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

1200 New Jersey Avenue SE
Washington DC 20590

2011 Natural Gas State Program Evaluation

for

MONTANA PUBLIC SERVICE COMMISSION

Document Legend
PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Incident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (If Applicable)
- I -- 60106 Agreement State (If Applicable)

2011 Natural Gas State Program Evaluation -- CY 2011

Natural Gas

State Agency: Montana
Rating:
Agency Status:
60105(a): Yes **60106(a):** No **Interstate Agent:** No
Date of Visit: 06/25/2012 - 06/29/2012
Agency Representative: Joel Tierney, Pipeline Safety Program Manager
PHMSA Representative: Patrick Gaume, State Liaison representative
Commission Chairman to whom follow up letter is to be sent:

Name/Title: Travis Kavulla, Chairman
Agency: Montana Public Service Commission
Address: 1701 Prospect Avenue, PO Box 202601
City/State/Zip: Helena, Montana 59620-2601

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2011 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. 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 then the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on 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.

Field Inspection (PART G):

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS		Possible Points	Points Scored
A	Progress Report and Program Documentation Review	10	10
B	Program Inspection Procedures	15	15
C	Program Performance	41	40
D	Compliance Activities	14	13
E	Incident Investigations	9	9
F	Damage Prevention	8	8
G	Field Inspections	12	12
H	Interstate Agent State (If Applicable)	0	0
I	60106 Agreement State (If Applicable)	0	0
TOTALS		**109**	**107**
State Rating			**98.2**

PART A - Progress Report and Program Documentation Review

		Points(MAX)	Score
1	Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1 (A1a) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
A1. Yes. Attachment is in agreement with Attachment 3, Attachment 8, and the program records

2	Review of Inspection Days for accuracy - Progress Report Attachment 2 (A1b) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
A2. Yes. 92 field days

3	Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 (A1c) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
A3. Yes, 27 operators on 12/31/11

4	Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 (A1d) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
A4. Yes. They reported the significant incident & 2 'fire first' incidents

5	Accuracy verification of Compliance Activities - Progress Report Attachment 5 (A1e) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
A5. Yes. The information on Attachment 5 matches the data in their database

6	Were pipeline program files well-organized and accessible? - Progress Report Attachment 6 (A1f, A4) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
A6. Yes, the paper files are in the Program Manager's office. Current filing is in paper and electronic and is trending towards electronic files in a dedicated area of the main frame files.

7	Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 (A1g) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
A7. Yes, Joel & Ellis are fully trained

8	Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 (A1h) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
A8. Yes

9	List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3)	1	1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

A9. Yes

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10 General Comments: Info Only Info Only

Info Only = No Points

Evaluator Notes:

A10. We continue to appreciate the commission's strong support of your pipeline safety program and the decision to hire a third engineer with his time dedicated to pipeline safety. Since our last evaluation we note the resignation of an engineer, the hiring of a new engineer and the active recruiting for a third engineer.

We appreciate your continued support and efforts to fully implement the 9 elements of the model damage prevention program, which includes continued work with the stakeholder committee to re-submit a bill that will fully implement that program.

Thank you for your involvement in NAPSR and we continue to encourage your staff's participation on one or more NAPSR Committees.

Efforts continue to develop effective civil penalties for One-Call violations

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

PART B - Program Inspection Procedures

		Points(MAX)	Score
1	Standard Inspections (B1a) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
B1. Yes, have procedures in 'Pipeline Safety Inspection and Investigation Procedures'. The inspection procedures show that Units are inspected every 2-5 years

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2	IMP Inspections (including DIMP) (B1b) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
B2. Yes, have procedures in 'Pipeline Safety Inspection and Investigation Procedures'. The inspection procedures show that Operators will be re-inspected every 5 years not to exceed 7 years

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3	OQ Inspections (B1c) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
B3. Yes, have procedures in 'Pipeline Safety Inspection and Investigation Procedures'. The inspection procedures show that Operators will be re-inspected by the end of 2013 and then every 5 years not to exceed 7 years thereafter

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4	Damage Prevention Inspections (B1d) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
B4. Yes. Damage Prevention is addressed during Standard Inspections

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5	On-Site Operator Training (B1e) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
B5. Yes. Operator Training is an integral part of every inspection, and is available to Operators when requested. Also provides training through CGA, bi-annual operator training seminars, & other venues

