

**PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)
KANSAS CC PROGRAM EVALUATION – CY2019
CONDUCTED 7/13-14/2020 & 10/27/20 Field Portion.**

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H - 60106 AGREEMENT STATE (if applicable)	2 OF 2 (6)
TOTAL PROGRAM EVALUATION POINTS	84 of 87 (113)

PHMSA UNGS STATE PROGRAM EVALUATION – CY2019

A – PROGRESS REPORT AND PROGRAM DOCUMENTATION REVIEW THIS SECTION ANALYZES ACCURACY AND COMPLETENESS OF ANNUAL PROGRESS REPORT		SCORE
1	<p>Accuracy of Jurisdictional Authority and Operator/Inspection Units Data – Progress Report Attachment 1 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes, is consistent with existing KS law, and in agreement with attachment 3 & 8. Kansas Corporation Commission Utilities Division (KS-CC) has authority to regulate underground porosity storage, see KS law KSA 55-1115. KS law disallows hydrocarbon storage in a fresh water aquifer; see KS law KSA 55-1115. [Note: a separate agency, KS Dept. of Health and Environment (DHE), has jurisdiction over salt caverns; current cavern storage is 100% liquid; is crude, or LPG. DHE will have jurisdiction if there is any gas cavern storage developed. Allie Lane, Geologist with DHE, is the Underground Hydrocarbon Storage (UHS) Program Manager. Alexandria.lane@ks.gov, Office: 785-296-7254, Cell: 785-230-0741.]</p>	1
2	<p>Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NI 0.5 of 1 point. 15 field days & 72 total program days is consistent with internal records. Attachment 2 needs to be amended to show 15 Field days.</p>	0.5
3	<p>Accuracy verification of Operators and Operators Inspection Units in State – Progress Report Attachment 3 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. 3 Operators and 4 Units, the 6 units/fields reported last year were consolidated into 4 Units to better reflect the Operator's records management.</p>	1
4	<p>Accuracy verification of Compliance Activities – Progress Report Attachment 5 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes, no compliance actions taken in 2019.</p>	1
5	<p>Were UNGS program files well-organized and accessible? - Progress Report Attachment 6 (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. The reported records held by KS-CC are a combination of electronic and paper. The paper records were reviewed by camera, and the Electronic records were reviewed electronically. Recommended that 'Licensing Data...' be retitled to 'Underground Porosity Gas Storage Operating Permit'.</p>	2
6	<p>Was employee listing and completed training accurate and complete? – Progress Report Attachment 7 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NI 0.5 of 1 point. Internal office records show 15 days field, and 58 office days for a total of 72 days due to rounding. Attachment 7 needs to be amended to match office data. Leo and Lyle Powers are scheduled to take the UNGS Course.</p>	0.5
7	<p>Verification of Part 192 and 199 Rules and Amendments – Progress Report Attachment 8 (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. Adopting 192.12 for UNGS is in progress. Expected to be done during 2020.</p>	1
8	<p>List of Planned Performance - Did State describe accomplishments on Progress Report in detail – Progress Report Attachment 10 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. Attachment 10 is a good summary of the status of the UNGS Program.</p>	1

