



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

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



# 2020 Gas State Program Evaluation -- CY 2020

Gas

**State Agency:** Kentucky

**Agency Status:**

**Date of Visit:** 05/17/2021 - 05/20/2021

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

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

**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 40601

**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	0
15	15
10	10
50	48
15	15
10	10
0	0

### TOTALS

**100 98**

**State Rating** ..... **98.0**

## 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. Verified operator list with KY PSC data and annual reports. Reviewed inspection reports and 2020 KY PSC inspection data to verify operators inspected.
- b. Verified inspection days with KY PSC 2020 inspection schedule which tracks inspection days and types of inspections.
- c. Verified operators with KY PSC data and annual reports.
- d. There was one distribution incident involving Atmos which occurred in Dec 2019 but did not meet reporting criteria until January 2020. The KY PSC did not go onsite but did have investigation performed by an inspector. In addition the damage prevention group also investigated due to the incident being 3rd party damage.
- e. Verified number of probable violations found and corrected during 2020 with KY PSC data. Only discrepancy was the number carried over from all previous CY's was different than last year's number to be corrected at end of CY. Instructed KYPSC on how to count carry over probable violations in order to have correct numbers in next year's progress report.
- f. Verified list of records by reviewing records.
- g. Reviewed Blackboard to verify inspector qualifications. Having two attorneys totaling about 1.5 years seems to be excessive. Need to make sure they are involved only in Pipeline Safety work.
- h. KY PSC has adopted all regulations within the allowed 2 years cycle.
- i. KY PSC listed their performance and damage prevention initiatives in Attachment 10.

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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 | 5 |
|   | <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:

The KY PSC has updated Gas Pipeline Safety 2020 Procedural Manual. The procedures include pre and post inspection activities which give guidance to inspectors.

- a. All types of inspections are addressed in Section V which include Standard, Drug and Alcohol, CRM, Public Awareness inspections. Section V, parts G,N,R and Q.
- b. Section V Parts O and P address TIMP and DIMP inspection procedures which include the yearly review of IMP programs of larger operators.
- c. Section V Part I addresses OQ Inspections.
- d. Section V Part M addresses Damage Prevention Inspections which give guidance to inspectors.
- e. Section V Part L addresses On-site Operator Training inspections.
- f. Section V Part H addresses Construction inspections which include annual of 20% of inspection time.
- g. There are no LNG facilities jurisdictional to the KY PSC.

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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<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:

- a. Length of time since last inspection is in Part IV, Sec B and C pg 10-12. Prioritize inspections by risk and have maximum interval of 5 years.
- b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) are taken into consideration. Part IV, SEC B pg 10
- c. Type of activity being undertaken by operators (i.e. construction) is considered for prioritizing inspections, Part IV, SEC B
- d. Locations of operator's inspection units being inspected - (HCA's, Geographic area, Population Centers, etc.) Part IV B pg 10-12

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) Part V se B pg 10-12

f. Part V sec C pg 13 Inspection units for large operators are broken down by service territories.

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| <b>3</b> | (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 |
|          | a. Procedures to notify an operator (company officer) when a noncompliance is identified   |   |   |
|          | b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns   |   |   |
|          | c. Procedures regarding closing outstanding probable violations  |   |   |

Evaluator Notes:

Yes, the KYPSC has compliance procedures in Part V Section S(a) which is part of the post-inspection activities.

a. Yes ,Part V section S(a) addresses the issuance of compliance actions to company officers or officials.

b. Procedures in Part V Section S address the issuance, tracking and closing out probable violations. The procedure is well detailed to avoid delays or breakdowns.

c. Procedure is very detailed regarding closing outstanding probable violations. Outstanding probable violations are monitored and tracked until the operator addresses probable violations, a follow up is conducted or verified on another inspection.

