



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

1200 New Jersey Avenue SE
Washington DC 20590

2020 Gas State Program Evaluation

for

COLORADO PUBLIC UTILITIES 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



2020 Gas State Program Evaluation -- CY 2020

Gas

State Agency: Colorado

Agency Status:

Date of Visit: 10/14/2021 - 10/14/2021

Agency Representative: Casey Hensly, Programs, Enforcement, and Risk Engineer

Deidra Hudson, Program Administrator

Kevin Stilson, Lead Engineer

PHMSA Representative: David Lykken

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

Name/Title: Eric Blank, Chairman

Agency: Colorado Public Utilities Commission

Address: 1560 Broadway #250

City/State/Zip: Denver, Colorado 80202

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 2020 (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
15
10
50
15
10
0

0
15
10
34
15
10
0

TOTALS

100 84

State Rating

84.0

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- 1 Were the following Progress Report Items accurate? (*items not scored on progress report) 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 & c) Operator/Inspection Unit totals on Attachment 1 are consistent with the Operator/Inspection Unit totals on Attachment 3. b) Did not meet minimum inspection day requirement of 739 days. Actual was 670.80. Construction day minimum (148) met. Actual was 200.93. Covid-19 Executive Stay at Home order D2020-017 issued on 3/5/2020. Mandatory Furloughs. d & e) No issues. g) Information verified through T&Q Blackboard training site. Training for personnel found to be complete and accurate. h) Rule amendments going back to 2017 adopted in January 2021.

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
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
| | <ul style="list-style-type: none">a. Standard Inspections, which include Drug/Alcohol, CRM and Public Awareness Effectiveness Inspectionsb. TIMP and DIMP Inspections (reviewing largest operator(s) plans annually)c. OQ Inspectionsd. Damage Prevention Inspectionse. On-Site Operator Trainingf. Construction Inspections (annual efforts)g. LNG Inspections | | |

Evaluator Notes:

Yes. COPUC Program Guidelines Rev May 2020. Section E - Mission Components 1&2 covering all inspection types and including Pre-inspection, Inspection, and Post inspection activities.

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|---|---|---|---|
| 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
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| | <ul style="list-style-type: none">a. Length of time since last inspectionb. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)c. Type of activity being undertaken by operators (i.e. construction)d. Locations of operator's inspection units being inspected - (HCA's, Geographic area, Population Centers, etc.)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)f. Are inspection units broken down appropriately? | | |

Evaluator Notes:

Yes. Addressed under Section II-C: Mission Component 1 - Inspection Priorities. Section II-D -Time Intervals for Inspections. Number of operator units appears to be sufficient.

- | | | | |
|---|---|---|---|
| 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
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
| | <ul style="list-style-type: none">a. Procedures to notify an operator (company officer) when a noncompliance is identifiedb. Procedures to routinely review progress of compliance actions to prevent delays or breakdownsc. Procedures regarding closing outstanding probable violations | | |

Evaluator Notes:

Yes to a thru c. Addressed under Part II, Section F - Mission Component 3: Compliance d) Compliance Action Decision (CAD) Administration

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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?
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
| | <ul style="list-style-type: none">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:

Yes. a & b. Part III 'Investigation of Incidents'. Section A-Background and General Considerations; B - Incident Investigation Preparation Guide; and C - Incident Investigation Reporting. Uses COPUC Incident Investigation form - Non OQ for documenting reports of and investigation of incidents.

5 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

No issues. No point deductions under Part 'B'.

Total points scored for this section: 15
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
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
| | <ul style="list-style-type: none">a. Completion of Required OQ Training before conducting inspection as leadb. Completion of Required DIMP/IMP Training before conducting inspection as leadc. Completion of Required LNG Training before conducting inspection as leadd. Root Cause Training by at least one inspector/program managere. Note any outside training completedf. Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector (Reference State Guidelines Section 4.3.1) | | |

Evaluator Notes:

a. Yes. Inspectors who conduct OQ has lead have completed required OQ training. b. Lead J. Castle for the BHE standard records inspection (May 5-7 & May 10-14, 2021) has not completed all required courses completed to conduct DIMP inspection but was assisted by qualified inspector K. Stilson. Missing PL3267-DL Fundamentals of Integrity Management. Has been registered to attend. c. N/A. No LNG. d. Yes. Two inspectors and Program Chief have completed Root Cause Training; e. No outside training f. All inspection staff who led standard inspections conducted in 2020 have completed the required core courses.

