



U.S. Department  
of Transportation  
**Pipeline and Hazardous  
Materials Safety  
Administration**

1200 New Jersey Avenue SE  
Washington DC 20590

## 2019 Gas State Program Evaluation

for

KENTUCKY PUBLIC SERVICE COMMISSION

### Document Legend

#### PART:

- O -- Representative, Dates and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- State Qualifications
- D -- Program Performance
- E -- Field Inspections
- F -- Damage prevention and Annual report analysis
- G -- Interstate Agent/Agreement States



# 2019 Gas State Program Evaluation -- CY 2019

Gas

**State Agency:** Kentucky

**Agency Status:**

**Date of Visit:** 09/21/2020 - 09/24/2020

**Agency Representative:** Melissa Holbrook, Assistant Director DOI/Gas Pipeline Safety Program Manager

**PHMSA Representative:** Agustin Lopez, State Liaison, PHMSA State Programs

**Commission Chairman to whom follow up letter is to be sent:**

**Name/Title:** Michael J. Schmitt, Chairman

**Agency:** Kentucky Public Service Commission

**Address:** 211 Sower Boulevard

**City/State/Zip:** Frankfort, KY 40602-0615

**Rating:**

**60105(a):** Yes **60106(a):** No **Interstate Agent:** No

## INSTRUCTIONS:

Complete this evaluation in accordance with the Evaluator Guidance for conducting state pipeline safety program evaluations. The evaluation should generally reflect state program performance during CY 2019 (not the status of performance at the time of the evaluation). A deficiency in any one part of a multiple-part question should be scored as "Needs Improvement." Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the appropriate notes/comments section. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and they OBJECTIVELY reflect the state's program performance for the question being evaluated. Increasing emphasis is being placed on how the state pipeline safety programs conduct and execute their pipeline safety responsibilities (their performance). This evaluation, together with selected factors reported in the state's annual progress report attachments, provide the basis for determining the state's pipeline safety grant allocation.

## Scoring Summary

### PARTS

### Possible Points Points Scored

A	Progress Report and Program Documentation Review
B	Program Inspection Procedures
C	State Qualifications
D	Program Performance
E	Field Inspections
F	Damage prevention and Annual report analysis
G	Interstate Agent/Agreement States

0	0
15	12
10	10
50	50
15	15
4	4
0	0

### TOTALS

**94 91**

**State Rating** ..... **96.8**

## PART A - Progress Report and Program Documentation Review

Points(MAX)    Score

**1**    Were the following Progress Report Items accurate?

Info Only    Info Only

Info Only = No Points

- a.    Stats On Operators Data - Progress Report Attachment 1
- b.    State Inspection Activity Data - Progress Report Attachment 2
- c.    List of Operators Data - Progress Report Attachment 3\*
- d.    Incidents/Accidents Data - Progress Report Attachment 4\*
- e.    Stats of Compliance Actions Data - Progress Report Attachment 5\*
- f.    List of Records Kept Data - Progress Report Attachment 6 \*
- g.    Staff and TQ Training Data - Progress Report Attachment 7
- h.    Compliance with Federal Regulations Data - Progress Report Attachment 8
- i.    Performance and Damage Prevention Question Data - Progress Report Attachment 10\*

Evaluator Notes:

- a. Reviewed CY 2019 Progress Report data which tracks jurisdictional operators and units.
- b. Reviewed CY 2019 Progress Report data which tracks inspection days per operator, type of inspection and total number of inspection days.
- c. Reviewed operator list with spreadsheet and PDM annual reports.
- d. No reportable incidents in 2019.
- e. Reviewed Compliance tracked in the Gas Branch Inspection Schedule and verified open and closed cases.
- f. The KY PSC has list of all records kept in their files.
- g. Reviewed TQ Blackboard to verify qualification of KY PSC inspectors.
- h. KY PSC has adopted all required federal regulations within 3 years.
- i. KY PSC listed performance initiatives and damage prevention data. Granted full enforcement of damage prevention in 2018.

