."

   OPERATOR RESPONSE: In their response letter to inspection #JS22-010 that was dated February 10, 2023 the Operator stated that: On the day that issue was identified, Dalton Utilities installed the

missing bolts at the meter set cited in the Report and has that all existing flanges and accessories are compliant. To ensure that future flanged connections are constructed in accordance with applicable regulations and standards, Dalton Utilities will have a Construction Manual in place by March 3, 2023.

FOLLOWUP INSPECTION: After reviewing the submitted response Staff got in contact with the Operator and informed them that we would need to verify the flanges on meter station at 1130 Richards Street had been addressed. On March 2, 2023 Dalton Utilities provided pictures attempting to illustrate the missing bolts were installed on the flanges. Later that afternoon Staff informed the Operator that the provided pictures did not appear to be the same location photographed during the comprehensive inspection.

On March 9, 2023 the Operator responded, saying the meter set at 1130 Richards Street was removed and replaced. They attached a photo of the new meter station.

Staff determined that probable violation §192.147(a) can be cleared at this time.

3. In regard to the probable violation of 49CFR §192.479 which was cited under inspection #JS22-010; in that report Staff stated: "Dalton Utilities must amend their procedures to address the requirements of §192.479(b) coating material specifications."

   OPERATOR RESPONSE: In their response letter to inspection #JS22-010 that was dated February 10, 2023 the Operator stated that: Dalton Utilities will have a Construction Manual in place by March 3, 2023.

   FOLLOWUP INSPECTION: After reviewing the submitted response Staff got in contact with the Operator and informed them that we would need to verify they have the construction manual in order to address the probable violation.

   On March 2, 2023 Dalton Utilities informed Pipeline Safety Staff that they did have a construction manual. They provided a copy of section 23 'Coatings and Wraps' of their construction manual.

   Staff determined that probable violation §192.479 can be cleared at this time.

4. In regard to the probable violation of 49CFR §192.491(c) which was cited under inspection #JS22-010; in that report Staff stated: "Dalton Utilities failed to maintain records demonstrating when the location in question was last surveyed for atmospheric corrosion."

   There was a proposed civil penalty of $7500 attached to this violation

   OPERATOR RESPONSE: In their response letter to inspection #JS22-010 that was dated February 10, 2023 the Operator stated: Dalton Utilities has performed an atmospheric corrosion inspection at the location cited in this Inspection Report and has documented this inspection. Dalton Utilities has a process in place to ensure that this clerical error does not recur. In addition, Dalton Utilities requested a conference with Michelle to discuss the $7500 civil penalty.

FOLLOWUP INSPECTION: After reviewing the submitted response Staff got in contact with the Operator and informed them that we would need to verify the location in question has been monitored for atmospheric corrosion.
On March 2, 2023 Dalton Utilities provided the record of when 421 11th Avenue was inspected for Atmospheric Corrosion on May 27, 2022 that states the meter set was painted. They also provided a picture of the facility having been painted.

Staff determined that probable violation §192.491(c) can be cleared at this time.

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:	)	
	)	
Clearing and Continuing Violation Report	)	**DOCKET NO. 37042**
Dalton Utilities	)	
Inspection JS23-011 on March 14, 2023	)	
	)	

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

*John Thomas, CEO
Dalton Utilities
P.O. Box 869
Dalton, GA 30722
jthomas@dutil.com

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

Respectfully Submitted this 26th day of March 2024:

Cathy Nesbitt

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