

**PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)
MT PUC PROGRAM EVALUATION – CY2021
CONDUCTED 4/11-15/2022**

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TOTAL PROGRAM EVALUATION POINTS	100 of 100 (113)

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. Attachment 1 is in agreement with attachment 3 & 8, and with MT PUC records.	1
2	Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: YES. Attachment 2 is in agreement with MT PUC records	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. Attachment 3 is in agreement with attachment 1 and with MT PUC records.	1
4	Accuracy verification of Compliance Activities – Progress Report Attachment 5 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: YES. One inspection in 2021 per plan. No violations found. Okay.	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 necessary records are electronic and current.	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. All personnel are now TQ qualified to UNGS Category I level given their technical degrees.	1
7	Verification of Part 192 and 199 Rules and Amendments – Progress Report Attachment 8 (Yes= 1 point, No= 0 Points) Comments: Yes. Attachment 8 and internal records shows everything adopted except amount of civil penalty ,	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. Attachment 10 addresses activities and goals of the UNGS Program.	1
9	General Comments: Mr. G. Joel Tierney, Pipeline Safety Program Manager, no incidents in 2021. UNGS PROGRESS REPORT REVIEW score is 49 of 50: 1 pt. reduction due to Maximum Civil Penalties are inadequate, \$100K/\$1M vs. \$200K/\$2M. Mr. James Brown, President Montana Public Service Commission, 1701 Prospect Avenue, PO Box 202601 Helena, Montana 59620-2601. Part A scored 9 of 9 points.	9

B – PROGRAM INSPECTION PROCEDURES Does State Inspection Plan include procedures that address the following elements? (See Guidelines Section 5.1)		
1	Does State have written inspection procedures?(Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. MT has included UNGS into the existing Pipeline Program procedures.	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) Comments: Yes. See pgs. 31-33, Inspection Procedures for UNGS.</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 <p>Post Inspection Activities(Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. See pgs. 31-33, Inspection Procedures for UNGS.</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) Comments: Yes. See pgs. 31-33, Inspection Procedures for UNGS.</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, MT does not perform a separate Wellhead inspection, it is part of a Standard UNGS Inspection.</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. See pgs. 31-33, Inspection Procedures for UNGS.</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 <p>Are inspection units broken down appropriately?(Yes= 5 points, No= 0 Points, NI=1-4 points)</p> <p>Comments: Yes. see Section IV Inspection Planning. It now has a Link the 'Inspection Schedule' spreadsheet. The 'inspection Schedule' spreadsheet has the detail for Unit and Operator ranking. For the short term, UNGS is only 1 operator and 3 Units and yearly visits of the operator with inspection of each unit every 3 years is adequate.</p>	5
8	<p>General Comments: 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)</p> <p>Comments: Yes. .0328x220=7.5 days. 8 field days reported. 8/7.5=1.10>.38 okay. Field days are derived from calendar days in the field and Total time is derived from actual time sheets; both measured correctly. In truth very little office time was charged against UNGS, the Gas Partnership picked up most of the office time.</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)</p> <p>Comments: YES. Joel, John, & Sam are all now complete for UNGS TQ training requirements.</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)</p> <p>Comments: Yes. IA is used for everything UNGS related. MT uses IA for the Gas Program too.</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)</p> <p>Comments: Yes. Joel is a multi-year professional in his Program Manager position.</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)</p> <p>Comments: Yes. Letter sent 12/7/2021, response dated 12/13/2021. 6 days.</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)</p> <p>Comments: Yes. Program procedures call for a three-year rotation for the UNGS standard and 5-year rotation for the rest. Had discussion that more questions should be selected for a full Standard Inspection.</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)</p> <p>Comments: Yes, Box Elder unit, UNGS Special Inspection, addressed the selected modules. Discussed adding additional UNGS modules for a complete Standard Inspection. There is still time to perform a full Standard Inspection.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. All modules selected were completed.</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)</p> <p>Comments: Yes, for this year. There is a good procedure for review of Gas Annual Reports. The best review available for now with UNGS is to review the annual report for internal consistency.</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 (Yes= 2 points, No= 0 Points, NI= 1 point)</p> <p>Comments: Yes, D&A inspections for Northwestern are current.</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). (Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. See Procedures Section V.13 which references Commission Rules 38.5.2205-2209 ARM which address Notification, Review, & Closing of Probable Violations. and Pipeline Procedures Section IV Post Inspection Activities.</p>	1
12	<p>Did State execute appropriate follow-up actions to Safety Related Condition Reports (SRCR)? Chapter 6.3 (Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no SRC reported in the UNGS program.</p>	NA
13	<p>Did the State participate in/respond to surveys or information requests from PHMSA? (Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. MT responds to all requests.</p>	1
14	<p>Did the State forward any potential waivers/special permits to PHMSA for review prior to issuing them to operators? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no UNGS waivers.</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. (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no UNGS waivers.</p>	NA
16	<p>General Comments: Part C scored 31 of 31 points. Questions 12, 14, & 15 were NA.</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. See Procedures Section V.13 which references Commission Rules 38.5.2205-2209 ARM which address Notification, Review, & Closing of Probable Violations. and Pipeline Procedures Section IV Post inspection Activities.</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. MT PSC has followed these procedures for many years in the Gas Program. The same rules apply for the UNGS Program.</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. An exit briefing is conducted on the last day of an 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. Final Findings are on a 90-day timeline, Preliminary findings are communicated much sooner. See Procedures Section IV 'Post Inspection Activities'; Directs an Exit Briefing at the close of the inspection, and 'if applicable a notice of probable violation will be issued within 90 days'. Section V.13 which references Commission Rules 38.5.2205-2209 ARM which address Notification, Review, & Closing of Probable Violations.</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: NA. Procedures are in place and followed in the Gas Program. No UNGS issues identified in 2020 or 2021.</p>	NA
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: NA. Procedures are in place and followed in the Gas Program. No UNGS compliance actions in 2020 or 2021.</p>	NA