9	<p>General Comments:</p> <p>Susan K. Duffy, Chair Leo Haynos, Chief Engineer; Patrick Gaume, UNGS Liaison, PHMSA Kansas Corporation Commission Same address 1500 SW Arrowhead Rd 60106 Program Topeka, KS 66604-4027</p> <p>UNGS PROGRESS REPORT REVIEW score is 40 of 50: 6 pt. reduction due to 60106 jurisdiction. 4 pt. reduction due to highest percentage of inspectors are in Category 1, II and III.</p> <p>No incidents were reported in UNGS for 2019.</p> <p>Part A scored 8 of 9 points. Questions 2 & 6 were NI for 0.5 points reductions.</p>	8
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B – PROGRAM INSPECTION PROCEDURES Does State Inspection Plan include procedures that address the following elements? (See Guidelines Section 5.1)		
1	Does State have written inspection procedures? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The existing Pipeline Procedures have been expanded to include UNGS.	2
2	<p>Standard Inspections</p> <p>Do Standard Inspection procedures give guidance to State inspectors that insure consistency for inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities <p>Post Inspection Activities (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes, See Section 5.4.2; Part A) for pre-inspection and Part C) for post-inspection.</p>	2
3	<p>Specialized Inspections</p> <p>Do Specialized Inspection procedures give guidance to State inspectors that insure consistency for inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities <p>Post Inspection Activities (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes, See Section 5.3.1 and 5.4.2. Recommended to improve the description of a Specialized UNGS Inspection.</p>	2
4	<p>Design, Testing, and Construction Inspections</p> <p>Do Design, Testing, and Construction Inspection procedures give guidance to State inspectors that insure consistency for Inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. See Section 5.4.2 & 5.5.2,</p>	1

5	<p>Drug and Alcohol Inspections</p> <p>Do Drug and Alcohol Inspection procedures give guidance to State inspectors that insure consistency for Inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. See Section 5.5.9. D&A is generally included in HQ inspections. With spot D&A during Unit inspections.</p>	1
6	<p>Does inspection plan address inspection priorities of each inspection unit, based on the following elements?</p> <ul style="list-style-type: none"> • Length of time since last inspection (Within five-year interval per inspection unit) • Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) • Type of activity being undertaken by operators in inspection units (i.e. construction) • Locations of operator's inspection units being inspected - (HCA's, Geographic area, Population Density, etc.) • Process to identify high-risk inspection units considering integrity threats <p>Are inspection units broken down appropriately? (Yes= 6 points, No= 0 Points, NI=1-5 points)</p> <p>Comments: NI 5 of 6 points. There is no formal document that analyzes inspection priorities. 5 of the items are addressed informally. This is a repeat issue.</p>	5
7	<p>General Comments: Part B scored 13 of 14 points. Question 6 was NI for a 1 point reduction.</p>	13

C – PROGRAM PERFORMANCE		
1	<p>Was ratio of Total Inspection Person-Days to Total Person-Days acceptable? (Chapter 4.2)</p> <p>A = Total Inspection Person Days (Attachment 2) B = Total Inspection Person Days Charged to the program (220 x Number of Inspection person years from Attachment 7) Ratio = A/B If Ratio >= .38 then score = 5 points. If Ratio < .38 then score = 0 points. (Yes= 5 points, No= 0 Points) Comments: Yes. 15 Field days, .07 inspector man-years. 15/ (.07*220)=1 >.38 Okay</p>	5
2	<p>Has each Inspector and Program Manager fulfilled the TQ Training Requirements? (See Guidelines Appendix C for requirements and Chapter 4.3.1) (Yes= 5 points, No= 0 Points, NI=1-4) Comments: Yes, In 2nd year of the UNGS Program. Leo and Lyle Powers are scheduled to take the UNGS Course.</p>	5
3	<p>Does State use the PHMSA Inspection Assistant (IA) program to document inspections? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes, KS is using IA.</p>	2
4	<p>Did records and discussions with Program Manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Leo is quite experienced.</p>	2
5	<p>Did State respond to PHMSA's Evaluation Letter within 60 days and correct or address any noted deficiencies? Chapter 8.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: NI 1 of 2 points. letter sent 11/18/2019, Response sent 2/20/2020, Response was about 90 days. The letter addressed the deficiencies.</p>	1
6	<p>Did State inspect all types of operators and inspection units in accordance with time intervals established in their written procedures? Chapter 5.1 (Yes= 5 points, No= 0 Points, NI=1-4 points) Comments: Yes. See Section 5.5.1 for a 3-year interval. 2020 is the 3rd year of this program.</p>	5
7	<p>Did State Inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Chapter 5.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Is being done but not yet due. See Section 5.5.1 for a 3-year interval. 2020 is the 3rd year of this program.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Is being done but not yet due. See Section 5.5.1 for a 3-year interval. 2020 is the 3rd year of this program.</p>	2
9	<p>Has the State reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The annual reports are reviewed. Suggested to Leo that he make notes of his concerns so he can show results of his reviews.</p>	2