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Total points scored for this section: 0  
Total possible points for this section: 0



## PART B - Program Inspection Procedures

Points(MAX) Score

- |   |   |   |   |
|---|---|---|---|
| 1 | Do written procedures address pre-inspection, inspection and post inspection activities for each of the following inspection types: Chapter 5.1<br>Yes = 5 No = 0 Needs Improvement = 1-4   | 5 | 2 |
|   | <ul style="list-style-type: none"><li>a. Standard Inspections, which include Drug/Alcohol, CRM and Public Awareness Effectiveness Inspections</li><li>b. TIMP and DIMP Inspections (reviewing largest operator(s) plans annually)</li><li>c. OQ Inspections</li><li>d. Damage Prevention Inspections</li><li>e. On-Site Operator Training</li><li>f. Construction Inspections (annual efforts)</li><li>g. LNG Inspections</li></ul> |   |   |

### Evaluator Notes:

- Yes, the procedures address pre and post inspection activities for preparation for an inspection and how to conclude an inspection. Section III pg 7 has pre inspection activities, Pg 10 has post inspection activities.
- a. Procedures include guidance on how to conduct standard inspections.
  - b. Procedures need detail on how to conduct and give guidance to inspectors to perform IMP/DIMP inspections.
  - c. Procedures need detail on how to conduct and give guidance to inspectors to perform OQ inspections.
  - d. Procedures need detail on how to conduct and give guidance to inspectors to perform Damage Prevention inspections.
  - e. Procedures need detail on how to conduct and give guidance to inspectors to perform Operator Training.
  - f. Procedures need detail on how to conduct and give guidance to inspectors to perform Construction inspections.
  - g. There are no LNG facilities in KY.

- |   |   |   |   |
|---|---|---|---|
| 2 | Do written procedures address inspection priorities of each operator, and if necessary each unit, based on the following elements and time frames established in its procedures? Chapter 5.1<br>Yes = 4 No = 0 Needs Improvement = 1-3  | 4 | 4 |
|   | <ul style="list-style-type: none"><li>a. Length of time since last inspection</li><li>b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)</li><li>c. Type of activity being undertaken by operators (i.e. construction)</li><li>d. Locations of operator's inspection units being inspected - (HCA's, Geographic area, Population Centers, etc.)</li><li>e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors)</li><li>f. Are inspection units broken down appropriately?</li></ul> |   |   |

### Evaluator Notes:

- KY PSC 2019 Procedural Manual addresses inspection priorities. Section II "Development of Inspection Schedule".
- A. Pg 6 II. A. 5 of Procedural Manual
  - B. Pg. 6 II. A. 3 of Procedural Manual
  - C. Pg 8 and 9 of Procedural Manual
  - D. Pg 8 and 9 of Procedural Manual.
  - E. Pg 6 ?Risk ranking is used to address inspection units.
  - F. Units are broken down accordingly.

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|---|---|---|---|
| 3 | (Compliance Procedures) Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1<br>Yes = 3 No = 0 Needs Improvement = 1-2  | 3 | 3 |
|   | <ul style="list-style-type: none"><li>a. Procedures to notify an operator (company officer) when a noncompliance is identified</li><li>b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns</li><li>c. Procedures regarding closing outstanding probable violations</li></ul> |   |   |

### Evaluator Notes:

Section IV has post inspection activities which address deficiencies identified and how to track open cases. Section V has Follow up/show cause/fines procedures

- A. Pg. 11 Section IV of Procedural Manual.
- B. Pg 11 Section IV of Procedural Manual.
- C. Pg 11 Section V of procedural Manual.

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- 4** (Incident/Accident Investigations) Does the state have written procedures to address state actions in the event of an incident/accident? 3 3  
Yes = 3 No = 0 Needs Improvement = 1-2
- a. Mechanism to receive, record, and respond to operator reports of incidents, including after-hours reports
  - b. If onsite investigation was not made, do procedures require on-call staff to obtain sufficient information to determine the facts to support the decision not to go on-site.

Evaluator Notes:

Section Vi "Incident Investigation" and Exhibit W has procedures that addresses actions in case of an incident.

