

**PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)
MN PROGRAM EVALUATION – CY2020
CONDUCTED 8/30-9/02/2021**

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PHMSA UNGS STATE PROGRAM EVALUATION – CY2020

A – PROGRESS REPORT AND PROGRAM DOCUMENTATION REVIEW THIS SECTION ANALYZES ACCURACY AND COMPLETENESS OF ANNUAL PROGRESS REPORT		SCORE
1	Accuracy of Jurisdictional Authority and Operator/Inspection Units Data – Progress Report Attachment 1 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. The information reviewed appears correct, only one operator with one facility.	1
2	Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Days reviewed with inspection summaries. No issues.	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) Comments: Yes. Agrees with Attachment 1 and Program records. One operator, Center Point energy	1
4	Accuracy verification of Compliance Activities – Progress Report Attachment 5 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. One compliance letter covering two violations in CY 2020.	1
5	Were UNGS program files well-organized and accessible? - Progress Report Attachment 6 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. All records can be accessed electronically.	2
6	Was employee listing and completed training accurate and complete? – Progress Report Attachment 7 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Report is consistent with internal records.	1
7	Verification of Part 192 and 199 Rules and Amendments – Progress Report Attachment 8 (Yes= 1 point, No= 0 Points) Comments: Yes. Report is complete with everything adopted save civil penalties are 1MM/100K	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) Comments: Yes. No issues, combined Gas, HL and UNGS programs	1
9	General Comments: - No issues. 9 of 9 points awarded. MN Progress Report Review-49/50, 1 pt. reduction due to civil penalties not essentially the same as PHMSA. Mr. John Harrington Commissioner of Public Safety Minnesota Office of Public Safety 445 Minnesota Street, Suite 1000 St. Paul, MN 55101	9

<p align="center">B – PROGRAM INSPECTION PROCEDURES</p> <p align="center">Does State Inspection Plan include procedures that address the following elements? (See Guidelines Section 5.1)</p>		
1	<p>Does State have written inspection procedures? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</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. (Review of Procedures, Records, or Field Items to complete a PHMSA UNGS IA Question Set (RESERVOIR or CAVERN) – 2019.12.31)</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</p>	2
3	<p>Integrity Management Inspections</p> <ul style="list-style-type: none"> • Do Integrity Management 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. (Integrity Testing and Maintenance: Observing Integrity Testing (Tubing, Casing, Cement), reservoir integrity monitoring, & FLIR Camera inspections.) • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</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. (Review of procedures, records, and field activities to complete PHMSA UNGS IA Question Set (RESERVOIR or CAVERN CONSTRUCTION) – 2019.12.31. Inspection activities for well design, drilling and completion activities, well workover, reservoir maintenance/repair activities, and abandonment (Plugging and cementing), temporary abandonment, and restoration.)</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</p>	1

5	<p>Wellhead Inspections</p> <p>Do Wellhead Inspection procedures give guidance to State inspectors that insure consistency for Inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. MN uses UNGS Standard Inspection as found in IA to address Wellhead inspections. There are no special wellhead inspection forms.</p>	1
6	<p>Drug and Alcohol Inspections</p> <p>Do Drug and Alcohol Inspection procedures give guidance to State inspectors that insure consistency for Inspections conducted by the State? The following elements should be addressed at a minimum. (Using AI to complete the federal Comprehensive Drug and Alcohol program (Form 3.1.11). Includes time conducting joint inspections with other agencies for this type of inspection.)</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</p>	1
7	<p>Does inspection plan address inspection priorities of each inspection unit, based on the following elements?</p> <ul style="list-style-type: none"> • Length of time since last inspection (Within five-year interval per inspection unit) • Operating history of operator/unit and/or location (includes leakage, incident, Integrity Testing, and compliance activities) • Type of activity being undertaken by operators in inspection units (i.e. construction) • Locations of operator's inspection units being inspected - (Geographic area, Population Density, etc.) • Process to identify high-risk inspection units considering integrity threats • Are inspection units broken down appropriately? <p>(Yes= 5 points, No= 0 Points, NI=1-4 points)</p> <p>Comments: Yes, covered in MNOPS manual section 5. Combined with NG and HL program. No issues.</p>	5
8	<p>General Comments: No issues. Part B Scored 14 of 14 points.</p>	14

