



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

1200 New Jersey Avenue SE
Washington DC 20590

2013 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)

2013 Natural Gas State Program Evaluation -- CY 2013
Natural Gas

State Agency: Nevada

Agency Status:

Date of Visit: 08/12/2014 - 08/15/2014

Agency Representative: Paul Maguire, Engineering Manager, Clark Stoner, Senior Pipeline Engineer, Ken Jones, Gas Pipeline Engineer, Neil Pascual, Gas Safety Pipeline Engineer, Craig Rogers, Gas Pipeline Safety Engineer

PHMSA Representative: Glynn Blanton, 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, Nevada 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 2013 (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
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)

10	10
15	15
41	39
15	15
9	9
8	8
12	12
0	0
0	0

TOTALS

110 108

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:

A review of Attachment 1 found the number of units recorded to the number entered on Attachment 3, was correct. Additionally all other information was found correct. No issues.

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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 2013 PUC NV data base and spreadsheet found the number of inspection days entered in each column was correct. NV PUC determines the number of inspection days based on the hours each engineer spends on the inspection. It was suggested in the future a fraction number of inspections days is acceptable to enter into the document and may be of help in maintaining an accurate number. 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:

A review of Attachment 3 found the name and number of operators and inspection units match the office records maintained by PUC NV. No issues.

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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 | 1 |
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Evaluator Notes:

Yes, a review of Attachment 4 found two incidents were reported in CY2013. Reviews of incident reports in the Pipeline Data Mart found the property amounts and cause code were entered correctly. No loss of points occurred.

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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:

A review of Attachment 5, Stats on Compliance Actions, found the number of compliance actions, violations found and corrected were reported correctly. The number of compliance action consisted of 15 notice of probable violations and 7 assessed penalties in the amount of \$110,900. No areas of concern.

- | | | | |
|----------|---|---|---|
| 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, a review of the file folders and data base found information on the inspections performed and recorded by inspections days were accessible and well-organized. All reports were verified and reviewed that supported the safety program activities and inspections performed as listed in Attachment 2. No areas of concern.

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

Evaluator Notes:

Yes, a detailed review of employees listed on Attachment 7 was conducted and compared to the SABE training document. Mr. Paul Maguire, Manager Engineering, has recently successfully completed the PL1250 course. No issues.

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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:

PUC NV has automatic adoption of regulations. However, civil penalty amounts for violation of pipeline safety regulations are established by state legislative action. Currently, PUC NV is working on changing the civil penalty amount to \$200,000 to \$2 million with their state legislatures. PUC NV plans to re-submit a Bill Draft Request Number 15A580135 in January 2015 in order for the civil penalty authority to be increased during the 2015 Nevada Legislative Session.

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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:

A review of Attachment 10 found a good description of the planned and past performance was provided in detailed. No issues.

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

Evaluator Notes:

No loss of points occurred in this section. PUC NV has generally met the requirements of Part A.

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:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.1, Audits- General.
Revision date July, 2014.

- | | | | |
|----------|---|---|---|
| 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, and
Revision date July, 2014.

- | | | | |
|----------|---|---|---|
| 3 | OQ Inspections (B1c)
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.
Revision date July, 2014.

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

Evaluator Notes:

Yes, this item is located in PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 11.2
Activity Type. Revision date July, 2014.

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

Evaluator Notes:

Yes, this item is located in PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 5.2
On Site Operator. Revision date July, 2014.

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

Evaluator Notes:

Yes, this item is located in PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section
11.2 Field Inspection Gas (Construction or O&M). Revision date July, 2014.

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

Evaluator Notes:

Yes, this item is located in PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section
10.0 Incident/Failure Investigation. Revision date July, 2014.

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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 and Section 11.3 Development of the Process to Perform Inspections Based on Risk address items a thru f above. No issues.

9 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

No loss of points occurred in this section. PUC NV has generally met the requirements of Part B.

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):
559.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 5.50 = 1210.00

Ratio: A / B
559.00 / 1210.00 = 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)= 559

B.Total Inspection Person Days Charged to the program(220*Number of Inspection person years(Attachment 7)=1209.99978

Formula:- Ratio = A/B = 559/1209.99978 = 0.46

Rule:- (If Ratio \geq .38 then points = 5 else Points = 0.)