A. pg 12-13 Section VI Telephonic notice must be made by a gas operator to the Gas P/S Branch regarding intrastate natural gas reportable incidents in Kentucky, pursuant to 807 KAR 5:027 Section 3 and 49 CFR Part 191.5.

B. pg 13-14. and Exhibit W of Manual has to collection of information to make decision to go on site or not.

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- 5** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

Issues/Concerns Identified:

B.1- Inspection procedures need to be amended to give better guidance to inspectors on how to perform IMP,DIMP,OQ, Construction, CRM and onsite training inspections.

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Total points scored for this section: 12  
Total possible points for this section: 15



## PART C - State Qualifications

Points(MAX) Score

- |   |   |   |   |
|---|---|---|---|
| 1 | Has each inspector and program manager fulfilled training requirements? (See Guidelines Appendix C for requirements) Chapter 4.4<br>Yes = 5 No = 0 Needs Improvement = 1-4  | 5 | 5 |
|   | <ul style="list-style-type: none"><li>a. Completion of Required OQ Training before conducting inspection as lead</li><li>b. Completion of Required DIMP/IMP Training before conducting inspection as lead</li><li>c. Completion of Required LNG Training before conducting inspection as lead</li><li>d. Root Cause Training by at least one inspector/program manager</li><li>e. Note any outside training completed</li><li>f. Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector (Reference State Guidelines Section 4.3.1)</li></ul> |   |   |

Evaluator Notes:

- a. All lead inspectors are qualified to lead OQ inspections ( TQ records) Melissa Holbrook, Michael Nantz, Scott Morris, and David Nash
- b. Melissa Holbrook and Michael Nantz are qualified to lead DIMP/IMP , Scott and David are qualified to lead DIMP
- c. N/A
- d. Yes, Melissa has completed the root cause course 5-20-2011. Michael has completed PH3600 Root Cause/ICC 11-8-2019
- e. There are several schools/seminars that inspectors can attend. (Technical Toolbox, and KY Gas association seminars are attended by inspectors).
- f. Yes, Melissa, Michael, Scott, and David are lead inspectors (Reports provided for review and TQ records)

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|---|--|---|---|
| 2 | Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1<br>Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
|---|--|---|---|

Evaluator Notes:

Although Ms. Melissa Holbrook has only been Program Manager for less than a year she has demonstrated excellent knowledge of the pipeline safety program and regulations. She has been an inspector for the KY PSC since 2005 and is very qualified to be PM.

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|---|--|-----------|-----------|
| 3 | General Comments:<br>Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

The KY PSC is mainly complying with Part C of the Evaluation.

Total points scored for this section: 10  
Total possible points for this section: 10

## PART D - Program Performance

Points(MAX) Score

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|---|---|---|---|
| 1 | Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1<br>Yes = 5 No = 0 Needs Improvement = 1-4  | 5 | 5 |
|   | <ul style="list-style-type: none"><li>a. Standard (General Code Compliance)</li><li>b. Public Awareness Effectiveness Reviews</li><li>c. Drug and Alcohol</li><li>d. Control Room Management</li><li>e. Part 193 LNG Inspections</li><li>f. Construction (did state achieve 20% of total inspection person-days?)</li><li>g. OQ (see Question 3 for additional requirements)</li><li>h. IMP/DIMP (see Question 4 for additional requirements)</li></ul> |   |   |

### Evaluator Notes:

Yes the KY PSC conducts inspections on a three year cycle .Inspection reports and database/spreadsheets which track inspection intervals were reviewed. The KY PSC seems to be conducting each type of inspection on a three year cycle as per their procedures.

The KYPSC conducts all types of inspections, which include DIMP/IMP, OQ, PAPEI, D&A, CRM and standard during the scheduled inspection which is typically a week. The time to conduct all types of inspection, which is typically one week seems to be insufficient. Most states spend at least a couple of days to a week to complete each type of inspection which seems to be more reasonable. The KYPSC should assure that the time spent to conduct all types of inspections is sufficient time to thoroughly complete the inspections.