C – PROGRAM PERFORMANCE		
1	<p>Was ratio of Total Inspection Person-Days to Total Person-Days acceptable? (Chapter 4.2)</p> <p>A = Total Inspection Person Days (Attachment 2) B = Total Inspection Person Days Charged to the program (220 x Number of Inspection person years from Attachment 7) Ratio = A/B If Ratio >= .38 then score = 5 points. If Ratio < .38 then score = 0 points. (Yes= 5 points, No= 0 Points) Comments: Yes. 11/ (.09*220)=55% okay.</p>	5
2	<p>Has each Inspector and Program Manager fulfilled the TQ Training Requirements? (See Guidelines Appendix C for requirements and Chapter 4.3.1) (Yes= 5 points, No= 0 Points, NI=1-4) Comments: Yes. Inspectors Adam Ratzlaff and Thomas Coffman are assigned to UNGS, they both took the course in May 2018 & 2019. Another inspector, Jeff Blackwell has also taken the course. Jon anticipates taking the course in 2022.</p>	5
3	<p>Does State use the PHMSA Inspection Assistant (IA) program to document inspections? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. All inspections are handled through IA.</p>	2
4	<p>Did records and discussions with Program Manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Jon has many years as the Program Manager.</p>	2
5	<p>Did State respond to PHMSA's Evaluation Letter within 60 days and correct or address any noted deficiencies? Chapter 8.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. 7/13 & 7/26. Okay.</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) Comments: Yes. no issues. Full UNGS inspections of the single operator in 2018, 2019, & 2020. Procedure is to do the inspection annually. The next D&A will be done in IA, (5 yr interval).</p>	5
7	<p>Did State Inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Chapter 5.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes, one inspection of single operator (Watertown Storage) began in July 2019. Uses IA and all complete. Discussed option of changing frequency to every three years and doing 1/3 of a full inspection each year.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Was a full inspection. In IA.</p>	2
9	<p>Has the State reviewed Operator Annual reports, along with Incident reports, for accuracy and analyzed data for trends and operator issues? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. No issues.</p>	2

10	<p>Is the State verifying operators are conducting drug and alcohol tests required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199</p> <p>(Yes= 2 points, No= 0 Points, NI= 1 point)</p> <p>Comments: No issues, common operator with Gas Program</p>	2
11	<p>Does the State have a mechanism for communicating with stakeholders regarding the inspection and enforcement program? (This should include making enforcement cases available to public).</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes, they have a website https://dps.mn.gov/divisions/ops/Pages/default.aspx Enforcement and various other communications are available. No issues.</p>	1
12	<p>Did State execute appropriate follow-up actions to Safety Related Condition Reports (SRCR)? Chapter 6.3</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: NA, none for UNGS for 2018 - 2020.</p>	NA
13	<p>Did the State participate in/respond to surveys or information requests from PHMSA?</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. No issues. Combination program with Gas and HL.</p>	1
14	<p>Did the State forward any potential waivers/special permits to PHMSA for review prior to issuing them to operators?</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA, none for UNGS</p>	NA
15	<p>If the State has issued any waivers/special permits for any operator, has the State verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate.</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA, none for UNGS</p>	NA
16	<p>General Comments: 3 questions, #12, 14, & 15, were NA. Part C Scored 31 of 31 points in this section.</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"> • Procedures to notify an operator (company officer) when a noncompliance is identified (60105 States) • Procedures to routinely review progress of compliance actions to prevent delays or breakdowns • Procedures regarding closing outstanding probable violations <p>(Yes= 4 points, No= 0 Points, NI=1-3 points) Comments: Yes, this is same as procedures with Gas and HL programs. Section 5.3 of MNOPS procedures. No issues.</p>	4
2	<p>Did the State follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1</p> <ul style="list-style-type: none"> • Were compliance actions sent to company officer or manager/board member if municipal/government system (60105 States)? • Document probable violations • Resolve probable violations • Routinely review progress of probable violations <p>(Yes= 4 points, No= 0 Points, NI=1-3 points) Comments: Yes, they issued 1 NOPV in 2020 to Center Point (only UNGS operator). Required 2 changes to procedures. Operator complied. NOPV is closed.</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) Comments: Yes. No issues, it was a day 2 Exit Report. It is practice to have an exit interview at the close of every inspection.</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) Comments: Yes. No issues, the preliminary email was sent in 3 days and the actual NOPV was issued in 2.5 months.</p>	2
5	<p>Did the State issue compliance actions for all probable violations discovered (60105 States)?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. 2 issues noted and two issued addressed.</p>	2
6	<p>Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary (60105 States).</p> <p>(Yes= 2 points, No= 0 Points) Comments: Yes, No issues. Due Process is also described in the NOPV letters.</p>	2

7	<p>Is the Program Manager familiar with State process for imposing civil penalties (60105 States)? (describe any actions taken)</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, again this is a combination program and the program has a history of imposing civil penalties.</p>	2
8	<p>Were civil penalties considered for repeat violations, violations which can't be corrected by other means, or violations resulting in incidents (60105 States)? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. This is a combination program and consideration of civil penalties is an established process.</p>	2
9	<p>Can the State demonstrate it is using their enforcement fining authority for safety violations (60105 States)? (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: Yes. There are multiple penalties every year for the gas program.</p>	1
10	General Comments: Part D scored 21 of 21 points. No issues.	21