Thus Points = 5

- 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

- | | | | | |
|----|--|--------------------------------------|--------------------------|---|
| 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; Craig Rogers, Clark Stoner & Wayne Whitaker have completed the OQ training course. Additionally, Ken Jones & Craig Rogers have completed the IM and Ken Jones & Craig Rogers have completed the DIMP courses. Ken Jones & Craig Rogers has successfully completed the Root Cause course. Craig Rogers has completed the SCADA and Inline Inspection courses. It is suggested that all individuals that have not attending the PL3322, Evaluation of Operator Qualification (OQ) Programs Course attend this course in the coming year.

- 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 37 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 NA
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

No response was necessary.

- 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. PUC NV has scheduled to conduct another TQ seminar in August, 2015.

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
Evaluator Notes: Yes, operators are inspected in accordance with PUC NV Procedural Manual Section 6.1 Audits- General. Each inspection unit and operator is inspected annually. No issues.			
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
Evaluator Notes: Yes, a review of records found PUC NV uses PHMSA Form 2 for all their inspection reviews. Other areas of the review under their PUC NV rules and regulations are listed on the form. No issues.			
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: No cast iron pipelines in the State of Nevada.			
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: No cast iron pipelines in the State of Nevada.			
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
Evaluator Notes: Yes, this item is discussed with the operator during each inspection visit and recently PUC NV added a question to the standard inspection form. The question is located at the end of the document. No areas of concern.			
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
Evaluator Notes: Yes, this is listed in the standard inspection form question 10 and reviewed with the operator. No areas of concern.			
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
Evaluator Notes: Yes, 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.			

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

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. Thirty-eight operator qualification inspections were conducted and entered into PHMSA OQ website in CY2013. A review of the IMP database found the last inspections were conducted in October 2012. It was suggested that a follow-up inspection be conduct to verify the operator's plans. No issues.

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

Evaluator Notes:

No, this item was not performed or checked in CY2013 during inspection audits. Improvement is needed to insure this item is checked each year. A loss of one point occurred.

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

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 13. A review of PUC NV database found Newmonts Gold Quarry Mine was inspected and found to be in non-compliance. A civil penalty of \$25,000 was assessed. No issues.

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

Evaluator Notes:

Yes, this is reviewed during the standard inspection 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) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, this is checked during a review of the operator's O&M Plan and IMP inspection. They often obtain copies of the data or updates on changes in the operator's plan. A review of PUC NV files found NVN Energy dated June 19, 2013 inspection dated June 19, 2013, they observed the Spanish Spring Lateral being tested. PUC NV on May 12, 2013, reviewed Southwest Gas Company Pipeline Integrity Management Plan. 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 2 2
DIMP ? First round of program inspections should be complete by December 2014

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

All distribution systems were checked and minor issues were found during the inspection conducted on Southwest Gas in

January 11, 2012 and Nevada Energy on January 17, 2012. Currently, PUC NV is reviewing and conducting DIMP inspections in CY2014 and anticipates all inspections will be completed before December, 2014. 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 | 1 |
|----|--|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

A review of Public Awareness inspection plans found SWG and NV Energy were checked on January 11-17, 2012 during the standard inspection reviews. PUC NV completed a portion of the PAPEI review during their normal standard inspections in CY2013 but were unaware they needed to perform a complete PAPEI inspection using PHMSA Form 21. Therefore, not all operators were reviewed by December 2013 nor the results uploaded in PHMSA PAPEI database. Improvement is needed. A loss of one point occurred.

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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:

Yes, this item is accomplished via PUC NV web site, CGA meetings and publications in local newspapers pertaining to violations cited and fines collected by the agency.

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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:

NA. No safety related condition reports submitted in CY2013.

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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 |
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Evaluator Notes:

Yes, PUC NV has Southwest Gas (SWG) replacing PVC and Aldyl A per commission order. In CY2013, SWG replaced approximately 100 miles of PVC pipe. All PVC is scheduled to be removed 2020.

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

Evaluator Notes:

Yes, survey request from NAPSRS and other organizations were completed and submitted in a timely manner. No issues.