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| 2 | Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1. Do inspection records indicate that adequate reviews of procedures, records and field activities, including notes and the appropriate level of inspection person-days for each inspection, were performed?<br>Yes = 10 No = 0 Needs Improvement = 1-9 | 10 | 10 |
|   | <ul style="list-style-type: none"><li>a. Standard (General Code Compliance)</li><li>b. Public Awareness Effectiveness Reviews</li><li>c. Drug and Alcohol</li><li>d. Control Room Management</li><li>e. Part 193 LNG Inspections</li><li>f. Construction</li><li>g. OQ (see Question 3 for additional requirements)</li><li>h. IMP/DIMP (see Question 4 for additional requirements)</li></ul>  |    |    |

### Evaluator Notes:

The KY PSC uses the IA Equivalent Forms to conduct their inspections. The form has additional NTSB, ADB, and Cyber Security questions. In reviewing the inspection reports, it seems that most inspections are about a week ong and all programs (IMP/DIMP,OQ,D&A,PAPE) are being reviewed during the week. The time spent (inspection person-days) to review all programs seem inappropriate for the amount of manuals, records, and field work to be completed. The KY PSC needs to assure enough time is spent to conduct each type of inspection to perform a thorough and complete inspection.

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| 3 | Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals established in the operator's plan. 49 CFR 192 Part N<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

### Evaluator Notes:

Yes, the KY PSC conducts OQ inspections during all standard inspections. Reviewed inspection reports to verify OQ Programs are being reviewed.

The KYPSC conducts all types of inspections, which include OQ, during the scheduled standard inspection which is typically a week. The time to conduct all types of inspection, which is typically one week seems to be insufficient. Most states spend at

least a couple of days to a week to complete each type of inspection which seems to be more reasonable. The KYPSC should assure that the time spent to conduct all types of inspections is sufficient time to thoroughly complete the inspections.

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| 4 | Is state verifying operator's integrity management Programs (IMP and DIMP)? This should include a review of plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operator's plan(s). 49 CFR 192 Subpart P<br>Yes = 2 No = 0 Needs Improvement = 1                                  | 2 | 2 |
|   | a. Are the state's largest operator(s) plans being reviewed annually?<br>b. Are states verifying with operators any plastic pipe and components that have shown a record of defects/leaks and mitigating those through DIMP plan?<br>c. Are the states verifying operators are including low pressure distribution systems in their threat analysis? |   |   |

Evaluator Notes:

Yes the KYPSC conducts IMP/DIMP inspections to verify operators are in compliance with the regulations.

- a. The KY PSC contacts the larger operator's to discuss any significant changes to their IMP.
- b. Yes, the KY PSC reviews during inspections and are included as part of the NTSB question set.
- c. Yes the KY PSC verifies during inspections with the NTSB question set.

The KYPSC conducts all types of inspections, which include DIMP/IMP, during the scheduled standard inspection which is typically a week. The time to conduct all types of inspection, which is typically one week seems to be insufficient. Most states spend at least a couple of days to a week to complete each type of inspection which seems to be more reasonable. The KYPSC should assure that the time spent to conduct all types of inspections is sufficient time to thoroughly complete the inspections.

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|---|---|---|---|
| 5 | Did the state review the following (these items are NTSB recommendations to PHMSA that have been deemed acceptable response based on PHMSA reviewing these items during the evaluation process): Chapter 5.1<br>Yes = 2 No = 0 Needs Improvement = 1  | 2 | 2 |
|   | a. Operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken;<br>b. Operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance);<br>c. Operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21;<br>d. Operator records of previous accidents and failures including reported third-party damage and leak response to ensure appropriate operator response as required by 192.617;<br>e. Directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies;<br>f. Operator procedures for considering low pressure distribution systems in threat analysis?<br>g. Operator compliance with state and federal regulations for regulators located inside buildings? |   |   |

Evaluator Notes:

Yes, the inspectors ask the question during standard inspections. The form has a separate question set that includes all NTSB, and ADB questions. (Form 2020 NTSB Supplemental Inspection Questions)