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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
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
|---|--|---|---|

Evaluator Notes:

Yes. Joe Malloy has been with the program since 2005. He has since retired as of 6/2021. Casey Hensley has been named primary contact until which time she is able to fulfill the State's PE-3 training requirements for the PM position. Casey is registered/waitlisted for all core T&Q PM courses.

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| 3 | General Comments:
Info Only = No Points | Info Only | Info Only |
|---|--|-----------|-----------|

Evaluator Notes:

No issues identified. No point deductions.

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



PART D - Program Performance**Points(MAX) Score**

- | | | | |
|----------|---|---|---|
| 1 | Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 2 |
| | <ul style="list-style-type: none">a. Standard (General Code Compliance)b. Public Awareness Effectiveness Reviewsc. Drug and Alcohold. Control Room Managemente. Part 193 LNG Inspectionsf. Construction (did state achieve 20% of total inspection person-days?)g. OQ (see Question 3 for additional requirements)h. IMP/DIMP (see Question 4 for additional requirements) | | |

Evaluator Notes:

Did not meet minimum inspection day requirement of 739 days. Actual was 670.80. Construction day minimum (148) met. Actual was 200.93. Travel restricted due to Covid-19 Executive Stay at Home order D2020-017 issued on 3/5/2020. Mandatory staff furloughs implemented also. Access to operator facilities restricted. Did not meet inspection intervals or no inspection history for multiple inspection types. Town of Walton (No PAPEI, D&A, OQ, DIMP), City of Colorado Springs (No PAPEI, D&A), Black Hills Energy (No PAPEI, D&A, OQ), Chevron U.S.A. (No PAPEI, D&A, OQ), Colorado Natural Gas (No GT STD INSP, PAPEI, D&A, OQ, TIMP), Williams Field Services (No GT & GG PAPEI, TIMP), Refer to random operator list for specifics. One operator identified as having a control room facility.

- | | | | |
|----------|---|----|---|
| 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?
Yes = 10 No = 0 Needs Improvement = 1-9 | 10 | 5 |
| | <ul style="list-style-type: none">a. Standard (General Code Compliance)b. Public Awareness Effectiveness Reviewsc. Drug and Alcohold. Control Room Managemente. Part 193 LNG Inspectionsf. Constructiong. OQ (see Question 3 for additional requirements)h. IMP/DIMP (see Question 4 for additional requirements) | | |

Evaluator Notes:

The program uses the IA for documenting inspection results for most inspection types. The program utilizes a paper form for conducting Master Meter and LPG inspections. The electronic "GPSP Inspection Time Bridge form" has been used for documenting field verification of OQ, IM, Construction, and Damage Investigation activities. This form lacks detailed sets of questions for each relevant inspection type covering all applicable code requirements. The program has not answered all applicable questions for O&M procedures, Public Awareness, DIMP & TIMP Plan and Implementation question sets within the maximum 5 year intervals for each inspection type.

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| 3 | Is state verifying monitoring (Protocol 9/Form15) of operators OQ programs? 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

5.12 days devoted to OQ activities. Most Protocol 9 inspections done during operator Standard Inspections.

- 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 2 1

Yes = 2 No = 0 Needs Improvement = 1

- Are the state's largest operator(s) plans being reviewed annually to ensure they are completing the full cycle of the DIMP/IMP process?
- Are states verifying with operators any plastic pipe and components that have shown a record of defects/leaks and mitigating those through DIMP plan?
- Are the states verifying operators are including low pressure distribution systems in their threat analysis?

