

**PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)**

**MN PROGRAM EVALUATION – CY2019**

**CONDUCTED 6/15-17/2020**

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<b>TOTAL PROGRAM EVALUATION POINTS</b>	<b>95 of 95 (113)</b>

## PHMSA UNGS STATE PROGRAM EVALUATION – CY2019

<b>A – PROGRESS REPORT AND PROGRAM DOCUMENTATION REVIEW</b> <b>THIS SECTION ANALYZES ACCURACY AND COMPLETENESS OF ANNUAL PROGRESS REPORT</b>		SCORE
1	Accuracy of Jurisdictional Authority and Operator/Inspection Units Data – Progress Report Attachment 1 (Yes= 1 point, No= 0 Points, NI=.5 point) <b>Comments: The information reviewed appears correct, only one operator with one facility.</b>	1
2	Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point) <b>Comments: Days reviewed with inspection summaries. No issues.</b>	1
3	Accuracy verification of Operators and Operators Inspection Units in State – Progress Report Attachment 3 (Yes= 1 point, No= 0 Points, NI=.5 point) <b>Comments: One operator, Center Point energy</b>	1
4	Accuracy verification of Compliance Activities – Progress Report Attachment 5 (Yes= 1 point, No= 0 Points, NI=.5 point) <b>Comments: Yes, One compliance action in CY 2019.</b>	1
5	Were UNGS program files well-organized and accessible? - Progress Report Attachment 6 (Yes= 2 points, No= 0 Points, NI=1 point) <b>Comments: No issues</b>	2
6	Was employee listing and completed training accurate and complete? – Progress Report Attachment 7 (Yes= 1 point, No= 0 Points, NI=.5 point) <b>Comments: No issues</b>	1
7	Verification of Part 192 and 199 Rules and Amendments – Progress Report Attachment 8 (Yes= 1 point, No= 0 Points) <b>Comments: No issues</b>	1
8	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) <b>Comments: No issues, combined Gas, HL and UNGS programs</b>	1
9	<b>General Comments:</b> <b>- No issues. 9 of 9 points awarded.</b> <b>MN Progress Report Review-49/50, 1 pt. reduction due to civil penalties not essentially the same as PHMSA.</b> Mr. John Harrington Commissioner of Public Safety Minnesota Office of Public Safety 445 Minnesota Street, Suite 1000 St. Paul, MN 55101	9

<b>B – PROGRAM INSPECTION PROCEDURES</b> Does State Inspection Plan include procedures that address the following elements? (See Guidelines Section 5.1)		
1	<p>Does State have written inspection procedures? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p><b>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</b></p>	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"> <li>• Pre-Inspection Activities</li> <li>• Inspection Activities</li> <li>• Post Inspection Activities</li> </ul> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p><b>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</b></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"> <li>• Pre-Inspection Activities</li> <li>• Inspection Activities</li> <li>• Post Inspection Activities</li> </ul> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p><b>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</b></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"> <li>• Pre-Inspection Activities</li> <li>• Inspection Activities</li> <li>• Post Inspection Activities</li> </ul> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p><b>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</b></p>	1

5	<p><b>Drug and Alcohol Inspections</b></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"> <li>• Pre-Inspection Activities</li> <li>• Inspection Activities</li> <li>• Post Inspection Activities</li> </ul> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p><b>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</b></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"> <li>• <b>Length of time since last inspection (Within five-year interval per inspection unit)</b></li> <li>• <b>Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)</b></li> <li>• <b>Type of activity being undertaken by operators in inspection units (i.e. construction)</b></li> <li>• <b>Locations of operator's inspection units being inspected - (HCA's, Geographic area, Population Density, etc.)</b></li> <li>• <b>Process to identify high-risk inspection units considering integrity threats</b></li> <li>• <b>Are inspection units broken down appropriately?</b></li> </ul> <p>(Yes= 6 points, No= 0 Points, NI=1-5 points)</p> <p><b>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</b></p>	6
7	<p><b>General Comments: No issues. Scored 14 of 14 points.</b></p>	14