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|---|--|---|---|
| 6 | Did the State verify Operators took appropriate action regarding advisory bulletins issued since the last evaluation? (Advisory Bulletins Current Year)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:



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|---|---|----|----|
| 7 | <p>(Compliance Activities) Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1</p> <p>Yes = 10 No = 0 Needs Improvement = 1-9</p> <ul style="list-style-type: none"> <li>a. Were compliance actions sent to company officer or manager/board member if municipal/government system?</li> <li>b. Were probable violations documented properly?</li> <li>c. Resolve probable violations</li> <li>d. Routinely review progress of probable violations</li> <li>e. Did state issue compliance actions for all probable violations discovered?</li> <li>f. Can state demonstrate fining authority for pipeline safety violations?</li> <li>g. Does Program Manager review, approve and monitor all compliance actions? (note: Program Manager or Senior Official should sign any NOPV or related enforcement action)</li> <li>h. Did state compliance actions give reasonable due process to all parties? Including "show cause" hearing, if necessary.</li> <li>i. Within 30 days, conduct a post-inspection briefing with the owner or operator outlining any concerns</li> <li>j. Within 90 days, to the extent practicable, provide the owner or operator with written preliminary findings of the inspection. (Incident investigations do not need to meet 30/90-day requirement)</li> </ul> | 10 | 10 |
|---|---|----|----|

Evaluator Notes:

- Yes, reviewed compliance cases to verify the KYPSC is following their procedures to close out cases.
- a. Yes, compliance correspondence is sent to company officials.
  - b. Yes, probable violations are documented accordingly.
  - c. Yes, reviewed compliance actions to verify resolution and progress.
  - d. The KY PS routinely reviews progress of open compliance cases. Cases are tracked by the Program Manager.
  - e. Yes, reviewed inspection reports to verify all probable violations are addressed.
  - f. Yes, the KYPSC as issued civil penalties.
  - g. In reviewing compliance correspondence, it was noted that each inspector signs the letters and reports. The Program Manager did not sign NOPV's or correspondence.
  - h. Yes the KY PSC gives reasonable due process.
  - i. Yes the KYPSC documents the exit briefing which is conducted at end of each inspection.
  - j. Yes compliance notices were sent within 90 days of completing the inspections.

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|---|---|----|----|
| 8 | <p>(Incident Investigations) Were all incidents investigated, thoroughly documented, with conclusions and recommendations?</p> <p>Yes = 10 No = 0 Needs Improvement = 1-9</p> <ul style="list-style-type: none"> <li>a. Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports?</li> <li>b. Did state keep adequate records of Incident/Accident notifications received?</li> <li>c. If onsite investigation was not made, did the state obtain sufficient information from the operator and/or by means to determine the facts to support the decision not to go on site?</li> <li>d. Were onsite observations documented?</li> <li>e. Were contributing factors documented?</li> <li>f. Were recommendations to prevent recurrences, where appropriate, documented?</li> <li>g. Did state initiate compliance action for any violations found during any incident/accident investigation?</li> <li>h. Did state assist Region Office or Accident Investigation Division (AID) by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA?</li> <li>i. Does state share any lessons learned from incidents/accidents?</li> </ul> | 10 | 10 |
|---|---|----|----|

Evaluator Notes:

There were no reportable incidents in KY in 2019. Although there were no incidents the KY PSC has investigated incidents in the past and has procedures to handle incident notifications.

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|----------|---|---|---|
| <b>9</b> | Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Yes the Chairman response was within 60 days of receiving the letter. Procedures were an issue in last year's evaluation which still need to be amended to include more detail to give better guidance to inspectors on how to conduct IMP,DIMP, OQ,PAPEI and CRM inspections.

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|-----------|---|-----------|-----------|
| <b>10</b> | Did State conduct or participate in pipeline safety training session or seminar in Past 3 Years? Chapter 8.5<br>Info Only = No Points | Info Only | Info Only |
|-----------|---|-----------|-----------|

Evaluator Notes:

Pipeline Safety Seminar was conducted September 17 &18, 2019 (Records for review 2019 PHMSA Registration Form and 2019 PHMSA T&Q Seminar Roster)

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|-----------|--|-----------|-----------|
| <b>11</b> | Has state confirmed transmission operators have submitted information into NPMS database along with changes made after original submission?<br>Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

Yes, the question is on the IA equivalent form which is used for standard inspections. In the future the portal will be used to verify on an annual basis and operator contacted via email or letter if not completed.