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|----------|--|---|---|
| <b>4</b> | (Incident/Accident Investigations) Does the state have written procedures to address state actions in the event of an incident/accident?<br>Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
|          | 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 Part VI Investigation of Incidents has detailed procedures for receiving, documenting and conducting incident investigations.

a. Yes, Part VI has detailed on mechanism to received incident notifications. The state has a Pipeline Safety Emergency telephone number and email for reporting incidents by operators. This automatically notifies pipeline safety personnel and the Program Manager decides whether to go onsite or not. If no onsite is made, enough information is gathered to make decision.

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|----------|--|-----------|-----------|
| <b>5</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

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

Only recommendation is to change the incident reporting criteria from \$50,000 to \$122,000.

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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 5 5  
Yes = 5 No = 0 Needs Improvement = 1-4
- a. Completion of Required OQ Training before conducting inspection as lead
  - b. Completion of Required DIMP/IMP Training before conducting inspection as lead
  - c. Completion of Required LNG Training before conducting inspection as lead
  - d. Root Cause Training by at least one inspector/program manager
  - e. Note any outside training completed
  - f. 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. All lead inspectors are qualified to lead OQ inspections ( TQ records) Melissa Holbrook, Michael Nantz, Scott Morris, David Nash, and Chris Bailey.
- b. Melissa Holbrook , Michael Nantz, David are qualified to lead DIMP/IMP , Scott Morris and Chris Bailey are qualified to lead DIMP
- c. N/A, There are no LNG facilities in KY that are jurisdictional to the KY PSC.
- 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). Due to Covid all trainings were conducted virtually.
- f. Yes, Melissa, Michael, Scott, David and Chris are lead inspectors (Reports provided for review and TQ records)

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

Evaluator Notes:

Yes, Melissa Holbrook is very knowledgeable of the pipeline safety program and regulations. She has been with the KY PSC for many years and is a great asset to the PSC.

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

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

- |   |   |   |   |
|---|---|---|---|
| 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, reviewed randomly selected inspection reports and the KY PSC 2017 and 2020 inspection schedules to verify each type of inspection is being performed at the required inspection interval per their procedures, which is every 3 years not to exceed 5 years. Construction inspection time is above 20%.

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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 | 8 |
|   | <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 utilizes PHMSA forms as well as their own developed forms to document inspections. Forms contain all applicable code sections for each type of inspection. Reviewed randomly selected inspection reports to assure all applicable portions of the inspection form were filled out correctly.

The following inspection reports had issues: 2019 Valley Gas Inc, 2020 Martin Gas Inc., 2020 Johnson County Gas Company and 2020 City of West Liberty DIMP inspections. Inspectors checked U/N which means there was an unsatisfactory. In reviewing and discussing the inspection reports with the KYPSC, it seems that the inspectors meant to check n/a and did not have compliance issues. The KYPSC needs to assure the inspection reports are completed correctly in the future to avoid point deductions. Discussed with Melissa and she will have in house training on correctly completing inspection reports.

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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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

**Evaluator Notes:**

Yes, reviewed randomly selected inspection reports. OQ inspections were performed by the KY PSC inspectors which include field inspections, Protocol 9 to assure operator technicians are qualified to perform covered tasks.

- 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 into account program review and updates of operator's plan(s). 49 CFR 192 Subpart P 2 2
- 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:

Yes, reviewed randomly selected IMP/DIMP inspections to verify the KY PSC is reviewing operator IMP plans.

- The KY PSC has 5 large operators which they annually review/discuss the IMP Plan .
- Yes the KY PSC utilizes a questionnaire which is included with each inspector which covers plastic pipe and component defect reviews.
- Yes, the KY PSC has included the NTSB recommendation in their questionnaire which is included with each inspection.

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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 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:

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

Evaluator Notes:

Advisory Bulletins are reviewed during standard inspections. When new advisory bulletins are announced operators will be contacted via email, and seminars and compliance trainings.



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	10
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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:

Yes, reviewed compliance cases to verify the KYPSC is following their procedures to close out cases.