Evaluator Notes:

78 Days devoted to IM activities. The program has only partially completed IM verification question sets. The following inspections completed between 2015 - 2020. No records for inspections conducted prior to 2015. DIMP: 2016 Black Hills Energy, 2016 Source Gas LLC, 2016 Public Service Co of Colorado, 2016 City of Trinidad, 2016 City of Walsenburg, 2016 Colorado NG Inc, 2016 ATMOS Energy, 2016 City of Ignacio, 2017 Public Service Co of Colorado, 2017 City of Walsenburg, 2017 Town of Aguilar. TIMP: 2016 Black Hills Energy, 2016 Rocky Mountain NG, Chevron - Permian Basin. One-point deducted for not completing all inspection checklist questions and not meeting the five inspection interval.

- 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 2 2

Yes = 2 No = 0 Needs Improvement = 1

- Operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken;
- 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);
- 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;
- 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;
- 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;
- Operator procedures for considering low pressure distribution systems in threat analysis?
- Operator compliance with state and federal regulations for regulators located inside buildings?

Evaluator Notes:

No issues. No known cast iron remaining in state. Other items covered under relevant IA question sets.

- 6 Did the State verify Operators took appropriate action regarding advisory bulletins issued since the last evaluation? (Advisory Bulletins Current Year) 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Advisory Bulletins in CY2020 Inside Meter sets/Pressure regulators, atmospheric corrosion and low pressure systems. Xcel currently has program in place to relocate all inside sets. No other operators have inside sets. Low pressure in City of Colorado Springs and Xcel Energy. Discussed during operator seminars.

- 7 (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 10 8

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

- a. Were compliance actions sent to company officer or manager/board member if municipal/government system?
- b. Were probable violations documented properly?
- c. Resolve probable violations
- d. Routinely review progress of probable violations
- e. Did state issue compliance actions for all probable violations discovered?
- f. Can state demonstrate fining authority for pipeline safety violations?
- 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)
- h. Did state compliance actions give reasonable due process to all parties? Including "show cause" hearing, if necessary.
- i. Within 30 days, conduct a post-inspection briefing with the owner or operator outlining any concerns
- 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)

Evaluator Notes:

a. Compliance correspondence sent to appropriate officials b. PV's properly documented. c.2 Pt deduction from last year's evaluation regarding 2018 Colorado Spring Utilities violations. The operator is working to correct identified deficiencies and has not missed any due dates agreed to between parties. f. Last civil penalty issued/collected in 2018 (Xcel Energy). g. Yes. h. Yes. I. Yes. j. A total of 154 PV's identified for 20 of 21 MM and LPG operators inspected in CY2020. Compliance letters were not sent out in CY2020 because Colorado was in the middle of a rulemaking that would give the program more authority to enforce over the 22 MM and LPG systems. The standard enforcement process didn't adequately apply to operators of Master Meter and LPG systems. The rulemaking was approved by the Commission and became effective June 2021. Draft compliance letter currently being reviewed by the Attorney General's office. Letters estimated to go out by the end of November 2021. 2-point deduction for multiple deficiencies.

8	(Incident Investigations) Were all federally reportable incidents investigated, thoroughly documented, with conclusions and recommendations?	10	6
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Yes = 10 No = 0 Needs Improvement = 1-9

- a. Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports?
- b. Did state keep adequate records of Incident/Accident notifications received?
- 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?
- d. Were onsite observations documented?
- e. Were contributing factors documented?
- f. Were recommendations to prevent recurrences, where appropriate, documented?
- g. Did state initiate compliance action for any violations found during any incident/accident investigation?
- 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?
- i. Does state share any lessons learned from incidents/accidents?

Evaluator Notes:

a. Yes. The GPSP has established a Pipeline Safety Emergency Line for the reporting of incidents and events. The line is monitored 24 hours a day, 365 days a year, by GPSP staff. b. No. c. No d. No. The program does not make use of PHMSA Form 11 or an equivalent form for documenting incident investigations. f. No g. Two of three reportable incidents issues were identified by the operator during it's investigation that indicate potential PV's had the COPUC conducted a proper investigation. The operator's internal investigation identified issues related to Failure to follow procedures, Outdate procedures", and other issues. No NOPV's issued by the COPUC for either event. 4-point deduction for not maintaining adequate records, not obtaining sufficient information to determine facts when on-site investigation is not made, Not documenting on-site observations and contributing factors, Not initiating a compliance action for deficiencies identified.

