



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

1200 New Jersey Avenue SE
Washington DC 20590

2021 Gas State Program Evaluation

for

Alabama 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



2021 Gas State Program Evaluation -- CY 2021

Gas

State Agency: Alabama

Agency Status:

Date of Visit: 05/09/2022 - 05/12/2022

Agency Representative: Wallace Jones, Director, Gas Pipeline Safety Division

PHMSA Representative: David Appelbaum, State Evaluator

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

Name/Title: Ms. Twinkle Andress Cavanaugh, President

Agency: Alabama Public Service Commission

Address: 100 N. Union Street, Suite 800

City/State/Zip: Montgomery, AL 36104

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 2021 (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

- 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

Possible Points Points Scored

0	0
15	15
10	10
50	41
15	14
10	10
0	0
100	90

TOTALS

State Rating **90.0**

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:

One minor discrepancy on Attachment #5. The number of compliance actions carried over from all previous years reflected 62, when it should have reflected 67. All other portions of the PR appear accurate and complete.

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:

- a. Standard inspections scheduled was in Alabama Pipeline Safety Program Operations Plan, revised March, 2022, Section V. Conducting Inspections: Sub-Sections A-H.
- b. DIMP inspections are listed in Section V. Conducting Inspections: Sub-Sections P. Appendix C - Item R. page 18 of PHMSA Form -1, Subpart O, Pipeline Integrity Management for IMP (192.901 - 192.951); Appendix C - Item A, page 2, para. 5. (DIMP) and para. 6, (IMP); Appendix C - Item Q, page 25 of PHMSA Form - 2, Subpart P, Pipeline Integrity Management (192.1001 - 192.1005)
- c. This item is listed in Section V (I). Training and Operator Qualification.
- d. This item is located in Section V (M), Damage Prevention Activities.
- e. This information is located in Section V (L) Operator Training
- f. This requirement is located in Section V, Subsection H. AL PSC has their own construction forms. All Alabama operators are required to file a construction notification to the agency prior to work being performed. This is a PSC rule.
- g. This information is located in Section V (O). All LNG facilities are inspected every three years.

- | | | | |
|---|---|---|---|
| 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:

Located in Appendix D-Risk Management Assessments of Alabama Pipeline Safety Program Operations Plan information on risk management is identified. The document contains all the elements required to rank risk and priorities their inspection visits.

Annual review of inspection units are conducted by inspectors and program manager.

Inspection units were found broken down correctly.

*PHMSA recommends program supervisors more thoroughly review the assessments submitted by the inspectors. There was one instance where a risk assessment indicated that an operator "never responds" to recommendations made by the PSC. In those cases, the PSC should consider this as part of the risk assessment and be in a position to demonstrate actions taken to correct the operator's behavior (failure to respond).

- | | | | |
|---|--|---|---|
| 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 |
|---|--|---|---|

- 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:

a. Yes, this is listed in Alabama Public Service Commission procedure manual in Section S. Notices of Probable Violations
 *PHMSA recommends the PSC amend procedures to specify operator notifications are specifically made to company officers/mayors as required by State Guidelines 5.1.5. Several instances were noted where probable violations were not sent to the appropriate officials. This is described in question D-7.

b. Yes, this information is listed under section U. Notice of Probable Violation Tracking

c. Yes, this information is listed under section V. Removal or Correction of a Probable Violation

4 (Incident/Accident Investigations) Does the state have written procedures to address state actions in the event of an incident/accident? 3 3

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

- 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:

a. Alabama Pipeline Safety Program Operations Plan, Section VI. "Investigation of Incidents" address this issue.

b. Yes, Alabama PSC's GPS Rule #9, requires the pipeline operator to give telephonic notice of all incidents by calling (334) 242-5778 to report incidents during normal business hours of 8:00 AM to 5:00 PM. After hours, the operator is required to call the Pipeline Safety Investigator assigned to or located in the operator's region of the state (North, Central or South Alabama).

5 General Comments: Info Only Info Only
 Info Only = No Points

Evaluator Notes:

No loss of points in this section, but recommendation made in question 3.

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 4.3
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:

Yes. All lead inspectors and Program Manager have met the requisite training requirements.

- | | | | |
|---|--|---|---|
| 2 | Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations?
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
|---|--|---|---|

Evaluator Notes:

Yes, Mr. Jones continues to demonstrate a sufficient understanding of the requirements of the pipeline safety program. He has completed all TQ courses within the required three years from attending the first course. He has over forty-three years of natural gas experience, and was the former Chairman of the National Association of Pipeline Safety Representatives.

