

**WARNING LETTER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

August 20, 1999

Mr. Steve Hanna  
Director of Network Operations  
15055 Bethel Road  
Platte City, Missouri 64079

**CPF No. 58517W**

Dear Mr. Hanna:

On June 16, 1998, a representative of the Western Region, Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, received a notification from the National Response Center (NRC) of an incident, occurring on your pipeline facilities located in the city of Fountain, Colorado.

As a result of a review of the notification, it appears that you have committed a probable violation as noted below of pipeline safety regulations Title 49, Code of Federal Regulations, Part 191.

The probable violation is:

1. **§ 191.5 Telephonic notice of certain incidents.**

**§ 191.5(a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.**

**§ 191.3 defines an "Incident" as any of the following events:**

- (1) An event that involves a release of gas from a pipeline or of liquefied natural gas or gas from an LNG Facility and**
  - (i) A death, or personal injury necessitating in-patient hospitalization;**
  - or**
  - (ii) Estimated property damage, including cost of gas lost, of the operator or others, or both, of \$50,000 or more.**
- (2) An event that results in an emergency shutdown of an LNG facility.**
- (3) An event that is significant, in the**

**judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2).**

On June 15, 1998, at approximately 3:00 PM MDT, People's Natural Gas Company (People's) experienced an incident at 7150 and 7280 Alegre Circle in Fountain, Colorado. The incident met the reporting requirements of 191.5 as the estimated property damage, including cost of gas lost, exceeded \$50,000. People's made a telephonic notice of the incident to the State of Colorado within two hours of its occurrence. However, People's did not make the required report to the NRC until June 16, 1998, at approximately 11:35 AM MDT, this is approximately 10.5 hours after the occurrence of the incident.

The OPS considers two hours as being a reasonable time frame to make telephonic notice for the majority of incidents. On rare occasions and for good cause this time frame may be extended to six hours if extenuating circumstances prevail. It is my understanding that People's is conducting a review of its telephonic reporting procedures and related training to assure timely reporting of incidents to OPS. Timely reporting of incidents is crucial to the OPS investigative and communicative efforts regarding these matters.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violations persists up to a maximum of \$500,000 for any related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations, we will take enforcement action when and if the continued violation comes to our attention.

You will not hear from us again with regard to the noted inspection and our subsequent action. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your pipeline (and/or your operations) into compliance with pipeline safety regulations.

Sincerely,

Edward J. Ondak  
Director

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