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|----|--|-----------|-----------|
| 24 | If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate.
Info Only = No Points | Info Only | Info Only |
|----|--|-----------|-----------|

Evaluator Notes:

A review of PHMSA website on permits found one special permit was issued by PUC NV and a waiver granted by PHMSA on June 22, 2010 for Southwest Gas Company pertaining to relief from regulations requiring partially operate of certain type of buried steel ball valves. PUC NV monitors this special permit and on April 27, 2011 based on staff recommendation closed the special permit.

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|----|-------------------|-----------|-----------|
| 25 | General Comments: | Info Only | Info Only |
|----|-------------------|-----------|-----------|

Info Only = No Points

Evaluator Notes:

A loss of one point occurred in Question C.14. This item was not performed or checked in CY2013 during inspection audits. Improvement is needed to insure this item is checked each year.

A loss of one point occurred in Question C.19. A review of Public Awareness inspection plans found SWG and NV Energy were checked on January 11-17, 2012 during the standard inspection reviews. PUC NV completed a portion of the PAPEI review during their normal standard inspection in CY2013 but were unaware they needed to perform a complete PAPEI inspection using PHMSA Form 21. Therefore, not all operators were reviewed by December 2013 nor the results uploaded in PHMSA PAPEI database. Improvement is needed. A loss of one point occurred.

Total points scored for this section: 39
Total possible points for this section: 41

PART D - Compliance Activities**Points(MAX) Score**

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|----------|---|---|---|
| 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 <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Procedures to routinely review progress of compliance actions to prevent delays or breakdowns | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes, this information is provided in 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.

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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 <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Were probable violations documented? | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Were probable violations resolved? | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Was the progress of probable violations routinely reviewed? | 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 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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|----------|----------|

Evaluator Notes:

Yes, reviewed files and found compliance actions were taken against seven operators for all probable violations in CY2013. The following operators were assessed a civil penalty, Sunstate Companies, Wendover Gas Company, Cool Box Portable Storage, Contri Construction Company, Newmont Mining Corporation, Sierra Pacific Power Company and Nevada Power Company. No issues.

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

Yes, this was performed in accordance to PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 6.9 Informal Conference in Response to Operator Option. 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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|----------|----------|

Evaluator Notes:

Yes, Program Manager is familiar with imposing civil penalties and in CY2013 assessed a total of \$110,900 to 7 operators. No issues of concern.

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

Evaluator Notes:

Yes, PUC NV has demonstrated their enforcement action by citing violations and civil penalties in CY2013. In this regard, thirty nine violations were cited and \$10,900 was collected for non-compliance from operators. No issues.

7 General Comments:
Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

No loss of points occurred in this section. PUC NV has generally met the requirements of Part D.

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) 2 2

Yes = 2 No = 0 Needs Improvement = 1

- 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:

Yes, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 10.0 Incident/Failure Investigation addresses these items. Additionally, the operator is required to report all incidents to PUC NV staff member. A list is provided to the operator containing the staff member's telephone numbers to call and provide information via telephone and email.

PUC NV is aware and familiar with the MOU between NTSB and PHMSA and the Federal/State Cooperation agreement. No issues

- 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) 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. No issues.

- 3 Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5) 3 3

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

- 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:

Yes.

- 4 Did the state initiate compliance action for violations found during any incident/accident investigation? (D6) 1 1

Yes = 1 No = 0

Evaluator Notes:

Yes.

- 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) 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. No issues of concern.

- 6 Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPS Region meetings, state seminars, etc) (G15) 1 1

Yes = 1 No = 0

Evaluator Notes:

Yes, during the NAPS Region Meeting they shared lessons learned from incidents. No areas of concern.

7 General Comments:
Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

No loss of points occurred in this section. PUC NV has generally met the requirements of Part E.

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:

Yes, this question is included in the standard inspection form 2 for all operators. A review of their form found the question is located on page 41, question 4. No issues of concern.

- | | | | |
|---|--|---|---|
| 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, PUC NV Procedural Manual for Participation in the Federal Pipeline Safety Program, Section 13.0 Nevada's One-call Damage Prevention Program provides in-depth information on this item. No issues.

- | | | | |
|---|---|---|---|
| 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 and 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. No issues of concern.

- | | | | |
|---|--|---|---|
| 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, PUC NV collects data on pipeline and other damages. Nevada has been tracking this information since 2002. The ratio of damages per 1,000 tickets in CY2013 was 4.85.