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6	Construction Inspections (B1f) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:
B6. Yes, have procedures in 'Pipeline Safety Inspection and Investigation Procedures'. On-site visits are typically done to major construction projects

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7	Incident/Accident Investigations (B1g) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
B7. Yes, have procedures in 'Pipeline Safety Inspection and Investigation Procedures'. All reportable incidents will be on-site investigated

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8 Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4) — Points(MAX): 6, Score: 6
Yes = 6 No = 0 Needs Improvement = 1-5

a. Length of time since last inspection	Yes ◉	No ○	Needs Improvement ○
b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)	Yes ◉	No ○	Needs Improvement ○
c. Type of activity being undertaken by operators (i.e. construction)	Yes ◉	No ○	Needs Improvement ○
d. Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc)	Yes ◉	No ○	Needs Improvement ○

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) Yes ◉ No ○ Needs Improvement ○

f. Are inspection units broken down appropriately? Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

B8. Yes, the risk factors are in their Pipeline Inspection Priorities Procedures (PIPP). MT has a small count of Units and it is easy to use PIPP & local knowledge to force rank the Units. The Units are consistent with Inspection Unit as defined in the Guidelines Glossary. MPSC is aware of the pending DIMP Rule and will implement the DIMP inspections per the federal guidelines and will risk them into the PIPP. As a category Master Meters are being encouraged to cede operations to the LDC

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9 General Comments: Info Only Info Only

Info Only = No Points

Evaluator Notes:

The Pipeline Program is dedicated to perform all inspections and other actions so as to maximize pipeline safety. The demands on pipeline safety are increasing. Examples of several new inspections and other assignments include: API 1162, One-Call, DIMP, Control Room Management, OQ, the 9 elements of Damage Prevention, and identify newly regulated gas gathering lines. The pending new engineer hire is expected to address the increased work load.

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

PART C - Program Performance

		Points(MAX)	Score
1	Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 (A12) Yes = 5 No = 0	5	5

A. Total Inspection Person Days (Attachment 2):
92.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 0.71 = 156.20

Ratio: A / B
92.00 / 156.20 = 0.59

If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
Points = 5

Evaluator Notes:
C1. Yes. A=92 field days. B=0.71 man years * 220 = 156.2 person days. A/B= .589 .589>.38, okay

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		Points(MAX)	Score
2	Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) Yes = 5 No = 0 Needs Improvement = 1-4	5	5

a.	Completion of Required OQ Training before conducting inspection as lead?	Yes ◉	No ○	Needs Improvement ○
b.	Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013	Yes ◉	No ○	Needs Improvement ○
c.	Root Cause Training by at least one inspector/program manager	Yes ◉	No ○	Needs Improvement ○
d.	Note any outside training completed	Yes ◉	No ○	Needs Improvement ○

Evaluator Notes:
C2. Yes. Joel is qualified for OQ, TIMP, PAPEE, DIMP, & Root Cause

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		Points(MAX)	Score
3	Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (A5) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
C3. Yes, The Program Manager shows a professional knowledge of the regulations

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		Points(MAX)	Score
4	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 (A6-7) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
C4. Yes. 7/26/11 Chairman letter sent & 8/811 Chairman reply. The three issues were responded to. MT addressed the issue of not meeting the recommended number of inspection person days mentioned in the previous two evaluation letters by hiring a new inspector, who subsequently took other employment and was replaced. MT is actively searching for a 3rd inspector to help address this issue; due to these actions no points were taken for not addressing the inspection person day issue.

		Points(MAX)	Score
5	Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 (A3) Yes = 2 No = 0	2	2

Evaluator Notes:
C5. Yes, TQ training is offered bi-annually; the most recent training was February 7-9, 2012, February 2-3, 2010, & February 12-13, 2008, all in Helena, MT

		Points(MAX)	Score
6	Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 (B3) Yes = 5 No = 0 Needs Improvement = 1-4	5	4

Evaluator Notes:

C6. NI 4 points. The Master Meters are not being tracked to the 5 year inspection cycle, but progress is being made. In 2011, Final inspections were performed on 5 master meters that were either taken over by the local LDC or ceased to operate. As of 2012, there are 7 identified master meter operators

