



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

1200 New Jersey Avenue SE
Washington DC 20590

2012 Natural Gas State Program Evaluation

for

PUBLIC UTILITIES COMMISSION NEVADA

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)



2012 Natural Gas State Program Evaluation -- CY 2012
Natural Gas

State Agency: Nevada

Agency Status:

Date of Visit: 08/19/2013 - 08/23/2013

Agency Representative: Paul Maguire, Engineering Manager
Clark Stoner, Senior Pipeline Engineer
Ken Jones, Pipeline Engineer
Ken Saarem, Pipeline Engineer
Neil Pascual, Pipeline Engineer

PHMSA Representative: Glynn Blanton, US DOT PHMSA State Programs

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

Name/Title: Crystal Jackson, Executive Director
Agency: Public Utilities Commission of Nevada
Address: 1150 East William Street
City/State/Zip: Carson City, NV 89701-3109

Rating:

60105(a): Yes **60106(a):** No **Interstate Agent:** No

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 2012 (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 than 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	9	8.5
B	Program Inspection Procedures	15	15
C	Program Performance	43	43
D	Compliance Activities	15	15
E	Incident Investigations	3	3
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		105	104.5
State Rating			99.5

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 | 0.5 |
|---|---|---|-----|

Evaluator Notes:

A review of Attachment 1 found the number of LPG inspection units (15) was not correctly recorded to the number entered on Attachment 3, inspection units (16). Intrastate Transmission units were also found to be incorrectly recorded with 4 inspection units listed on Attachment 1 versus 6 on Attachment 3. Improvement is needed. Therefore, a loss of 0.5 points occurred.

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

Evaluator Notes:

A review of the 2012 PUC NV data base and spreadsheet found the number of inspection days entered in each column was correct. It was noted and discussed with State Program Manager the on-site training category is used to record inspection days for training new operators. No issues were found or noted.

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

The name and number of operators and inspection units on Attachment 3 match the office records maintained by PUC NV. Good descriptions and details were provided in note section.

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

Evaluator Notes:

No reportable incidents occurred in CY2012. NA.

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

Evaluator Notes:

No issues were found or noted on Attachment 5. The summary provided in the note section of the Progress Report was very helpful in understanding the dollars assessed and collected during CY2012.

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

Yes, improvement has been made from previous state program evaluation review. In this regards, a review of the file folders and data base found information on the inspections performed and recorded by inspections days accessible and well-organized. Each Engineer is familiar with how to locate inspection reports and letters filed or entered into the data base pertaining to the inspection visits or violations found. All reports reviewed support the safety program activities and inspections performed as listed in Attachment 2.

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

Yes, a detailed review of employees listed on Attachment 7 was conducted and compared to the SABE training document. Again, improvement has been made from previous state program evaluation review. In this regard, two engineers have completed the DIMP, Root Cause, In Line Pigging and Integrity Management courses. These individuals completed the

courses before conducting inspections. It was suggested the Manager Engineering consider attending the TQ courses to become more familiar with the pipeline safety regulations.

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| 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:

A review of PHMSA State Program rules and regulations in SharePoint found PUC NV has automatic adoption of regulations. However, civil penalty amounts for violation of pipeline safety regulations are established by state legislative action. A review found the current civil penalty is the same as PHMSA's amount. Due to an administrative complication of the BDR being combined with other BDRs, the civil penalty increase was not approved. PUC NV plans to re-submit this BDR in late 2014 in order for the civil penalty authority to be increased during the 2015 Nevada Legislative Session, such that it matches the new Federal Standard.

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| 9 | List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Yes, PUC NV provided a detailed description of the planned and past performance of their pipeline safety program and answered questions pertaining to damage prevention assistance program. No issues.

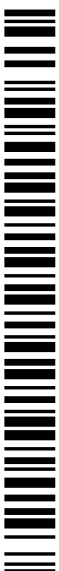
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- | | | | |
|-----------|--|-----------|-----------|
| 10 | General Comments:
Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

See Comment below:

Question A.1, A review of Attachment 1 found the number of LPG inspection units (15) was not correctly recorded to the number entered on Attachment 3, inspection units (16). Intrastate Transmission units were also found to be incorrectly recorded with 4 inspection units listed on Attachment 1 versus 6 on Attachment 3. Improvement is needed. Therefore, a loss of 0.5 points occurred.