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|-----------|--|---|---|
| <b>12</b> | Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public).<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

Yes, KY PSC communicates with stakeholders thru seminars also working with KY Gas 101 training for mayors and council members..

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|-----------|---|---|---|
| <b>13</b> | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

The KY PSC had no reported SRC in 2019. When SRC are reported our inspector Chris Bailey is responsible for SRC. Chris Bailey documents SRC in tracking spreadsheet and WMS on portal.

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|-----------|--|---|---|
| <b>14</b> | Was the State responsive to:<br>Yes = 1 No = 0 Needs Improvement = .5<br>a. Surveys or information requests from NAPS or PHMSA;<br>b. Operator IM notifications; and<br>c. PHMSA Work Management system tasks? | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

- a. all surveys were completed by requested date by James Rice until November 2019. Melissa Holbrook completed surveys after November 2019.
- b. KY PSC had no operator IM notifications in 2019. Only in 2018 Columbia Gas of KY. (Record named 2018 Columbia Gas IMP Notifications)
- c. Work Management system tasks were completed by James Rice until October 31, 2019. John Lyons would have finished for November and December.

- 15** If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate. 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The KY PSC has one waiver issued in 2003 to Catlettsburg Refining LLC (Marathon) that waives compliance of 192. The waiver allows the pipeline from complying from 192 requirements. (Response to PHMSA and 2003 Waiver records for review)

- 16** Were pipeline program files well-organized and accessible? Info Only Info Only  
Info Only = No Points

Evaluator Notes:

Yes, files were provided electronically and there were no issues with organization.

- 17** Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool (SICT). Has the state updated SICT data? 3 3  
Yes = 3 No = 0 Needs Improvement = 1-2

Evaluator Notes:

Reviewed the SICT and inspection days seem reasonable. Anticipate about 133 construction days which is about 25% of total inspection days

- 18** Discussion on State Program Performance Metrics found on Stakeholder Communication Info Only Info Only  
site.\ <http://primis.phmsa.dot.gov/comm/states.htm?nocache=4805>  
Info Only = No Points

Evaluator Notes:

James Rice conducted state program performance metrics on May 6, 2019. Reviewed metrics reviewed and trends seem to be on a positive direction. Damages per 1,000 have been on a downward trend since 2010 as well as leak data.

- 19** Did the state encourage and promote operator implementation of Pipeline Safety Management Systems (PSMS), or API RP 1173? This holistic approach to improving pipeline safety includes the identification, prevention and remediation of safety hazards. Info Only Info Only  
Info Only = No Points  
a. <https://pipelinesms.org/>  
b. Reference AGA recommendation to members May 20, 2019

Evaluator Notes:

KY PSC program manager Jason Hurt presented on PSMS at our 2016 pipeline safety seminar. NAPSR completed a survey in 2018. Will keep encouraging the use of PSMS by operators.

- 20** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

Issues/Concerns identified:

D.1,2,3- The KYPSC conducts all types of inspections, which include DIMP/IMP, OQ, PAPEI, D&A, CRM and standard during the scheduled inspection which is typically a week. The time to conduct all types of inspection, which is typically one week seems to be insufficient. Most states spend at least a couple of days to a week to complete each type of inspection which seems to be more reasonable. The KYPSC should assure that the time spent to conduct all types of inspections is sufficient time to thoroughly complete the inspections.

D.7 (g) In reviewing compliance correspondence, it was noted that each inspector signs the letters and reports. The Program Manager did not sign NOPV's or correspondence. In the future, the Program Manager or higher official should be signing all compliance action correspondence.