- 9 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 1 0
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

State Programs letter to Chairman sent on 10/26/2020. No response received to date.

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

Evaluator Notes:

None in 2020 due to Covid-19 restrictions. Last seminar held was in March 2019.

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

Evaluator Notes:

Yes. City of Lamar Utilities Board, Whiting Petroleum Corp, Sterling Ethanol, LLC, and Timber Creek Operating LLC failed to submit or provided inaccurate NPMS data. PHMSA plans to take enforcement action. Discussed with program the need to remind inspection staff to ask the operator for supporting documentation demonstrating that the annual NPMS notification has been completed.

- 12 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). 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. The Commission's web site includes stakeholder information for Pipeline Operators and posts Inspection Information and Public Safety Education materials.

- 13 Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No SRC's reported in CY2020. None currently open. Verified in WMS.

- 14 Was the State responsive to: 1 1
Yes = 1 No = 0 Needs Improvement = .5
a. Surveys or information requests from NAPS or PHMSA; and
b. PHMSA Work Management system tasks?

Evaluator Notes:

Yes. 12 of 18 survey requests responded to in CY2020.

- 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:

None new issued in CY2020. Three waivers from 1989, 1995, and 2005 no longer open. The program has requested the three posted on the PHMSA site be removed.

16 Were pipeline program files well-organized and accessible?

Info Only Info Only

Info Only = No Points

Evaluator Notes:

No issues. Documentation provided via email and the program's Smartsheet platform.

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

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Yes = 3 No = 0 Needs Improvement = 1-2

Evaluator Notes:

Tool is updated annually. For CY2020, SICT minimum total estimated days at 739. Actual was 670.80. DT&C inspections 27.19% of SICT minimum total days.

18 Discussion on State Program Performance Metrics found on Stakeholder Communication site. \ <http://primis.phmsa.dot.gov/comm/states.htm?nocache=4805>

Info Only = No Points

Evaluator Notes:

Yes. Discussed performance metrics. The metrics appeared to be at reasonable performance levels. Excavation damages up from 2019 averaging 2.3 per 1000 tickets in CY2020. Inspection days per 1000 miles increased from 8.1 to 10 in 2020. MM/LPG inspections up significantly in 2020 due to focused inspections to satisfy 5 year inspection interval. Total leaks eliminated/repaired per 1000 miles continue to trend upward from approximately 135 in 2016 to 195 in CY2020. Hazardous leaks repaired up significantly from approximately 75 in 2019 to 130 in 2020.

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:

The program has adopted elements of the RP. Have discussed with operators.

20 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

D-1: Three-Point deduction. Did not meet inspection intervals for multiple inspection types for operators Town of Walton, City of Colorado Springs, Black Hills Energy, Chevron U.S.A., Colorado Natural Gas, Williams Field Services.

D-2: Five-Point deduction for not completely filling out inspection forms and in certain cases not using a form that does not cover minimal federal code requirements. The program has not answered all questions for O&M procedures, Public Awareness, DIMP, TIMP Plan and Implementation, & CRM question sets within the maximum 5 year intervals for each inspection type.

D-4: One-Point deduction. Full IM Verification inspections only completed for the following operators between 2015 thru 2020. No record of none prior to 2015. DIMP: 2016 Black Hills Energy (BHE), 2016 Source Gas LLC, 2016 Public Service Co of Colorado, 2016 City of Trinidad, 2016 City of Walsenburg, 2016 Colorado NG Inc, 2016 ATMOS Energy, 2016 City of Ignacio, 2017 Public Service Co of Colorado, 2017 City of Walsenburg, 2017 Town of Aguilar. TIMP: 2016 BHE, 2016 Rocky Mountain NG, Chevron - Permian Basin.