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

Evaluator Notes:

No loss of points occurred in this section of the review.

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 | 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. 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:

Using the random generator program, a selection of operators for CY2021 were determined across all types. All intervals appear to have been met.

PSC met the 20% construction inspection requirement.

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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?
Yes = 10 No = 0 Needs Improvement = 1-9 | 10 | 10 |
| | <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:

A review of randomly selected 2021 inspection files found all applicable portions of the forms were completed appropriately, and all other requirements in the question appear satisfactory.

*PHMSA recommends the PSC add to the inspection form an area to ensure verification that operators are using calibrated testing equipment. A deficiency is noted in question E-3 that might have been avoided if the field evaluation form directed inspectors accordingly.

- | | | | |
|---|--|---|---|
| 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 |
|---|--|---|---|

Evaluator Notes:

A review of OQ inspection forms demonstrated the agency had verified the operator's plans were up to date and met federal regulations.

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|---|--|---|---|
| 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 Subparts O and P
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

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

Evaluator Notes:

The PSC recognizes Spire (Private) and Southeast Gas (Municipal) as their largest operators for this question.

- a. This item is covered in their inspection form. Question no 16 on the standard inspection form was developed and used to check this item. A review of form confirms this was checked. Yes, a review of spreadsheet confirmed the larger operator's plans were checked annually via a question on the standard inspection that was conducted.
- b. This is addressed via question 41 on the standard inspection form.
- c. This is addressed via questions 42 & 16 c on the standard inspection form.

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 Yes = 2 No = 0 Needs Improvement = 1	2	2
	<ol style="list-style-type: none"> a. Operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken; b. 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); c. 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; d. 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; e. 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; f. Operator procedures for considering low pressure distribution systems in threat analysis? g. Operator compliance with state and federal regulations for regulators located inside buildings? 		

Evaluator Notes:

Yes, these items are checked and found on Alabama Gas Field Evaluation Report and PHMSA Standard Inspection Report of a Gas Distribution Operator form. These inspection forms are using on all natural gas operators when conducting an inspection.

6	Did the State verify Operators took appropriate action regarding advisory bulletins issued since the last evaluation? (Advisory Bulletins Current Year) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

The advisory bulletins are discussed with the operator during the inspection and listed on the federal form.

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 Yes = 10 No = 0 Needs Improvement = 1-9	10	5
	<ol style="list-style-type: none"> 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:

Deficiencies were noted in questions a., b., c., d., e. and g. All deficiencies stem from a review of several operator inspections.

a. Several of the compliance actions reviewed for 2021 (and a couple in 2022) were sent to operator personnel that were not at the level required by State Guidelines 5.1.5. The PM indicated that he felt compliance was more effective if letters were sent to the operational personnel responsible for correcting any deficiencies.

b. Several discovered probable violations that were identified during inspections, were reflected in the PSC's compliance action letters as "Recommendations." Several of these "recommendations" were clear violations of the Pipeline Safety regulations and the PSC's Pipeline Safety Program Operations Plan (Procedures), Section V.(S) states, "If a probable violation is observed during an inspection, a Notice of Probable Violation ("NOPV") will be issued to the operator in question. There are no provisions in Procedures to issue "recommendations" when a probable violation is discovered.

c. and d. Several of the PSC's 2021 inspections identified probable violations, and compliance letters requested responses/ resolution to the issues identified. A review of many of these inspections found that issues identified (probable violations) went unanswered and there was no apparent follow-up from the PSC. Section U of the PSC's procedures state, in part, "... Each violation will receive follow-up on a quarterly basis..." The follow-up requirements were not followed in most of the inspections reviewed by the PHMSA evaluator.

e. As identified above in letter (b.) several probable violations were identified as "recommendations" and thus, compliance actions were not issued.

g. As identified in c. and d. above, the PSC's process for reviewing and monitoring compliance actions is deficient. Described in Section U of the PSC's procedures, the Administrative Support Assistant keeps an adequate calendar tracking the due dates of each operator response. There was/is no evidence that the PM is reviewing or monitoring these compliance actions.