Total points scored for this section: 8.5
Total possible points for this section: 9



PART B - Program Inspection Procedures

Points(MAX) Score

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|----------|--|---|---|
| 1 | Standard Inspections (B1a)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.1, Audits- General.

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

Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.1, Audits- General.

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|----------|---|---|---|
| 3 | OQ Inspections (B1c)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.1, Audits- General.

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

Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 11.8 & 11.10, Audit Gas One-Call.

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

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 5.2 On Site Operator Training.

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| 6 | Construction Inspections (B1f)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 11.2 Field Inspection Gas (Construction or O&M).

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

Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 10.0 Incident/Failure Investigation.

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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)
Yes = 6 No = 0 Needs Improvement = 1-5 | 6 | 6 |
|----------|---|---|---|

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

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:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.2, Intervals of Audit address items a thru f above. No issues.

9 General Comments:

Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

No loss of points occurred in this section.

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) 5 5
Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):
588.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 5.75 = 1265.00

Ratio: A / B
588.00 / 1265.00 = 0.46

If Ratio \geq 0.38 Then Points = 5, If Ratio $<$ 0.38 Then Points = 0
Points = 5

Evaluator Notes:

- A.Total Inspection Person Days (Attachment 2)= 588
B.Total Inspection Person Days Charged to the program
(220*Number of Inspection person years(Attachment 7)=1265
Formula:- Ratio = A/B = 588/1265 = 0.46
Rule:- (If Ratio \geq .38 then points = 5 else Points = 0.)
Thus Points = 5

No issues.

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

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|---|--------------------------------------|--------------------------|---|
| a. Completion of Required OQ Training before conducting inspection as lead? | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013 | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. Root Cause Training by at least one inspector/program manager | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. Note any outside training completed | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

A review of TQ transcript and Attachment 7, State Employees Directly Involved in the Natural Gas Pipeline Safety Program, found; Jason Dunphy, Craig Rogers, Clark Stoner & Wayne Whitaker have completed the OQ training course. Additionally, Ken Jones & Craig Rogers have completed the IM and Jason Dunphy, Ken Jones & Craig Rogers have completed the DIMP courses. Jason Dunphy and Ken Jones have successfully completed the Root Cause course. Craig Rogers has completed the SCADA and Inline Inspection courses. It is suggested Paul Maguire, Manager Engineering, consider attending the seven required courses at TQ in the future.

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

Evaluator Notes:

Yes, State Program Manager is knowledge and has many years of experience in pipeline safety, understands the requirements in submitting a grant application and payment agreement. No issues.

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

Evaluator Notes:

Yes, Chrystal Jackson, Executive Director, response letter dated January 30, 2013 was received on February 6, 2013.

- 5 Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 (A3) 2 2

Yes = 2 No = 0

Evaluator Notes:

Yes, TQ seminar was held on August 7 & 8, 2012 in Reno, NV. The seminar was webcast on August 8th to the small operators located in Las Vegas and Elko, Nevada.

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| 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 | 5 |
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Evaluator Notes:

Yes, operators are inspected in accordance with PUC NV Procedural Manual Section 6.1 Audits- General. No issues.

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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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, a review of PUC NV inspection forms found they use PHMSA Form 2 for all their inspection reviews. Other areas of the review under their rules and regulations are listed on the form. No issues.

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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)
Yes = 1 No = 0 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

None in State.

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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)
Yes = 1 No = 0 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

None in State.

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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)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

Yes, this is discussed with the operator during each inspection visit. Consideration to add a question to the standard inspection form data base to address this item is being reviewed.

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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)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

Yes, this is listed in the standard inspection form and reviewed with the operator.

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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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, all annual reports are checked each year by Ken Jones and Clark Stoner. A review of final annual reports submitted at PHMSA website is downloaded into a spreadsheet for further analysis by PUC NV staff members.

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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 |
|-----------|--|---|---|
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Evaluator Notes:

A review of PHMSA data base found all results are being entered and maintained by each staff members after completion of the inspection. Twenty-nine operator qualification inspections were conducted and entered into PHMSA OQ website. Additionally, five Gas Transmission Integrity Management audits were recorded into the data base for CY2012. No issues.