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

Evaluator Notes:

No loss of points occurred in this section. PUC NV has generally met the requirements of Part F.

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 OnlyInfo Only |
|----------|---|--------------------|

Name of Operator Inspected:

Southwest Gas Corporation

Name of State Inspector(s) Observed:

Neil Pascual, Ken Jones, Clark Stoner & Craig Rogers

Location of Inspection:

Carson City, Nevada/Las Vegas, Nevada

Date of Inspection:

August 13-14, 2014

Name of PHMSA Representative:

Glynn Blanton, PHMSA State Programs

Evaluator Notes:

On August 13th, this was a records review of Southwest Gas Corporation distribution system located in Carson City, Lake Tahoe and Northwest section of Nevada. The quarterly review consisted of the patrolling, valve maintenance, leakage survey, maximum operating pressures and class location records. The following Southwest Gas Corporation representatives were present during the inspection: Dana Williams, Administrator/Compliance, Davis Flaten, Manager Engineering, Elizabeth Rankl, and David Kelley. Following the records review, a field inspection was conducted in Carson City. On August 14th, a construction inspection was conducted in Las Vegas on Southwest Gas Company. The construction location was Shoreview Drive and Vermillion Drive. Several sections of PE pipe were found to have gouges and dents. The sections containing these items were removed.

- | | | |
|----------|---|----|
| 2 | Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (F2)
Yes = 1 No = 0 | 11 |
|----------|---|----|

Evaluator Notes:

Yes, Southwest Gas Corporation representative Dana Williams, Administrative Compliance was contacted by Neil Pascual, PUC NV Pipeline Safety Engineer on June 10, 2014.

- | | | |
|----------|--|----|
| 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 | 22 |
|----------|--|----|

Evaluator Notes:

Yes, Neil Pascual and Ken Jones were using the agency's software program which contained the inspection forms necessary to conduct the inspection. During the inspection, Clark Stoner asked questions to the operator representatives and Ken Jones recorded the responses.

- | | | |
|----------|---|----|
| 4 | Did the inspector thoroughly document results of the inspection? (F4)
Yes = 2 No = 0 Needs Improvement = 1 | 22 |
|----------|---|----|

Evaluator Notes:

Yes, responses from the operator's representatives were recorded and documented into the inspection forms either by Ken Jones or Neil Pascual. I observed each inspector thoroughly reviewing emergency plans, valves, operator qualifications, leak survey, pipeline patrolling and public awareness records.

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

Evaluator Notes:

Yes, the operator provided maps, records and procedure documents for review by the PUC NV staff members. No issues.

- | | | |
|----------|---|----|
| 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 | 22 |
|----------|---|----|

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

Evaluator Notes:

Yes, Southwest Gas Corporation maintenance records and Operations Procedures were reviewed and discussed. No issues.

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

Yes, each PUC NV Engineer demonstrated a good working knowledge of the pipeline safety regulations. Each individual has successfully completed the TQ courses in OK City, OK. No issues.

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

Yes, an exit interview was conducted with Southwest Gas Corporation representatives. No issues.

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

No probable violations were cited.

- | | | | |
|----|---|-----------|-----------|
| 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 | <input type="checkbox"/> |
| b. | Abnormal Operations | <input 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 type="checkbox"/> |
| g. | Cathodic Protection | <input 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 checked="" type="checkbox"/> |
| l. | Inspection of Right-of-Way | <input 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 type="checkbox"/> |
| q. | MAOP | <input 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 type="checkbox"/> |
| v. | Overpressure Safety Devices | <input 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 type="checkbox"/> |
| B. | Signs | <input type="checkbox"/> |
| C. | Tapping | <input type="checkbox"/> |
| D. | Valve Maintenance | <input checked="" type="checkbox"/> |
| E. | Vault Maintenance | <input type="checkbox"/> |
| F. | Welding | <input type="checkbox"/> |
| G. | OQ - Operator Qualification | <input checked="" type="checkbox"/> |
| H. | Compliance Follow-up | <input type="checkbox"/> |
| I. | Atmospheric Corrosion | <input type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

On August 14th, a construction inspection was conducted in Las Vegas on Southwest Gas Company. The construction location was Shoreview Drive and Vermillion Drive. Several sections of PE pipe were found to have gouges and dents. The sections containing these items were removed.

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

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

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