Though this is the first year the above deficiencies are being identified, they appear to be systemic, at least for CY 2021. Five-point deduction

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

In CY 2021, Alabama had four reportable incidents listed in Attachment #4

1. Incident report 20210064 (Athens Gas Department) - This incident involved an injury and a clear probable violation. A telephonic report was appropriately taken but an investigation was not investigated according to the PSC's Procedures, section VI. Additionally, the PSC failed to process a compliance action in accordance with written Procedures.
2. Incident report 20210078 (Spire GT) - This incident involved a lightning strike to a neighboring gas facility that led to damages on Spire's facilities. The PSC responded to the scene but did not complete an investigation, arguing that this was a fire-first incident that started at another operator's facility, and that operator needed to conduct the investigation. PHMSA disagrees with the PSC's position on this but is not deducting points on the evaluation for this incident.
3. Incident 20210082 (Spire GD) - This was an incident involving an explosion in a building because the service technician failed to install the required service regulator. The technician's qualifications were revoked, and retraining occurred. This incident involved a clear probable violation, and the PSC began the compliance action process but did not complete it. A letter (NOPV) was never issued to the operator. During the PHMSA evaluation (May 10, 2022) the PSC drafted a compliance letter, which is now in process of being issued to the operator.
4. Incident 20210108 (Clarke-Mobile Counties Gas District) - This incident involved an injury to an employee during a purging operation and identified a probable violation. The PSC conducted and completed a thorough investigation and processed compliance actions in accordance with their procedures. This incident served as a model example of how the PSC should conduct incident investigations.

In the previous two PHMSA program evaluations, the PSC failed to conduct incident investigations according to their procedures. This is the third year with similar deficiencies - four point deduction.

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

Outbound letter 9/29/2021, PSC reply received 10/6/2021.

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|-----------|---|-----------|-----------|
| 10 | 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 |
|-----------|---|-----------|-----------|

Evaluator Notes:

Yes, a 2019 AL PSC pipeline safety seminar was held in Montgomery, AL on December 3-5, 2019. Number of attendees were three hundred and twenty-five. Next seminar scheduled for December 2022 in Montgomery.

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|-----------|--|-----------|-----------|
| 11 | 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 |
|-----------|--|-----------|-----------|

Evaluator Notes:

Significant discrepancies with ARAPAHO COMMUNICATIONS, LP, ACME BRICK, and BBT ALABAMA, LLC

One operator (Warrior Met Coal OPID 32310) had NPMS miles but no AR information. Operator has gone out of business. NPMS still needs to be updated. This was identified last year.

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

This is accomplished through the Alabama Natural Gas Association and AL PSC websites. Information about compliance and other safety items are listed.

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- | | | | |
|-----------|---|---|---|
| 13 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.7
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|---|---|---|

Evaluator Notes:

A review of Pipeline Data Mart confirmed no safety related condition reports in CY2021.

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

Evaluator Notes:

No issues found with regard to these questions.

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

Evaluator Notes:

There are two active waivers. The first one was issued in 2009 to Spire Gas for un-odorized gas to be delivered to Hunt Oil Corp. This waiver continues to be monitored during inspection visits. The second waiver was issued in 2017 to W&T Offshore pertaining to installation of new reinforced thermoplastic pipe (RTP). However, this facility became a non-jurisdictional asset in CY 2020. Since then the operator has informed the PSC that they assessing the facility again to see if it needs to become a regulated gathering line. PHMSA encouraged the PSC to give this operator a deadline to make the jurisdictional determination, and ultimately, properly disposition the waiver.
Next year's evaluation should yield a point deduction if the matter isn't properly addressed.

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

Evaluator Notes:

Yes, a discussion with Program Manager confirmed the program files have not changed from my review last year. Therefore, no issues of concern.

PHMSA did recommend the PSC convert or utilize electronic filing where appropriate to ensure follow-up requirements and deadlines are met.

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|-----------|---|---|---|
| 17 | Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool (SICT). Has the state updated SICT data?
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
|-----------|---|---|---|

Evaluator Notes:

A review of the SICT program was discussed and reviewed with Wallace Jones. He is familiar with how to make changes to the SICT numbers for Gas & HL programs.

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

Evaluator Notes:

Program manager is sufficiently versed with performance metrics found in PDM.

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| 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 = No Points | Info Only | Info Only |
|-----------|---|-----------|-----------|

- a. <https://pipelinesms.org/>
- b. Reference AGA recommendation to members May 20, 2019

Evaluator Notes:

This item was presented at the AL PSC Seminar by Steve Adam with Energy WorldNet.

20 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

Nine points were deducted for Part E, covered in question 7 and 8.