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7 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 (B4-5) — 2 — 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C7 Yes. MPSC uses the federal forms and uses an addendum sheet. A review of several inspections shows a practice of completeness is in place, and that U, NA, & NC are documented

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8 Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1 (B7) — 1 — NA

Yes = 1 No = 0

Evaluator Notes:

C8. . NA, there was never any Cast Iron in Montana

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9 Did the state review 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) (NTSB) Chapter 5.1 (B8) — 1 — NA

Yes = 1 No = 0

Evaluator Notes:

C9. . NA, there was never any Cast Iron in Montana

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10 Did the state review 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? (NTSB) Chapter 5.1 (B9) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

C10. Yes, PSC has included this on an addendum sheet which is part of every Standard Inspection

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11 Did the state review 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? Chapter 5.1 (B10,E5) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

C11. Yes, it is part of all standard inspections. This is also addressed in the Federal PAPEI form. It is also checked during incident investigations

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12 Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16) — 2 — 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C12. Yes, the Pipeline Program Staff reviews current annual reports against prior year reports and contacts the Operators when there are questions over the data. Also, the data is uploaded into the evaluation spreadsheet and monitored for trends. Data sources used for trending and risk ranking include annual reports, leak reports, incident reports, miles and type of pipe, number of Probable Violations, public awareness reviews, & excavation damage

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13	Did state input all applicable OQ, IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 (G10-12) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

C13. Yes, all of the Standard, OQ, & IMP inspections have been uploaded, typically within 5 days of the inspection. The DIMP was emailed to Chris McLaren. Any required replies are done

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14	Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? (G14) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

C14. Yes. MT has 5 transmission units, one which is new in 2011. All 4 older units have been reviewed for accuracy relative to NPMS during the IMP inspection and also during standard inspections. The new unit is scheduled for a TIMP, D&A, O&M, PAP verification, etc in 2013. NPMS information will be verified at that time

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15	Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 (I1-3) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

C15. Yes, MPSC verifies D&A with all new Operators. In 2011 PSC filled out a Form 13 for every Unit that had a Standard Inspection, and this question is on the addendum sheet that is used with Fed Form 13.

16	Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N (I4-7) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

C16. Yes. All Operators have been OQ inspected and have been or will be re-inspected by 2013 . In 2011 Protocol 9 inspections were done on every Unit that had a Standard Inspection. All OQ inspections were done using Federal Forms and according to Federal guidelines. All Operators came into compliance. OQ records are pulled and checked during every OQ inspection and every Protocol 9 inspection

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17	Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart 0 (I8-12) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

C17. Yes, all Gas Operators have been contacted. All Gas Operators have either declared they have prepared a GIMP program or declared they have no HCAs. Every Gas Operator with an identified HCA have received a full GIMP Inspection. The inspections have been uploaded into the fed database. All Gas Operator Protocol A have been reviewed. Two Operators were re-inspected in 2009 and the other two were re-inspected in 2010. The new operator will be inspected in 2013

18	Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P Info Only = No Points	Info Only	Info Only

Evaluator Notes:

C18. Yes, 0 point new question. One DIMP was done in late 2011, and it was a joint DIMP with MT, SD, & NE of Northwestern Energy. The Fed Form was used, was completely filled out, and was e-mailed to Chris McLaren

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19	Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 192.616 (I13-16) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

C19. Yes, all Operators have functioning Public Awareness Programs. all reviews have been completed except for a new operator that assumed operations of a MT unit in 2011. Their program will be inspected during 2013. Up through 2011, Public Awareness was addressed during Standard Inspections. PAPE Inspections will start with an observation of a federal PAPEI in Aug 2012, and the MT PAPEI will be started after that

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20	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). (G20-21) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

C20. Yes, Open telephone access to pipeline safety personnel, participation in excavator meetings, Participate in the MT Utility Coordinating Council, presentations, as invited, to the operators & their staff. In addition, all finalized pipeline safety information is open to public access. Information is available through phone, letter, e-mail, or personal visit. Information has not been posted to the website nor are there plans to post information to the website

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21	Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:

C21. NA. There were no SRC in 2011. Last known SRC was in 1995. SRC are VERY rare in Montana, about 1 every 20 years

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22	Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns? (G13) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

C22. Yes. It is an addendum question asked during standard inspections. There are no identified plastic pipe problems in Montana. Operators state that if a problem had been found it would have been reported

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23	Did the state participate in/respond to surveys or information requests from NAPSR or PHMSA? (H4) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

C23. Yes, Constantly! PSC works with NAPSR, TQ, NTSB, ATF, & PHMSA, and all emails are responded to

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

Evaluator Notes:

C24 The Pipeline Group is becoming more data driven to better evaluate pipeline threats to pipeline safety.

