



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

1200 New Jersey Avenue SE
Washington DC 20590

2011 Natural Gas State Program Evaluation

for

NORTH CAROLINA UTILITIES COMMISSION

Document Legend

PART:

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



2011 Natural Gas State Program Evaluation -- CY 2011
Natural Gas

State Agency: North Carolina

Agency Status:

Date of Visit: 10/01/2012 - 10/05/2012

Agency Representative: Chris Isley, Director - Pipeline Safety

PHMSA Representative: Don Martin

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

Name/Title: Edward S. Finley, Jr., Chairman

Agency: North Carolina Utilities Commission

Address: 430 North Salisbury Street

City/State/Zip: Raleigh, North Carolina 27603-5918

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 2011 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less 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

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)

Possible Points Points Scored

10	9
15	14
41	41
14	14
9	9
8	8
12	12
0	0
0	0

TOTALS

109 107

State Rating

98.2

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

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

Evaluator Notes:

All information on Attachment 1 was supported by office records.

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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:

All information on Attachment 2 was supported in the NCUC office records.

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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 |
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Evaluator Notes:

All information on Attachment 3 was supported by office records.

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

Evaluator Notes:

All information on Attachment 4 was consistent with reports in PHMSA's database.

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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:

All information on Attachment 1 was supported by office records.

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

The NCUC's files were well organized.

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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:

All information on Attachment 7 was accurate.

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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 | 0 |
|----------|---|---|---|

Evaluator Notes:

The NCUC stated steps were being taken to adopt certain 198 regulations. The NCUC should have entered "Not adopted" because no action is taking place to have the regulations adopted.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No significant issues were found. The NCUC should strive to provide more detail about meeting its annual inspection plan, non-compliance and followup activity, number of inspection person days experienced, training activity, etc.

10 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

Question A.8 - The NCUC stated steps were being taken to adopt certain 198 regulations. The NCUC should have entered "Not adopted" because no action is taking place to have the regulations adopted.

Question A.9 - The NCUC should strive to provide more detail about meeting its annual inspection plan, non-compliance and followup activity, number of inspection person days experienced, training activity, etc.

Total points scored for this section: 9
Total possible points for this section: 10



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:

Standard inspections were covered in the inspection procedures. Each operator and unit are inspected once each calendar year.

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

Evaluator Notes:

IMP inspections were not covered in the inspection procedures. The NCUC should revise it inspection procedures to include gas distribution and transmission IMP inspections.

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

Evaluator Notes:

OQ inspections are covered in the inspection procedures. Each operator and unit are inspected once each calendar year.

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

Evaluator Notes:

Damage prevention inspections were covered in the inspection procedures. Damage Prevention are covered during standard inspections when covering 192.614. Each operator and unit are inspected once each calendar year.

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

Evaluator Notes:

On site training is scheduled on an as needed basis.

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

Construction inspections were covered in the inspection procedures. Construction inspections are scheduled as needed.

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

Evaluator Notes:

Incident investigations are described in the inspection procedures. They are conducted as they occur.

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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 <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

f. Are inspection units broken down appropriately?

Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

The NCUC inspects each operator and unit once each year. The NCUC considers all of the factors above and analyzes risk factors to determine the priority of inspections within the calendar year.

9 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

Question B.2 - IMP inspections were not covered in the inspection procedures. The NCUC should revise it inspection procedures to include gas distribution and transmission IMP inspections.

Total points scored for this section: 14
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):
466.50

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
 $220 \times 3.83 = 843.33$

Ratio: A / B
 $466.50 / 843.33 = 0.55$

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

Evaluator Notes:

The NCUC exceeded the minimum requirement with a ratio of 0.55.

- 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 type="radio"/> | No <input checked="" 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:

All required courses for a Gas Inspector has been completed within required timeframes. Some IMP courses will need completion to avoid point reductions if the lead inspector does not complete them.

- 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:

Mr. Isley exhibited exceptional knowledge of PHMSA's requirements for a state pipeline safety program and was knowledgeable of pipeline safety regulations.

- 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:

The NCUC responded within the sixty day requirement and responded to the issues identified.

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

Evaluator Notes:

The NCUC held a seminar in 2007 and 2010. The NCUC will need to conduct another seminar in 2013 to meet this requirement.

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

Evaluator Notes:

NCUC inspection records indicate that all operators and inspection units were inspected during 2011. The NCUC's procedures require that each operator and unit be inspected annually.

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:

Upon a review of randomly selected 2011 inspection reports, all applicable portions of the inspection forms were completed. The NCUC uses the federal form for LNG and IMP inspections. The standard inspection form was developed by the NCUC by revising the federal form. Operation and maintenance procedures are not reviewed during each unit inspection of an operator. The Operation and Maintenance Procedures related questions were removed from the federal form. They are included when an Operation and Maintenance Procedures review is conducted. The NCUC uses a form it developed for construction inspections.