- a. Yes, reviewed randomly selected compliance letters and 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, the Program Manager is now signing all correspondence issued to operators.
- 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.

8	(Incident Investigations) Were all federally reportable incidents investigated, thoroughly documented, with conclusions and recommendations?	10	10
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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 KY PSC has a mechanism to received incident notifications including after hours. There is a 24 hour emergency phone and email which the operator has to call and is forwarded to KY PSC inspectors.

b. Yes, there was one reportable incident that occurred in December 2019 but did not meet the reportable criteria until

January 2020. The KY PSC did not do an onsite investigation but did have documentation of investigation performed.

c. Yes, the KY PSC had sufficient information as to why an onsite investigation was not conducted. The incident wasn't reportable until a later date so no onsite was performed but did conduct an investigation.

d. Investigation was performed over phone and no observations could be completed.

e. Yes, contributing factors were documented by investigation.

f. Yes, the KY PSC provides compliance notifications to prevent recurrences when necessary.

g. No violations were issued in 2020 due to an incident.

h. Yes, the KY PSC assists the AID whenever they are contacted by PHMSA.

i. Yes, lessons learned are shared during NAPS Region meeting.

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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 Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Yes, Chairman letter was sent on November 10, 2020 and response was received on November 20, 2020.

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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 Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

Pipeline Safety Seminar was conducted September 17 & 18, 2019

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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? Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

Annually transmission operators NPMS submission is reviewed.

If operator has not submitted it is followed up with email and telephone call that may result in violation.

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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). Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

In Jan 2020 gas meetings were conducted with Eastern KY municipalities and small operators. Due to covid meetings had to be conducted virtually and conducted via Teams meetings.

Many emails were sent to all operators, and Melissa Holbrook spoke at KY Gas Association virtual series

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

The KY PSC had 3 SRC reports please which are documented in excel spreadsheet. When SRC are reported KY PSC inspector Chris Bailey is responsible for SRC followup. Chris Bailey documents SRC in tracking spreadsheet and WMS on portal.

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<b>14</b>	Was the State responsive to:	1	1
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Yes = 1 No = 0 Needs Improvement = .5

- a. Surveys or information requests from NAPSR or PHMSA; and
- b. PHMSA Work Management system tasks?

Evaluator Notes:

- a. Melissa Holbrook Completed all NAPSR surveys in 2020 and are documented.
- b. KY PSC had no operator IM notifications in 2020 verified on pipeline data mart . Only in 2018 Columbia Gas of KY. (Record named 2018 Columbia Gas IMP Notifications)
- c. Work Management system tasks were completed by Melissa Holbrook and Chris Bailey, only Safety related condition reports were updated in WMS

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|-----------|---|---|---|
| <b>15</b> | 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)

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|-----------|--|-----------|-----------|
| <b>16</b> | Were pipeline program files well-organized and accessible? | Info Only | Info Only |
|           | Info Only = No Points                                      |           |           |

Evaluator Notes:

Yes, all files are kept electronically and are well organized and accessible.

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|-----------|---|---|---|
| <b>17</b> | 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:

SICT 2020 was completed by Melissa Holbrook. Provided excel spreadsheet and 2020 SICT pdf and KY 2021 SICT

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

Evaluator Notes:

Melissa Holbrook conducted review of state program performance metrics on April 26, 2020 with all staff virtually. Performance metrics are all trending positive. Damages per 1,000 have been decreasing in the last several years, repaired and unrepaired leaks are all decreasing, and retention of qualified inspectors increased.

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|-----------|--|-----------|-----------|
| <b>19</b> | 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. <a href="https://pipelinesms.org/">https://pipelinesms.org/</a>   |           |           |
|           | 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. ( attachment) NAPSR completed a survey in 2018. Will keep encouraging the use of PSMS by operators. May 6, 2020 email sent to large operators if they currently use PSMS ( refer to attachment PSMS or API 1173) The plan is to add PSMS as discussion in seminars.