Total points scored for this section: 50  
Total possible points for this section: 50

## PART E - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative (enter specifics into the comments box below) Info Only Info Only

Info Only = No Points

- What type of inspection(s) did the state inspector conduct during the field portion of the state evaluation? (i.e. Standard, Construction, IMP, etc)
- When was the unit inspected last?
- Was pipeline operator or representative present during inspection?
- Effort should be made to observe newest state inspector with least experience

### Evaluator Notes:

OQ protocol 9 observed (pipe-to-soil readings). Inspection conducted by Michael Nantz. Last inspected 2019. Operator representative present.  
Also observed construction inspection, conducted by David Nash. Construction consisted of 8" steel system upgrade project. No issues found with either inspection.

Annmarie Robertson conducted the evaluation on October 13-15, 2020.

- 2 Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) 2 2

Yes = 2 No = 0 Needs Improvement = 1

### Evaluator Notes:

No issues. Completed inspection forms submitted.

- 3 Did the inspector adequately review the following during the inspection 10 10

Yes = 10 No = 0 Needs Improvement = 1-9

- Procedures (were the inspector's questions of the operator adequate to determine compliance?)
- Records (did the inspector adequately review trends and ask in-depth questions?)
- Field Activities/Facilities (did inspector ensure that procedures were being followed, including ensuring that properly calibrated equipment was used and OQ's were acceptable?)
- Other (please comment)
- Was the inspection of adequate length to properly perform the inspection?

### Evaluator Notes:

No issues observed.

- 4 From your observation did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) 2 2

Yes = 2 No = 0 Needs Improvement = 1

### Evaluator Notes:

Inspectors displayed adequate knowledge of the program and regulations.

- 5 Did the inspector conduct an exit interview, including identifying probable violations? (If inspection is not totally completed the interview should be based on areas covered during time of field evaluation) 1 1

Yes = 1 No = 0 Needs Improvement = .5

### Evaluator Notes:

Exit interviews conducted. No violations were found.

- 6 Was inspection performed in a safe, positive, and constructive manner ? Info Only Info Only

Info Only = No Points

- No unsafe acts should be performed during inspection by the state inspector

- b. What did the inspector observe in the field? (Narrative description of field observations and how inspector performed)
- c. Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices)
- d. Other

Evaluator Notes:

Mike Nantz performed OQ Protocol 9 inspection of pipe-to-soil readings. David Nash performed inspection of 8" steel construction work. Both inspectors displayed a good understanding of regulations and program requirements and conducted inspections in professional, courteous and efficient manner.

7 General Comments:  
Info Only = No Points

Info Only Info Only

Evaluator Notes:

No issues found during the field evaluation.

Total points scored for this section: 15  
Total possible points for this section: 15



**PART F - Damage prevention and Annual report analysis****Points(MAX) Score**

- |          |  |   |   |
|----------|--|---|---|
| <b>1</b> | Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues.<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

**Evaluator Notes:**

KY PSC reviews and analyzes annual reports for accuracy and trends. Reviewed spreadsheet of 2019 review conducted by James Rice.

- |          |  |   |    |
|----------|--|---|----|
| <b>2</b> | Has the state verified that the operators analyze excavation damages for the purpose of determining root causes and minimizing the possibility of a recurrence? (? 192.617)<br>Has the state verified that the operators have appropriately identified excavators who have repeatedly violated one-call laws and damaged their facilities. Have the operators taken steps to mitigate that risks? (? 192.1007)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | NA |
|----------|--|---|----|

**Evaluator Notes:**

?In 2019 under James Rice management no records have been found of this requirement. In March 2020 when Melissa Holbrook took over position a detailed checklist was developed to meet this requirement. The sample checklist was send to David Appelbaum for review and he approved. KY PSC inspectors are currently completing inspections for big 5 operators. Reviewed damage prevention checklist,