D-7: 2-point deduction multiple deficiencies for not issuing compliance actions/written preliminary inspection findings within 90 days. Draft compliance letter template currently being reviewed by the Attorney General's office. Letters estimated to go out by the end of November 2021.

D-8: 4-point deduction for not maintaining adequate records, not obtaining sufficient information to determine facts when on-site investigation is not made, Not documenting on-site observations and contributing factors, Not initiating a compliance action for deficiencies identified.

D-9: One-Point deduction. State Programs letter to Chairman sent on 10/26/2020. No response received to date.

Total points scored for this section: 34
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:

A standard records inspection (May 5-7 & May 10-13, 2021) conducted via Zoom of Black Hills Energy's Arkansas Valley/La Junta, Douglas/Castle Rock, Garfield/Glenwood Springs, Front Range North/Tri-Town, and El Paso South/Fountain units for CY's 2018-2020. Also DIMP implementation records. Yes, the operator was represented including SME's for specific records being reviewed. Inspectors observed Kevin Stelson and Janie Castle.

- 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:

The IA was used to record inspection results. Question topics selected GD Baseline Records/Observations Directives, GDIM Implementation, PA Program Effectiveness.

- 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:

Only observed records review. CP Records (Rectifiers, Casings, Atmospheric Corrosion, Farm Taps, Isolated Facilities, Pipe exposure reports, Foreign bonds, AC surveys, Survey follow-up), OQ records. Leak surveys, Leak repair, Patrolling, Odorization, Instrument calibration, Valve inspections, PA effectiveness, Reg Station Maintenance, Construction records. Welding Procedure Quals, Field activities/facilities follow-up records inspection. A total of 7 inspection days were devoted to records review. Field facility checks scheduled at a later date.

- 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:

Yes. Both inspectors demonstrated adequate knowledge of safety programs 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 interview conducted at close of records review sessions. Preliminary findings identified 6 PV's and 5 AOC's.

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

Info Only = No Points

- a. 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:

Records inspection performed remotely via Zoom. Certain records to support findings provided by operator to program inspectors via electronic email exchange. Good inspection notes recorded in IA to support all results.

7 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

No issues identified. No point deductions under Part 'E'.

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**

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

Evaluator Notes:

Yes. No changes from prior year. The program works with the Colorado 811 and uses their data and summary reports collected from DIRT to verify the Commission's own findings from reviewing annual reports. The state has new regulations and rules to allow the use of civil penalties against those that violate the one call laws. Identified one AR where operator has reported an increase in miles of Un-protected Steel wrapped main each year since 2018. May be result of operator's due diligence in identifying deficiencies as part of their overall IM program. Discussed with program to be sure to do a proper review.

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|---|--|---|---|
| 2 | 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)
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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes. Same as prior year. The program works with the Colorado 811 organization using their data and summary reports taken from DIRT to verify the program's own review of operator annual reports.

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

Evaluator Notes:

Yes. No changes from prior years.

- | | | | |
|---|---|---|---|
| 4 | 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?
Yes = 2 No = 0 Needs Improvement = 1 <ol style="list-style-type: none">a. What stakeholder group is causing the highest number of damages to the pipelines? Operator, contractor, locating company or public.b. Has the state verified the operator is appropriately focusing damage prevention education and training to stakeholders causing the most damages? | 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:

Yes to all. No change from prior year.

5 General Comments:

Info Only = No Points

Info Only Info Only

Evaluator Notes:

No point deductions under Part "F".

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



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:

Not an Interstate Agent. Does not have a 60106 agreement.

- 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:

Not an Interstate Agent. Does not have a 60106 agreement.

- 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:

Not an Interstate Agent. Does not have a 60106 agreement.

- 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:

Not an Interstate Agent. Does not have a 60106 agreement.

- 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:

Not an Interstate Agent. Does not have a 60106 agreement.

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

Evaluator Notes:

Not an Interstate Agent. Does not have a 60106 agreement.

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