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|-----------|-----------------------|-----------|-----------|
| <b>20</b> | General Comments:     | Info Only | Info Only |
|           | Info Only = No Points |           |           |

Evaluator Notes:

D.2 The following inspection reports had issues: 2019 Valley Gas Inc, 2020 Martin Gas Inc., 2020 Johnson County Gas Company and 2020 City of West Liberty DIMP inspections. Inspectors checked U/N which means there was an unsatisfactory. In reviewing and discussing the inspection reports with the KYPSC, it seems that the inspectors meant to check n/a and did not have compliance issues. The KYPSC needs to assure the inspection reports are completed correctly in the future to avoid point deductions. Discussed with Melissa and she will have in house training on correctly completing inspection reports.

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Total points scored for this section: 48  
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:

Columbia Gas of Kentucky (NiSource)

Michael Nantz, Lead Inspector

Virtual Inspection- The inspection was conducted virtually due to the ongoing pandemic.

April 27, 2021

Agustin Lopez, State Evaluator

- Mr. Mike Nantz conducted a DIMP inspection of Columbia Gas of Kentucky distribution system.
- The last DIMP inspection was conducted in 2019,
- Yes, the pipeline operator representatives were present during the inspection.
- Mr. Mike Nantz has not been evaluated in the last couple of years.

- 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:

Yes, Mr. Mike Nantz utilized Form 22 DIMP Protocols while conducting the inspection.

- 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:

- Yes, DIMP Procedures were reviewed during the inspection.
- Yes, records pertaining to DIMP were reviewed during the inspection.
- There was no field inspection conducting during the DIMP inspection.
- The inspection was conducted virtually due to the ongoing pandemic.
- Yes, the inspection was conducted within reasonable time.

- 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, Mr. Nantz has been with Pipeline Safety with the KY PSC and also with other states. He was very knowledgeable of the pipeline safety rules and regulations.

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- 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:

Yes, Mr. Nantz conducted an exit interview at the conclusion of the inspection. There were no issues identified during the inspection.

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- 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:

- a. The inspection was conducted very safely. It was conducted virtually to avoid the spread of the covid virus.  
b. There was no field portion conducted during the inspection.  
c. Very thorough inspection and well prepared inspector.
- 

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

Evaluator Notes:

Mr. Mike Nantz conducted a very professional and thorough inspection. He has knowledge of DIMP and the pipeline safety rules and regulations.

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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. KY did not have any 2020 Incident Reports Reviewed spreadsheet of 2020 review conducted by Melissa Holbrook. Provided excel spreadsheet titled 2019, 2020, 2021 annual report verification which tracks annual report reviews.

- |          |  |   |   |
|----------|--|---|---|
| <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 | 2 |
|----------|--|---|---|

**Evaluator Notes:**

In March 2020 when Melissa Holbrook took over position a detailed checklist was developed to meet this requirement. The sample checklist was sent to David Appelbaum for review. KY PSC inspectors are currently completing inspections for big 5 operators. Reviewed damage prevention checklist, All damage prevention checklists attached for review conducted on big 5 operators plan to be completed on any operator over 20 damages for 2021

- |          |   |   |   |
|----------|---|---|---|
| <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 | 4 |
|----------|---|---|---|

**Evaluator Notes:**

In March 2020 when Melissa Holbrook took over position a detailed checklist was developed to meet this requirement. The sample checklist was sent to David Appelbaum for review. KY PSC inspectors are currently completing inspections for big 5 operators. Reviewed damage prevention checklist, All damage prevention checklists attached for review conducted on big 5 operators plan to be completed on any operator over 20 damages for 2021

- |          |   |   |   |
|----------|---|---|---|
| <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 KY PSC reviews annual reports, performance metrics and evaluates for trends to discuss with operators to find reasons to reduce damages. KY PSC has a 2020 excavation tracking annual report and Gas Distribution excavation damages with root causes to analyze for trends.

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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: 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:

The 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:

The 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:

The 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:

The 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:

The 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:

The 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