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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 |
|-----------|---|---|---|
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Evaluator Notes:

Yes, this was completed by Clark Stoner via email messages to all operators. No issues.

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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 |
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Evaluator Notes:

Yes, this item is addressed in PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 7.0 Audit Forms, PHMSA Form 14.

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- | | | | |
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| 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 |
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Evaluator Notes:

Yes, this is checked during a review of the operator's O&M Plan.

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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 |
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Evaluator Notes:

Yes, this is checked during a review of the operator's O&M Plan and IMP inspection. No issues.

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| 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
DIMP ? First round of program inspections should be complete by December 2014

Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

On the initial inspection performed they checked the DIMP plan. All distribution systems were checked and minor issues were found. PUC NV staff plan to conduct additionally DIMP inspections in CY2014. No issues.

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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) PAPEI Effectiveness Inspections should be complete by December 2013 | 2 | 2 |
|----|---|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, a review of Public Awareness inspection plans for SWG and NV conducted by Clark Stone confirmed the programs were up to date. This item is reviewed during the standard inspection. PUC NV is currently conducting PAPEI effectiveness inspection on several operators and anticipates having all completed by December, 2013.

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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) | 1 | 1 |
|----|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

This is accomplished via PUC NV web site, staff attending monthly CGA meetings and publications in local newspapers pertaining to violations cited and fines collected by the agency against distribution operators.

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|----|---|---|----|
| 21 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6) | 1 | NA |
|----|---|---|----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

NA. No safety related condition reports submitted in CY2012.

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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) | 1 | 1 |
|----|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, PUC NV has Southwest Gas (SWG) replacing PVC and Aldyl A per commission action. In CY2012, SWG replaced approximately 90 miles of PVC pipe.

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

Evaluator Notes:

Yes, survey request from NAPSR and other organizations were completed and submitted. No issues.

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

Evaluator Notes:

No loss of points occurred in this section.

Total points scored for this section: 43
Total possible points for this section: 43

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) 4 4
Yes = 4 No = 0 Needs Improvement = 1-3
- 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:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.7, Written Formal Notice of Probable Violation and Section 6.13 Follow-Up.

- 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) 4 4
Yes = 4 No = 0 Needs Improvement = 1-3
- a. Were compliance actions sent to company officer or manager/board member if municipal/government system? Yes ☒ No ☐ Needs Improvement ☐
- b. Were probable violations documented? Yes ☒ No ☐ Needs Improvement ☐
- c. Were probable violations resolved? Yes ☒ No ☐ Needs Improvement ☐
- d. Was the progress of probable violations routinely reviewed? Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.0, Audit Procedures/Documentation. A review of data base and file folders confirm violations were sent to company officers, documented and routinely reviewed and resolved with the operator. No issues.

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

Evaluator Notes:

Yes, reviewed files and found compliance actions were taken against operators for all probable violations. In CY2012, NV Energy assessed \$10,000 for lack of sufficient data on MAOP, SWG assessed \$12,500 failure to maintain proper mapping records, BI-State Propane assessed \$10,500 failure to take corrective action on external corrosion and Newmont assessed \$25,000 for pressure testing, welding repair records and D&A policy.

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

Evaluator Notes:

Yes, this was performed in accordance to PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.9 Informal Options Open to the Operator. No issues.

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

Evaluator Notes:

Yes, in CY2012, NV Energy was assessed \$10,000 for lack of sufficient data on MAOP, SWG assessed \$12,500 failure to maintain proper mapping records, BI-State Propane assessed \$10,500 failure to take corrective action on external corrosion and Newmont assessed \$25,000 for pressure testing, welding repair records and D&A policy. No issues.

- 6** Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

In CY2012, NV Energy assessed \$10,000 for lack of sufficient data on MAOP, SWG assessed \$12,500 failure to maintain

proper mapping records, BI-State Propane assessed \$10,500 failure to take corrective action on external corrosion and Newmont assessed \$25,000 for pressure testing, welding repair records and D&A policy.

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

No loss of points occurred in this section.

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



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 <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 10.0 Incident/Failure Investigation address these items.