C – PROGRAM PERFORMANCE		
1	<p>Was ratio of Total Inspection Person-Days to Total Person-Days acceptable? (Chapter 4.2)</p> <p><b>A = Total Inspection Person Days (Attachment 2)</b>  <b>B = Total Inspection Person Days Charged to the program</b>  <b>(220 x Number of Inspection person years from Attachment 7)</b>  <b>Ratio = A/B      If Ratio &gt;= .38 then score = 5 points. If Ratio &lt; .38 then score = 0 points.</b>          (Yes= 5 points, No= 0 Points)  <b>Comments: Exception granted per Rex Evans. They had 7 AFO days, with .14 FTE, 7/.14*220=.227&lt;.38, However all field work was performed, and the AFO time for the combined program, (Gas+HL+UNGS), exceeds .38.</b></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)  <b>Comments: Inspectors Jeff Blackwell and Jeff Cremin are assigned to UNGS, they both took course May 2018. (Thomas Coffman joined the UNGS team in 2019 and took the Course in 2020.) No issues.</b></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)  <b>Comments: Yes, no issues.</b></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)  <b>Comments: Yes, No issues.</b></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)  <b>Comments: Yes, Letter sent 10/22/19, Response sent 12/10/19. Okay.</b></p>	2
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)  <b>Comments: Yes, no issues. Initial Full UNGS inspection was in 2018. Another Full inspection in 2019. A Full inspection is planned for 2020.</b></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)  <b>Comments: Yes, one inspection of single operator (Watertown Storage) began in July 2019. Uses IA and all complete</b></p>	2
8	<p>Did State complete all applicable portions of inspection forms?          (Yes= 2 points, No= 0 Points, NI=1 point)  <b>Comments: Yes, the inspection form was provided for review.</b></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)  <b>Comments: No issues</b></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><b>Comments: No issues, common operator with Gas Program</b></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><b>Comments:</b>  <b>Yes, they have a website <a href="https://dps.mn.gov/divisions/ops/Pages/default.aspx">https://dps.mn.gov/divisions/ops/Pages/default.aspx</a></b>  <b>Enforcement and various other communications are available. No issues.</b></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><b>Comments: N/A, none for UNGS for 2018 or 2019.</b></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><b>Comments: No issues. Combination program with Gas and HL.</b></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><b>Comments: N/A, none for UNGS</b></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><b>Comments: N/A, none for UNGS</b></p>	NA
16	<p><b>General Comments: 3 questions were NA. Scored 31 of 31 points in this section.</b></p>	34

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"> <li>• <b>Procedures to notify an operator (company officer) when a noncompliance is identified</b></li> <li>• <b>Procedures to routinely review progress of compliance actions to prevent delays or breakdowns</b></li> <li>• <b>Procedures regarding closing outstanding probable violations</b></li> </ul> <p>(Yes= 4 points, No= 0 Points, NI=1-3 points)  <b>Comments: Yes, this is same as procedures with Gas and HL programs. Section 5.3 of MNOPS procedures. No issues.</b></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"> <li>• Were compliance actions sent to company officer or manager/board member if municipal/government system?</li> <li>• Document probable violations</li> <li>• Resolve probable violations</li> <li>• Routinely review progress of probable violations</li> <li>• ; and</li> </ul> <p>(Yes= 4 points, No= 0 Points, NI=1-3 points)  <b>Comments: Yes, they issued 1 NOPV in February, 2019 to Center Point (only UNGS operator). Required 27 changes to procedures. Operator complied. NOPV is closed.</b></p>	4
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)  <b>Comments: No issues, it was a day 0 Exit Report.</b></p>	2
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)  <b>Comments: No issues, the actual NOPV was issued in 80 days.</b></p>	2
5	<p>Did the State issue compliance actions for all probable violations discovered?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)  <b>Comments: Yes, NOPV issued February 6, 2019 on November 2018 inspection</b></p>	2
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)  <b>Comments: Yes, No issues.</b></p>	2