Presently, new program demands make it necessary for Pipeline staff to respond to information requests but not to sit on active NAPSR or Study Group committees. Committee participation has occurred in the past. We recommend consideration of staffing levels to enable full participation in NAPSR and join the rotation onto various study groups. A third FTE was approved in April, 2011, and that position will be 100% dedicated to Pipeline Safety. The effort to find and hire the third inspector has been active since January, 2012.

There are now several inspections that are in addition to the Standard inspection. These inspections include Drug and Alcohol, GIMP, OQ, Public Awareness, and will soon add DIMP. PSC is addressing them all.

Total points scored for this section: 40
Total possible points for this section: 41

PART D - Compliance Activities

		Points(MAX)	Score
1	Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h) Yes = 4 No = 0 Needs Improvement = 1-3	4	4

a. Procedures to notify an operator (company officer) when a noncompliance is identified — Yes ◉ No ○ Needs Improvement ○

b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

D1. Yes, in the administrative rules 38.5.2204.and 38.5.2205. Compliance actions are input into the database, both pipeline staff receive a notice in their Outlook calendar 60 days in advance. The MPSC follows its own procedures

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2	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 (B11,B18,B19) Yes = 4 No = 0 Needs Improvement = 1-3	4	4

a. Were compliance actions sent to company officer or manager/board member if municipal/government system? — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

D2. Yes, the inspection reports, the NOPV, CAO, and all related correspondence are kept in the same file, & if the operator response is sufficient, the case is closed by the Pipeline Safety Program Manager. The PV are recorded in the file, but do not become violations unless a Commission Hearing is required and the Commission finds them to be violations. At such time the operator would receive a violation letter. The violation notices are sent to a corporate officer or the town mayor

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3	Did the state issue compliance actions for all probable violations discovered? (B15) Yes = 2 No = 0 Needs Improvement = 1	2	1

Evaluator Notes:

D3. NI. 1 point. A standard inspection of North Western Energy of March 16-17, 2011 showed an inconsistency between the inspection form and the Notice of Probable Violation. The importance of file consistency and complete records was discussed generally and specifically in this case. Other files were fine

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4	Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary. (B17, B20) Yes = 2 No = 0	2	2

Evaluator Notes:

D4. Yes, the mechanism is in the administrative rules 38.5.2206. There were no 'show cause' actions in 2011, & only one action in the last 20 years. Due process is afforded all.

5	Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken) (B27) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

D5. Yes. Civil penalties are suggested by the Program Manager, are recommended by the Commission in a formal Commission Meeting, and are assessed by the District Judge in Court

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6	Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? (new question) Info Only = No Points	Info Only	Info Only

Evaluator Notes:

D6. This new question was discussed. The process to assess civil penalties is in place. MPSC has been achieving compliance without assessing civil penalties. MPSC is prepared to assess civil penalties for violations that impact public safety. A more detailed clause for subjecting the operator to civil penalties if they fail to comply with the original compliance action was discussed

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

Evaluator Notes:

MPSC is a mature organization that has its rules and procedures in place.

Total points scored for this section: 13
Total possible points for this section: 14

PART E - Incident Investigations

		Points(MAX)	Score
1	Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/ Accident notifications received? Chapter 6 (A2,D1-3) Yes = 2 No = 0 Needs Improvement = 1	2	2

a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) — Yes ◉ No ○ Needs Improvement ○

b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

E1. Yes, Incident response procedures are in Commission Rule ARM 38.5.2202. They are exactly the same as the Fed requirements. MPSC has adopted the current Fed regulations. The Annual Commission Rule Making is used to adopt all of the Fed updates. No legislation actions are required unless the update addresses fines and fine amounts.
The MPSC uses the Federal Inspection form.
The MOU between NTSB and OPS is understood, and MPSC is fully willing to cooperate with NTSB.
There was 1 record file for one 1 incident in 2011.