10	<p>Is the State verifying operators are conducting drug and alcohol tests required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199</p> <p>(Yes= 2 points, No= 0 Points, NI= 1 point)</p> <p>Comments: Yes. Handled by HQ reviews. One Operator, Cherokee, is targeted for a specific D&A.</p>	2
11	<p>Does the State have a mechanism for communicating with stakeholders regarding the inspection and enforcement program? (This should include making enforcement cases available to public).</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. Hold annual 192 Training sessions with exception of 2020 (Covid 19). Website has several things posted. Okay.</p>	1
12	<p>Did State execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. No UNGS related SRC.</p>	NA
13	<p>Did the State participate in/respond to surveys or information requests from PHMSA?</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. KS responds to various PHMSA requests.</p>	1
14	<p>Did the State forward any potential waivers/special permits to PHMSA for review prior to issuing them to operators?</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. No special permits in KS.</p>	NA
15	<p>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.</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. No special permits in KS.</p>	NA
16	<p>General Comments: Part C scored 30 of 31 points. Question 5 was NI for a 1 point reduction and Questions 12, 14 & 15 were NA.</p>	30

D – COMPLIANCE ACTIVITIES		
1	<p>Does the State have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1</p> <ul style="list-style-type: none"> • Procedures to notify an operator (company officer) when a noncompliance is identified • Procedures to routinely review progress of compliance actions to prevent delays or breakdowns • Procedures regarding closing outstanding probable violations <p>(Yes= 4 points, No= 0 Points, NI=1-3 points) Comments: Yes. See Section 5.7 & 5.8.</p>	4
2	<p>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> <ul style="list-style-type: none"> • Were compliance actions sent to company officer or manager/board member if municipal/government system? • Document probable violations • Resolve probable violations • Routinely review progress of probable violations • ; and <p>(Yes= 4 points, No= 0 Points, NI=1-3 points) Comments: NA. There have been no compliance issues for UNGS. Nothing was submitted to PHMSA UNGS for handling. Effective 2020 KS became a 60105 partner.</p>	NA
3	<p>Did State within 30 days of the end of an inspection conduct a post-inspection briefing with the owner or operator of the UNGS facility inspected outlining any concerns identified during the inspection?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: NA. A Federal UNGS inspection was not performed in 2019. Applicable well site inspections were performed but no violations were found and the operator was so informed.</p>	NA
4	<p>Did State within 90 days, to the extent practicable, provide the owner or operator with written preliminary findings of the inspection?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: NA. No violations of Federal Regulations were found in 2019.</p>	NA
5	<p>Did the State issue compliance actions for all probable violations discovered?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: NA. No violations of Federal Regulations were found in 2019.</p>	NA
6	<p>Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary.</p> <p>(Yes= 2 points, No= 0 Points) Comments: NA. No violations of Federal Regulations were found in 2019.</p>	NA

7	<p>Is the Program Manager familiar with State process for imposing civil penalties? (describe any actions taken) (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. Leo is completely familiar with KS process for imposing civil penalties.</p>	2
8	<p>Were civil penalties considered for repeat violations, violations which can't be corrected by other means, or violations resulting in incidents? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NA. No violations were found. Process is in place.</p>	NA
9	<p>Can the State demonstrate it is using their enforcement fining authority for safety violations? (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: Yes. See Section 5.13. 45 penalties totaling \$22,500 were issued and collected in 2019 for One Call violations.</p>	1
10	<p>General Comments: Part D scored 7 of 7 points. 6 questions were NA.</p>	7