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><b>Comments: Yes, again this is a combination program and program has history of imposing civil penalties.</b></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><b>Comments: N/A – new program – new rules.</b></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><b>Comments: Yes, no issues.</b></p>	1
10	<b>General Comments: One Question was NA. Scored 19 of 19 points.</b>	<b>21</b>



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><b>Comments: Yes, Section 6 of MNOPS procedures outlines incidents. No issues.</b></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><b>Comments: Yes, also covered in Section 6 MNOPS procedures. No issues.</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><b>Comments: Yes, however no incidents on UNGS, but process is there. Part of a Gas, HL, &amp; UNGS combination program and all activities are acceptable. No issues.</b></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><b>Comments: N/A</b></p>	NA
5	<p>Were all incidents investigated, thoroughly documented, and with conclusions and recommendations?</p> <ul style="list-style-type: none"> <li>• <b>Observations and document review</b></li> <li>• <b>Contributing Factors</b></li> <li>• <b>Recommendations to prevent recurrences where appropriate</b></li> </ul> <p>(Yes= 3 points, No= 0 Points, NI=1-2 points)</p> <p><b>Comments: N/A</b></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><b>Comments: N/A</b></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><b>Comments: N/A</b></p>	NA
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p><b>Comments: N/A However, this is combination program and no issues.</b></p>	NA
9	<p><b>General Comments: 4 questions are NA. Scored 6 of 6 points.</b></p>	13

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><b>Comments:</b> <b>Yes, part of damage prevention inspection.</b></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><b>Comments:</b> <b>Yes, state has robust damage prevention program. Also has various training sessions and significant participation.</b></p>	2
3	<p><b>General Comments: No issues. Scored 4 of 4 points.</b></p>	4

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative <b>Comments: CenterPoint Energy, opid 12350, Thomas Coffman-Lead, Jeff Blackwell-Inspector, Adam Ratzlaff, Inspector, Waterville Underground Storage, 12510 440<sup>th</sup> Ave, Waterville, MN 56096, 6/16-17/19, Patrick Gaume &amp; Rex Evans</b>	
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) <b>Comments: Yes. The inspection had been scheduled, was conducted in the UNGS office and by teleconference, and several operator personnel participated in the inspection.</b>	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) <b>Comments: Yes. IA was used to conduct and record the inspection.</b>	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) <b>Comments: Yes. Each question was asked and findings were noted with comments as needed.</b>	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) <b>Comments: Yes. All records and procedures were made available.</b>	1
6	Did the inspector adequately review the following during the field portion of the State Program Evaluation? <ul style="list-style-type: none"> <li>• Procedures</li> <li>• Records</li> <li>• Field Activities/Facilities</li> <li>• Other (please comment)</li> </ul> (Yes= 2 points, No= 0 Points, NI=1 Point) <b>Comments: Yes*2. Procedures and Records were addressed.</b>	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) <b>Comments: Yes. Thomas, Jeff, &amp; Adam are all TQ certified for UNGS and conducted the inspection in a competent and professional manner.</b>	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) <b>Comments: Yes. Several Concerns were identified. Most of the concerns were procedures that require updating, revising, and additional documentation. Some records need to be brought current. Some of the concerns were identified in previous inspections and will become items of focus. A particular concern was that CenterPoint was not prepared to discuss reservoir integrity concerns and will require a follow up visit to address.</b>	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><b>Comments: H1-6, NA. Not a 60106 program.</b></p>	NA
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><b>Comments:</b></p>	NA
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><b>Comments:</b></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><b>Comments:</b></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><b>Comments:</b></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><b>Comments:</b></p>	NA
7	<b>General Comments: H1-6, NA. Not a 60106 program</b>	6