2	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 (D4) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

E2. Yes, In 2011, the incident was investigated on-site

3	Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5) Yes = 3 No = 0 Needs Improvement = 1-2	3	3

a. Observations and document review — Yes ◉ No ○ Needs Improvement ○

b. Contributing Factors — Yes ◉ No ○ Needs Improvement ○

c. Recommendations to prevent recurrences when appropriate — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

E3. Yes. The MPSC uses the federal Form 11 for incident investigations. The events are documented and Appendix E is followed. As a matter of comment, the 2011 reportable incident is still ongoing as the metallurgical report is pending

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4	Did the state initiate compliance action for violations found during any incident/accident investigation? (D6) Yes = 1 No = 0	1	1

Evaluator Notes:

E4. Yes, if a PV is found. Initial indication is that the pipeline failure was caused by natural forces: earth movement due to flooding caused suspected tension and bending on the pipe. If a NOPV is found then a compliance action will be taken.

5	Did the state assist region office 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/accidents and investigate discrepancies) Chapter 6 (D7) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

E5. Yes, the process and tradition to work with the Feds is well established. In 2011 a cooperative effort wasn't needed by either party, but MPSC kept the Western Region well informed concerning the intrastate reportable incident

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6	Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPSR Region meetings, state seminars, etc) (G15) Yes = 1 No = 0	1	1

Evaluator Notes:

E6. Yes, the 2011 incident was described and discussed during the 2012 Western NAPSR meeting. At that time it was known that a service line had cracked and caused the destruction of 4 houses due to explosion and fire

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7 General Comments: Info Only Info Only

Info Only = No Points

Evaluator Notes:

E7. The very good working relationship between MPSC and the Western Region PHMSA continues

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Total points scored for this section: 9
Total possible points for this section: 9

PART F - Damage Prevention

		Points(MAX)	Score
1	Has the state reviewed 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? NTSB (E1) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F1. Yes, it is addressed in API RP 1162 inspections and in standard inspections during review of line locate and one-call procedures. MPSC has created an addendum sheet to address this question

2	Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (E2) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F2. Yes, operator procedures, records and one-call tickets are reviewed during Standard Inspections, and it is a supplemental question on MPSC's inspection addendum sheet

3	Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.) (E3) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F3. Yes. Encouragement is given through standard inspections, the MT Utility Coordinating Council meetings, and by providing CGA Best Practices by document pdf or through internet links. Legislation is being proposed to adopt all 9 elements of Damage Prevention

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? (This can include DIRT and other data shared and reviewed by the pipeline safety program) (E4,G5) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F4. Yes, Data gathering is being done by Montana One Call through a contract with One-Call Concepts, Inc. The MT Utility Coordinating Council is involved as a governing body. MPSC has developed a detailed spreadsheet where line hits are well defined and it shows that excavation damage is about 50% of the total pipeline threat for the past 5 years. The MT Utility Coordinating Council was a great support for the proposed damage prevention bill. However, The Bill was NOT passed in the 2011 session. It will be re-proposed in the 2013 session

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

Evaluator Notes:

F5. The major Damage Prevention initiative of the MPSC is to create an acceptable bill that will encompass all nine elements of the Damage Prevention portion of the 2006 PIPES ACT, with civil penalties being the most difficult part of the bill. This effort was not successful with the 2011 legislative session and is now targeted for re-proposal in the 2013 session

Total points scored for this section: 8
Total possible points for this section: 8

PART G - Field Inspections

		Points(MAX)	Score
1	Operator, Inspector, Location, Date and PHMSA Representative Info Only = No Points	Info Only	Info Only

Name of Operator Inspected:
NorthWestern Energy, opid 31632, Helena Unit

Name of State Inspector(s) Observed:
G Joel Tierney, Pipeline Safety Program Manager

Location of Inspection:
Helena Division,1315 N. Last Chance Gulch, Helena, MT 59604

Date of Inspection:
June 28-29, 2012

Name of PHMSA Representative:
Patrick Gaume

Evaluator Notes:
NorthWestern Energy, opid 31632, Helena Unit
G Joel Tierney, Pipeline Safety Program Manager
Helena Division,1315 N. Last Chance Gulch, Helena, MT 59604
June 28-29, 2012
Patrick Gaume