- | | | | |
|----------|---|---|----|
| 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 | NA |
|----------|---|---|----|

Evaluator Notes:

NA. No reportable incidents occurred in CY2012. This information was verified in Pipeline Data Mart.

- | | | | |
|----------|--|--------------------------------------|--|
| 3 | Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5)
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | NA |
| a. | Observations and document review | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Contributing Factors | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Recommendations to prevent recurrences when appropriate | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

NA. No reportable incidents occurred in CY2012. This information was verified in Pipeline Data Mart.

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

Evaluator Notes:

NA. No reportable incidents occurred in CY2012. This information was verified in Pipeline Data Mart.

- | | | | |
|----------|--|---|----|
| 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 | NA |
|----------|--|---|----|

Evaluator Notes:

NA. No reportable incidents occurred in CY2012. This information was verified in Pipeline Data Mart & PHMSA Western Region.

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

In CY2012, no reportable incidents occurred. However, information on damages that occur on pipelines due to failure by the operator or outside contractors to comply with State Damage Prevention law was shared at the NAPSR Western Region Meeting.

- | | |
|----------|-------------------|
| 7 | General Comments: |
|----------|-------------------|

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

No loss of points occurred in this section.

Total points scored for this section: 3
Total possible points for this section: 3



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:

Yes, this question is in the standard inspection form for Southwest Gas and Nevada Energy and will be added to the smaller operator check list for future compliance review.

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

Yes, a review of inspection reports and discussion with Engineers found a lot of time is spend reviewing the operator's written procedures pertaining to notification of excavation and use of one call system. PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 13.0 Nevada's One-call Damage Prevention Program provides more in-depth information on this item. Excellent damage prevention program.

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

Yes, PUC NV Engineers participate with the operators, excavators, USAN in the Nevada Regional CGA meetings promoting best practices. During the meetings all stakeholder members discuss the operation of the One-Call Center and ways of making improvements.

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

Yes, Ken Jones, Engineer, collects data on pipeline and other damages. Nevada has been tracking this information since 2002 and has the lowest leak rate of any State that participates in the pipeline safety program. The ratio of damages per 1,000 tickets in CY2012 was 4.58. This number is smaller than previous year number of 5.0.

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

Evaluator Notes:

No loss of points occurred in this section.

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 OnlyInfo Only
Info Only = No Points

Name of Operator Inspected:

Nevada Energy

Name of State Inspector(s) Observed:

Clark Stoner, Neil Pascual and Ken Saarem

Location of Inspection:

Reno, NV

Date of Inspection:

August 21, 2013

Name of PHMSA Representative:

Glynn Blanton, DOT/PHMSA State Programs

Evaluator Notes:

Two separate field inspections were reviewed during this evaluation period. The first field inspection was conducted on August 20, 2013 at Frontier Mobile Home Park in Carson City, NV. This was a replacement and conversion project to Southwest Gas Company approved by the Commission. Frontier mobile home will be individually metered and billed by Southwest Gas Company upon completion of the project. Observed SW Gas Company construction crews installing PE main and service lines and witnessed a construction inspection being conducted by Clark Stoner, Neil Pascual and Ken Saarem. No areas of concern were found or noted with the installation or inspection performed.

The second field inspection on Nevada Energy is listed below.

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

Evaluator Notes:

Yes, Ken Saarem, PUC NV Engineer, contacted Jay Wiggins, Supervisor with NV Energy by letter mailed July 29, 2013. The week prior to the inspection, Ken Saarem obtained a list of maintenance activity reports from Mr. Wiggins. During the office inspection on August 21st the following individuals were present from NV Energy: Jay Wiggins, Suprv Gas Compliance Regulations, James Bachand, Supervisor Gas Engineering Services, Bob Wilk, Admstr Sr Gas System Control, and Mark Richards Consult Sr. Cathodic Protection.

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

Evaluator Notes:

Yes, PUC NV Engineers used the standard PHMSA Form 2 to conduct the inspection. It was observed each of the three Engineers reviewing the maintenance activity records performed by NV Energy personnel.

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

Evaluator Notes:

Yes, observed each inspector asking questions and thoroughly reviewing cathodic protection, operator qualifications, leak survey, pipeline patrolling, odorization, regulator stations, key valves, isolated service lines, rectifier, atmospheric corrosion, vent and casings records. Ken Saarem was the lead inspector on the audit. Neil Pascual entered response to questions from the operator representative into PHMSA form 2.