E – INCIDENT INVESTIGATIONS		
1	<p>Does the State have written procedures to address State actions in the event of an incident? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. See Section 6.1</p>	2
2	<p>Does State have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. See Section 6.1. also regulation K.A.R. 82-11-7 (b)</p>	2
3	<p>Did the State keep adequate records of Incident notifications received? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. None were received in 2019 but records are kept per Section 6.1.</p>	2
4	<p>If onsite investigation was not made, did State obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: NA. No incidents or investigations in 2019.</p>	NA
5	<p>Were all incidents investigated, thoroughly documented, and with conclusions and recommendations?</p> <ul style="list-style-type: none"> • Observations and document review • Contributing Factors • Recommendations to prevent recurrences where appropriate <p>(Yes= 3 points, No= 0 Points, NI=1-2 points)</p> <p>Comments: NA. none in 2019. Incidents will be handled per Section 6.1.</p>	NA
6	<p>Did the State initiate compliance action for violations found during any incident investigation? (Yes= 1 point, No= 0 Points)</p> <p>Comments: NA. none in 2019. Compliance will be handled per Section 5.13.</p>	NA
7	<p>Did the State assist the 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? (validate report data from operators concerning incidents and investigate discrepancies) Chapter 6 (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: Yes. No requests in 2019, but KS has helped in the past.</p>	1
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. Incidents are reported during NAPS Region Meetings.</p>	1

9	General Comments: Part E scored 8 of 8 points. 3 questions were NA	8
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F – DAMAGE PREVENTION		
1	<p>Did the State inspector verify UNGS operators are following their written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (API 1171 Section 11.10 Public Awareness and Damage Prevention) (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes. See Sections 5.6 & 7.1</p>	2
2	<p>Did the State encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (Common Ground Alliance Best Practices, support excavation damage prevention legislation, etc.) (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes. See Sections 5.6 & 7.1</p>	2
3	<p>General Comments: Section F scored 4 of 4 points. No problems.</p>	4

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative Comments: Atmos Energy Corporation, OP ID 6720, Lyle Powers, Inspector KCC, Via MS TEAMS, 10/27/2020, Patrick Gaume	
2	Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (Yes= 1 point, No= 0 Points) Comments: Yes. The MS TEAMS meeting was hosted by Atmos & 7 Atmos personnel participated.	1
3	Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. IA was used; 6 modules were selected. See KS, 2020 GT, 2020 Atmos Energy Liberty North and Liberty South. Lyle Powers, KCC.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. The form was completed for Procedures and Records and all non-sats were explained.	2
5	Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Yes= 1 point, No= 0 Points) Comments: Yes. All needed resources were available electronically.	1
6	Did the inspector adequately review the following during the field portion of the State Program Evaluation? <ul style="list-style-type: none"> • Procedures • Records • Field Activities/Facilities • Other (please comment) (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. The Inspection addressed Procedures and Records on 10/27. Field will be addressed on another day.	2
7	Did the inspector have adequate knowledge of the UNGS safety program and regulations? (Evaluator will document reasons if unacceptable) (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. Lyle demonstrated professional knowledge during the inspection.	2
8	Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (Yes= 1 point, No= 0 Points) Comments: Yes. It was a good summation of the day's inspection and no violations were found.	1

[illegible]

H - 60106 AGREEMENT STATE (if applicable)		
1	<p>Did the State use the current federal inspection form(s)? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. KS uses IA.</p>	1
2	<p>Are results documented demonstrating inspection units were reviewed in accordance with State inspection plan? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. First round of inspections is still in process. KS uses a 3-year cycle.</p>	1
3	<p>Were any probable violations identified by State referred to PHMSA for compliance action? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no violations were found.</p>	NA
4	<p>Did the State immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no imminent safety hazards were found.</p>	NA
5	<p>Did the State give written notice to PHMSA within 60 days of all probable violations found? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no violations were found.</p>	NA
6	<p>Did the State initially submit adequate documentation to support compliance action by PHMSA on probable violations? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no violations were found.</p>	NA
7	<p>General Comments: Section H scored 2 of 2 points. 4 questions were NA.</p>	2