Total points scored for this section: 41
Total possible points for this section: 50



- 1 Operator, Inspector, Location, Date and PHMSA Representative (enter specifics into the Info Only Info Only comments box below)

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:

From 3/14 to 3/16/2022 an evaluation of the Athens Gas Department occurred in Athens, AL. On Monday, 3/14 an office evaluation covered procedures and records. On Tuesday, 3/15, Randall Hand from the PSC conducted operator training at Leak City, and on 3/16, a field inspection of several regulator stations was performed. AL PSC inspectors Greg Meadows, Asia Skillman and Jamar Robinson conducted the 3/14 and 3/16 activities. On 3/17, these same inspectors conducted a standard inspection of Huntsville Utilities.

- 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:

PHMSA recommends the PSC amend the Gas Field Evaluation Report to provide better direction on conducting field activities. While the current form seems to be comprehensive when reviewing procedures and records, it needs improvement when conducting inspections in the field. The last page of the inspection form provides an area for the inspector to record the specific inspection of valves, meters, CP measurements, etc., but doesn't suffice as a guide for conducting inspections of those items. As a result, PSC inspectors did not check the calibrations on the operator's testing equipment. The PHMSA inspector made an inquiry at the end of the first visit to a regulator station (South Jefferson) and discovered the operator's metering equipment had not been properly calibrated (out of date).

- 3 Did the inspector adequately review the following during the inspection 10 9

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:

E.3. (b) On Monday, 3/14, inspectors reviewed the annual report provided by Athens Gas and initially found nothing wrong. PHMSA then looked at their annual report and discovered doubtful entries in Part C. Specifically, all entries in Part C were attributed to excavation damage. When suggesting that it might be unusual that there were no other causes of leaks (e.g., equipment failure, incorrect operations, etc.) the operator's manager, who has 47 years of gas pipeline experience, informed us that leaks provided in Part C were only for those occurring underground, not aboveground. After correcting the manager's understanding of what qualifies as a leak per Instructions (rev 5-2021) for completing Form PHMSA F 7100.1-1 (rev 5-2021), we found some qualifying leaks that had not been included in Part C. Although PHMSA that discovered this probable violation (?191.11), there are no points deducted for this matter.

E.3. (c) As identified in E.2., the PSC inspector failed to ensure that properly calibrated equipment was used by the operator ? one-point deduction.

E.3. (d) PHMSA recommends that the PSC examine the nexus between the operator's failure to use calibrated testing equipment (described above) and the Operator Qualification (OQ) requirements. The inspections observed were OQ covered tasks and procedures likely require technicians to use calibrated equipment. If so, OQ's may need to be challenged. If procedures don't specify this, then they need to.

4	From your observation did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

All PSC inspectors appear to be well qualified at conducting inspections.

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

Yes. Inspector performed a sufficient exit interview.

6	Was inspection performed in a safe, positive, and constructive manner ? Info Only = No Points	Info Only	Info Only
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- 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:

All aspects of the inspections observed were done safely.

7	General Comments: Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

There's a one-point deduct for Part E.

Total points scored for this section: 14
Total possible points for this section: 15



PART F - Damage prevention and Annual report analysis**Points(MAX) Score**

- | | | | |
|----------|--|---|---|
| 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:

Generally speaking, If annual reports have errors they are returned to the operator to make corrections. It appears each inspector now performs an analysis of the operator's annual report and discusses the results with them during their inspection audit.

Following the field evaluation described in question E.3. (b), PHMSA recommended to the PSC they review the Instructions for completing Form PHMSA F 7100.1-1 (rev 5-2021), specific to Part C.

- | | | | |
|----------|--|---|---|
| 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:

Question 5 on Alabama Public Service Commission inspection form address this item. AL PSC has recently added additional questions to the standard inspection form to address a more in-depth review of all these items.

- | | | | |
|----------|--|---|---|
| 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:

The PSC sufficiently satisfied the requirements found in this question.

- | | | | |
|----------|---|---|---|
| 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:

All pertinent aspects of this question are checked and reviewed during audit reviews.

5 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

There were no points deducted for 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:

AL PSC is not an interstate agent and does not have a 60106 agreement with PHMSA

- 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:

AL PSC is not an interstate agent and does not have a 60106 agreement with PHMSA

- 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:

AL PSC is not an interstate agent and does not have a 60106 agreement with PHMSA

- 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:

AL PSC is not an interstate agent and does not have a 60106 agreement with PHMSA

- 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:

AL PSC is not an interstate agent and does not have a 60106 agreement with PHMSA

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

Evaluator Notes:

AL PSC is not an interstate agent and does not have a 60106 agreement with PHMSA

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