E – INCIDENT INVESTIGATIONS		
1	<p>Does the State have written procedures to address State actions in the event of an incident? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, Section 6 of MNOPS procedures outlines incidents. No issues.</p>	2
2	<p>Does State have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, Section 6 of MNOPS procedures outlines incidents. No issues.</p>	2
3	<p>Did the State keep adequate records of Incident notifications received? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, however no incidents on UNGS, but process is there. Part of a Gas, HL, & UNGS combination program and all activities are acceptable. No issues.</p>	2
4	<p>If onsite investigation was not made, did State obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: Yes. There was a rectifier issue related to UNGS that is active and under investigation.</p>	1
5	<p>Were all incidents investigated, thoroughly documented, and with conclusions and recommendations?</p> <ul style="list-style-type: none"> • Observations and document review • Contributing Factors • Recommendations to prevent recurrences where appropriate <p>(Yes= 3 points, No= 0 Points, NI=1-2 points)</p> <p>Comments: Yes. There was a rectifier issue related to UNGS that is active and under investigation.</p>	3
6	<p>Did the State initiate compliance action for violations found during any incident investigation? (60106 States forward violations to PHMSA) (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. There was a rectifier issue related to UNGS that is active and under investigation.</p>	1
7	<p>Did the State assist the Region Office or Accident Investigation Division (AID) by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents and investigate discrepancies) Chapter 6 (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: NA, nothing for reportable incidents.</p>	NA
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: NA, not yet. The rectifier issue will be addressed if appropriate when closed.</p>	NA

9	General Comments: Part E scored 11 of 11 points. Questions 7 & 8 were NA.	11
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F – DAMAGE PREVENTION		
1	<p>Did the State inspector verify UNGS operators are following their written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (API 1171 Section 11.10 Public Awareness and Damage Prevention) (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes, part of damage prevention inspection.</p>	2
2	<p>Did the State encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (Common Ground Alliance Best Practices, support excavation damage prevention legislation, etc.) (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes, state has robust damage prevention program. Also has various training sessions and significant participation.</p>	2
3	<p>General Comments: Part F scored 4 of 4 points. No issues.</p>	4

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative Comments: CenterPoint Energy, opid 12350, Thomas Coffman-Supervisor, Jeff Blackwell-Lead, Waterville Underground Storage, 12510 440th Ave, Waterville & virtual, MN 56096, 8/30-9/1/21, Patrick Gaume. In IA as 'Waterville F&R O&M Downhole – 2021'.	
2	Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (Yes= 1 point, No= 0 Points) Comments: Yes. CenterPoint was notified and 6 CenterPoint personnel participated in the inspection.	1
3	Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. The Reservoir UNGS form was used. 6 modules were used. This inspection focused on Records with selected Procedures and Observations; Mainly driven by past concerns or being new questions.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. Every question other than Sat or Sat+ had comments describing what was found or what was needed.	2
5	Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Yes= 1 point, No= 0 Points) Comments: Yes. Office, computer, and electronic resources were available and all company procedures and records were available. Field portion was scheduled for another day.	1
6	Did the inspector adequately review the following during the field portion of the State Program Evaluation? <ul style="list-style-type: none"> • Procedures • Records • Field Activities/Facilities • Other (please comment) (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. Records and selected Procedures were inspected.	2
7	Did the inspector have adequate knowledge of the UNGS safety program and regulations? (Evaluator will document reasons if unacceptable) (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. Jeff and Tom demonstrated professional knowledge during the inspection.	2
8	Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (Yes= 1 point, No= 0 Points) Comments: Yes, 16 items for discussion, 1 unsat-no record of a Blow-out drill, the rest were Concerns or Pending more info.	1

[illegible]

H - 60106 AGREEMENT STATE (if applicable)		
1	<p>Did the State use the current federal inspection form(s)? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA. Not a 60106 program.</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>Comments: H1-7, NA. Not a 60106 program.</p>	NA
3	<p>Were all probable violations identified by State referred to PHMSA for compliance action? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA. Not a 60106 program.</p>	NA
4	<p>Did the State immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA. Not a 60106 program.</p>	NA
5	<p>Did the State give written notice to PHMSA within 60 days of all probable violations found? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA. Not a 60106 program.</p>	NA
6	<p>Did the State initially submit adequate documentation to support compliance action by PHMSA on probable violations? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA. Not a 60106 program.</p>	NA
7	<p>General Comments: H1-7, NA. Not a 60106 program.</p>	NA