A review of several construction projects, as build plans, were checked for compliance with pressure testing and welding. Two areas of concern were found during this review.

- 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) 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, NV Energy provided all necessary documentation requested by PUC NV Engineers.

- | | | | |
|----------|---|-------------------------------------|---|
| 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 | <input checked="" type="checkbox"/> | |
| b. | Records | <input checked="" type="checkbox"/> | |
| c. | Field Activities | <input checked="" type="checkbox"/> | |
| d. | Other (please comment) | <input type="checkbox"/> | |

Evaluator Notes:

Yes, all NV Energy maintenance records and Operations Procedures were reviewed and discussed. The field activity to review rectifiers and take pipe to soil potential readings was cancelled due to rain.

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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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, each Engineer demonstrated a good working knowledge of the pipeline safety regulations. No issues.

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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)
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

A partial exit interview was conducted on August 21 with NV Energy personnel because the inspection was not completed. The remaining portion of the inspection will be conduct the following week.

Observed minor discussion between PUC NV Engineers and NV Energy personnel on potential violations and civil penalties for failure to complete maintenance activities in accordance to pipeline safety regulations requirements. This type of discussion should be limited until the audit has been completed and discussed with PUC NV Engineering Manager.

- | | | | |
|----------|---|---|---|
| 9 | During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10)
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Yes. See previous Evaluator Notes in Question G.8.

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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 = No Points | Info Only | Info Only |
| a. | Abandonment | <input checked="" type="checkbox"/> | |
| b. | Abnormal Operations | <input checked="" type="checkbox"/> | |
| c. | Break-Out Tanks | <input type="checkbox"/> | |
| d. | Compressor or Pump Stations | <input type="checkbox"/> | |
| e. | Change in Class Location | <input checked="" type="checkbox"/> | |
| f. | Casings | <input checked="" type="checkbox"/> | |
| g. | Cathodic Protection | <input checked="" type="checkbox"/> | |
| h. | Cast-iron Replacement | <input type="checkbox"/> | |
| i. | Damage Prevention | <input checked="" type="checkbox"/> | |
| j. | Deactivation | <input type="checkbox"/> | |
| k. | Emergency Procedures | <input type="checkbox"/> | |
| l. | Inspection of Right-of-Way | <input checked="" type="checkbox"/> | |

- | | | |
|----|-----------------------------------|-------------------------------------|
| m. | Line Markers | <input checked="" type="checkbox"/> |
| n. | Liaison with Public Officials | <input type="checkbox"/> |
| o. | Leak Surveys | <input checked="" type="checkbox"/> |
| p. | MOP | <input checked="" type="checkbox"/> |
| q. | MAOP | <input checked="" type="checkbox"/> |
| r. | Moving Pipe | <input type="checkbox"/> |
| s. | New Construction | <input checked="" type="checkbox"/> |
| t. | Navigable Waterway Crossings | <input type="checkbox"/> |
| u. | Odorization | <input checked="" type="checkbox"/> |
| v. | Overpressure Safety Devices | <input checked="" type="checkbox"/> |
| w. | Plastic Pipe Installation | <input type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |
| A. | Repairs | <input checked="" type="checkbox"/> |
| B. | Signs | <input type="checkbox"/> |
| C. | Tapping | <input checked="" type="checkbox"/> |
| D. | Valve Maintenance | <input checked="" type="checkbox"/> |
| E. | Vault Maintenance | <input checked="" type="checkbox"/> |
| F. | Welding | <input checked="" type="checkbox"/> |
| G. | OQ - Operator Qualification | <input checked="" type="checkbox"/> |
| H. | Compliance Follow-up | <input type="checkbox"/> |
| I. | Atmospheric Corrosion | <input checked="" type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

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:

NA.

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

NA.

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

NA.

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

NA.

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

NA.

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

NA.

- | | | | |
|----------|--|---|----|
| 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 |
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Evaluator Notes:

NA.

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

Evaluator Notes:

NA.

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:

NA.

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

NA.

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

NA.

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

NA.

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

NA.

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

NA.

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

Evaluator Notes:

NA.

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