- |          |   |   |    |
|----------|---|---|----|
| <b>3</b> | Has the state reviewed the operator's annual report pertaining to Part D ? Excavation Damage?<br>Yes = 4 No = 0 Needs Improvement = 1-3 <ol style="list-style-type: none"><li>a. Is the information complete and accurate with root cause numbers?</li><li>b. Has the state evaluated the causes for the damages listed under "One-Call Notification Practices Not Sufficient" (Part D.1.a)?</li><li>c. Has the state evaluated the causes for the damages listed under "Locating Practices Not Sufficient" (Part D.1.b)? For each operator, does the state review the following?</li><li>d. Is the operator or its locating contractor(s) qualified and following written procedures for locating and marking facilities?</li><li>e. Is the operator appropriately requalifying locators to address performance deficiencies?</li><li>f. What is the number of damages resulting from mismarks?</li><li>g. What is the number of damages resulting from not locating within time requirements (no-shows)?</li><li>h. Is the operator appropriately addressing discovered mapping errors resulting in excavation damages?</li><li>i. Are mapping corrections timely and according to written procedures?</li><li>j. Has the state evaluated the causes for the damages listed under "Excavation Practices Not Sufficient" (Part D.1.c)?</li></ol> | 4 | NA |
|----------|---|---|----|

**Evaluator Notes:**

3. In 2019 under James Rice management no records have been found of this requirement. In March 2020 when Melissa Holbrook took over position a detailed checklist was developed to meet this requirement. The sample checklist was send to David Appelbaum for review and he approved. KY PSC inspectors are currently completing inspections for big 5 operators. (attached for review damage prevention checklist)

- |          |   |   |   |
|----------|---|---|---|
| <b>4</b> | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests?<br>Yes = 2 No = 0 Needs Improvement = 1 <ol style="list-style-type: none"><li>a. What stakeholder group is causing the highest number of damages to the pipelines? Operator, contractor, locating company or public.</li><li>b. Has the state verified the operator is appropriately focusing damage prevention education and training to stakeholders causing the most damages?</li></ol> | 2 | 2 |
|----------|---|---|---|

- c. Has the state evaluated which of the following best describes the reason for the excavation damages; i.e., operator or contractor not following written procedures, failure to maintain marks, failure to support exposed facilities, failure to use hand tools were required, failure to test-hole (pot hole), improper backfilling practices, failure to maintain clearance or insufficient excavation practices.
- d. Has the state verified the operator is appropriately focusing damage prevention education and training to address the causes of excavation damages?

Evaluator Notes:

The annual report review which consists of reviewing the damages is good data being collected and analyzed by the KY PSC.

The PSC should use this analysis and have operators respond or verify what operators are doing to reduce the damages.

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**5** General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

The KY PSC is mainly complying with Part F of the Evaluation.

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Total points scored for this section: 4  
Total possible points for this section: 4



## PART G - Interstate Agent/Agreement States

Points(MAX) Score

- 1 Were all inspections of interstate pipelines conducted using the Inspection Assistant program for documenting inspections. Info Only Info Only  
Info Only = No Points

Evaluator Notes:

KY PSC is not an Interstate Agent nor has a 60106 Certification.

- 2 If inspections were conducted independent of a PHMSA team inspection was notice of all identified probable violations provided to PHMSA within 60 days. Info Only Info Only  
Info Only = No Points

Evaluator Notes:

KY PSC is not an Interstate Agent nor has a 60106 Certification.

- 3 If inspections were conducted independent of a PHMSA team inspection was PHMSA immediately notified of conditions which may pose an immediate safety hazard to the public or environment? Info Only Info Only  
Info Only = No Points

Evaluator Notes:

KY PSC is not an Interstate Agent nor has a 60106 Certification.

- 4 If inspections were conducted independent of a PHMSA team inspection did the state coordinate with PHMSA if inspections not were not included in the PHMSA Inspection Work Plan? Info Only Info Only  
Info Only = No Points

Evaluator Notes:

KY PSC is not an Interstate Agent nor has a 60106 Certification.

- 5 Did the state take direction from and cooperate with PHMSA for all incident investigations conducted on interstate pipelines? Info Only Info Only  
Info Only = No Points

Evaluator Notes:

KY PSC is not an Interstate Agent nor has a 60106 Certification.

- 6 General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

KY PSC is not an Interstate Agent nor has a 60106 Certification.

Total points scored for this section: 0  
Total possible points for this section: 0