7	<p>Is the Program Manager familiar with State process for imposing civil penalties (60105 States)? (describe any actions taken) (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. Joel is familiar with, and has used, civil penalties when warranted.</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= 0Points, NI=1 point)</p> <p>Comments: Yes. See Section C, pg 34-37, Post inspection activities. See Section V.13 which references Commission Rules 38.5.2205-2209 ARM which address Notification, Review, & Closing of Probable Violations.</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. MT PSC has used their fining authority within the last 5 years.</p>	1
10	<p>General Comments: Part D scored 17 of 17 points. Questions 5 & 6 were NA.</p>	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. See Procedures Section V, pgs. 38-43, which address Conducting & Closing of Incident Investigations.</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. See Procedures Section V, pgs. 38-43, which address Conducting & Closing of Incident Investigations.</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. The most recent incident was in 2020 and the file was reviewed in the 2021 evaluation.</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: okay. See Procedures 9. Incident Investigations: Default decision is to go to the incident, but the Program Manager makes the final decision to go or not go.</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. The 2020 incident was properly vetted and documented.</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, the incident was reviewed, and no violation were found.</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: Yes, MT helps AID whenever requested, and a review process is followed.</p>	1
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. Incidents are review during the annual Western Region NAPS meeting.</p>	1

9	General Comments: Part E scored 13 of 13 points.	13
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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. Questions relative to Damage Prevention are covered in the UNGS Standard Inspection in IA.</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. By several means: including the State Dept. of Labor & The Montana Utility Coordinating Council. Joel is a Board Member of the MT Utility Coordinating Council, (as required by the By-Laws of the Coordinating Council). The State One-Call Board is Lead for Damage Prevention.</p>	2
3	<p>General Comments: Part F scored 4 of 4 points.</p>	4

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative Comments: Northwestern Corporation, opid 31632, John Torske -Utility Engineer, Butte, MT & Virtual, 4/13/22, Patrick Gaume. Records Inspection of Dry Creek Storage Unit, #88240. See '22 NWE Storage' in IA. Procedures and Observations will be done later.	
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. 5 Northwestern 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. IA was used and appropriate UNGS modules were brought into the inspection.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. 79 Records questions were addressed during this day's Inspection.	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. Was a virtual inspection of Records. All requested records were made available by electronic means.	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. The day's focus was Records; 79 questions were addressed.	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. Joel, John, & Sam participated in the inspection, John conducted it in a competent and professional manner and demonstrated his knowledge of the UNGS Safety program and regulations.	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. No violations were found, 6 questions were marked pending with notations of what is needed, 2 questions were tentatively marked Concern with notations of what more is needed. All 8 items were discussed with the Operator.	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: 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: 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: 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: 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: 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: NA. not a 60106 program.</p>	NA
7	General Comments: NA. not a 60106 program. Part H is NA.	6