2	Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (F2) Yes = 1 No = 0	1	1

Evaluator Notes:
G2. Yes. It was held in the Operator's office & 6 personnel participated

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3	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) (F3) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
G3. Yes. used the Federal Forms 2, 13, and 15, Standard Inspection for Gas Distribution 5/6/11, Drug and Alcohol 3/22/11, and OQ Field Inspection

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4	Did the inspector thoroughly document results of the inspection? (F4) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
G4. Yes. All three forms were completely filled out

5	Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps,pyrometer,soap spray,CGI,etc.) (F5) Yes = 1 No = 0	1	1

Evaluator Notes:
G5. Yes. They had access to the electronic database, maps, paper record backup, keys, hand tools, odorometer, OQ covered task review documents, half- cell, multimeter, PPE

6	Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) Yes = 2 No = 0 Needs Improvement = 1	2	2
	a. Procedures	☒	
	b. Records	☒	
	c. Field Activities	☒	
	d. Other (please comment)	☒	

Evaluator Notes:

G6. Yes. This was a complete inspection and adequately reviewed procedures, records, field, D&A, and OQ Protocol 9

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7 Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8) — 2 — 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

G7. Yes, Joel showed good & adequate knowledge of the pipeline safety program goals and regulations

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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) (F9) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

G8. Yes. There was a low CP reading that was not mitigated within a calendar year or 15months

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9 During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

G9. Yes. There was a low CP reading that was not mitigated within a calendar year or 15months

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10 General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other. — Info Only — Info Only

Info Only = No Points

a.	Abandonment	☐
b.	Abnormal Operations	☐
c.	Break-Out Tanks	☐
d.	Compressor or Pump Stations	☐
e.	Change in Class Location	☐
f.	Casings	☐
g.	Cathodic Protection	☒
h.	Cast-iron Replacement	☐
i.	Damage Prevention	☒
j.	Deactivation	☐
k.	Emergency Procedures	☐
l.	Inspection of Right-of-Way	☒
m.	Line Markers	☒
n.	Liaison with Public Officials	☐
o.	Leak Surveys	☐
p.	MOP	☐
q.	MAOP	☒
r.	Moving Pipe	☐
s.	New Construction	☐
t.	Navigable Waterway Crossings	☐
u.	Odorization	☒
v.	Overpressure Safety Devices	☒
w.	Plastic Pipe Installation	☐
x.	Public Education	☐
y.	Purging	☐
z.	Prevention of Accidental Ignition	☐
A.	Repairs	☐
B.	Signs	☒

C.	Tapping	☐
D.	Valve Maintenance	☒
E.	Vault Maintenance	☐
F.	Welding	☐
G.	OQ - Operator Qualification	☒
H.	Compliance Follow-up	☐
I.	Atmospheric Corrosion	☒
J.	Other	☐

Evaluator Notes:

G10. Fencing, site security, line markers, pressure regulation, valves, signs, atmospheric corrosion, odorization, CP, locks, markers, ROW, residential meters, commercial meter, meter header system

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Total points scored for this section: 12
Total possible points for this section: 12

PART H - Interstate Agent State (If Applicable)

		Points(MAX)	Score
1	Did the state use the current federal inspection form(s)? (C1) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA not an interstate agent program

2	Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? (C2) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA not an interstate agent program

3	Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? (C3) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA not an interstate agent program

4	Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (C4) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA not an interstate agent program

5	Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (C5) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA not an interstate agent program

6	Did the state give written notice to PHMSA within 60 days of all probable violations found? (C6) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA not an interstate agent program

7	Did the state initially submit documentation to support compliance action by PHMSA on probable violations? (C7) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA not an interstate agent program

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

Evaluator Notes:
H1-8. NA not an interstate agent program

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

PART I - 60106 Agreement State (If Applicable)

		Points(MAX)	Score
1	Did the state use the current federal inspection form(s)? (B21) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 program

2	Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan? (B22) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 program

3	Were any probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (B23) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 program

4	Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (B24) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 program

5	Did the state give written notice to PHMSA within 60 days of all probable violations found? (B25) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 program

6	Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? (B26) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 program

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

Evaluator Notes:
I1-7. NA not a 60106 program

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