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
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Evaluator Notes:

All cast iron mains in North Carolina have been replaced.

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
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Evaluator Notes:

All cast iron mains in North Carolina have been replaced.

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:

During its annual review of operator Operation and Maintenance Procedures, the NCUC has checked all operators' procedures to insure that leak repair procedures include this requirement.

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:

The NCUC reviews operators' records of incidents, leaks and failures when it covers 192.617 requirements as part of the standard inspection of an operator each year.
The NCUC's standard inspection form includes a section on Part 192.617 requirements. The form is used for all annual standard inspections.

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:

The NCUC reviews operators' annual reports each year. Operators are required to submit their annual reports to the NCUC in addition to PHMSA by March 15 of each year.
The NCUC has entered data from operators' annual reports into spreadsheets that display the data over a period years. Trend charts could be developed from this information.

The NCUC does review each written incident report submitted by operators to PHMSA. The NCUC reports any discrepancy it finds to the operator. Operators are requested to correct any information by making supplemental filings with PHMSA.

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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:

The NCUC has complied with the requirement to update the OQ and IMP databases.

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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:

There were no issues identified with this requirement.

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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:

The NCUC verifies this information while conducting standard inspections.

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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:

The NCUC reviewed operators' OQ programs for compliance within two years after the rule was published. The NCUC has conducted Protocol Nine (field verification) inspections since the programs were reviewed.

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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:

The NCUC has completed the review of the IMP programs of all gas transmission pipeline operators. Inspections monitoring the progress of assessments and the implementation of remedial actions have been conducted.

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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
Info Only = No Points | Info Only | Info Only |
|-----------|---|-----------|-----------|
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Evaluator Notes:

The NCUC has initiated the inspections of operators' DIMP programs.

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

All operators' Public Awareness Plans have been reviewed by the NCUC. The NCUC utilized the clearinghouse established by

PHMSA for the initial review of operator's plans. The NCUC followed up with any deficiencies noted during the reviews. The NCUC has begun reviews of operators' effectiveness analyses.

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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 |
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Evaluator Notes:

The NCUC has included a web page for pipeline safety on the Commission's web site.
On its web page, the NCUC has posted summary information that it includes on Attachment 5 of the annual Certification.

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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:

There were SRC reports in 2011.

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

Evaluator Notes:

The NCUC has requested operators to monitor its plastic pipe mains and service lines for failures of the pipe and fittings. The NCUC encouraged operators to participate in the American Gas Association's (AGA) plastic pipe initiative by submitting failure information to the AGA's database. Operators have not communicated any information to the NCUC related to an identified concern on any plastic pipe or components.

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

Evaluator Notes:

There was no information available that warranted a reduction in evaluation points.

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| 24 | General Comments:
Info Only = No Points | Info OnlyInfo Only | |
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Evaluator Notes:

The NCUC has generally complied with the requirements of Part C of this evaluation.

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

PART D - Compliance Activities

Points(MAX) Score

- 1 Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h) 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:

The NCUC requires that a written notification be provided to an operator when a non-compliance is found. The NCUC requires that the operator respond in writing, within 30 days, describing its corrective action plans. A log is kept regarding the status of the inspection report. The NCUC follows up with operators until corrective action is completed. The NCUC procedures states that non-compliance notifications must be sent to a company officer.

- 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 ☐

Evaluator Notes:

The NCUC's procedures provide operators with 30 days to respond to written notifications of probable violations. Upon a review of randomly selected 2011 inspection report files, all reports containing probable violations documented the actions or lack of actions that the operator took that caused the probable violations. The NCUC reviewed the responses to written notifications during 2011. The actions taken by operators were followed up by the NCUC.

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

Evaluator Notes:

Upon a review of randomly selected 2011 inspection report files, all reports containing probable violations documented the actions or lack of actions that the operator took that caused the probable violations. Non-compliance notifications were sent for all probable violations discovered.

- 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:

Operators are given the opportunity to provide evidence that a probable violation did not take place and can present its case in a hearing before the Commissioners of the NCUC.

- 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. The program manager explained the authority for civil penalties, process for requesting show cause hearings and the factors considered for initiating civil penalty proceedings.

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

Evaluator Notes:

The NCUC has not issued a civil penalty since the early 1990's.

- 7 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

The NCUC has generally complied with the requirements of Part D of this evaluation.

Total points scored for this section: 14

Total possible points for this section: 14



PART E - Incident Investigations

Points(MAX) Score

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

The NCUC provides its operators with contact information and instructions. NCUC rules require that operators contact the NCUC when an incident is discovered. The NCUC is aware of the MOU between NTSB and PHMSA. The NCUC also understands the cooperation with PHMSA that is required when an incident occurs.

- | | | | |
|----------|---|---|---|
| 2 | If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (D4)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

One incident occurred during 2011 where an employee of an operator's contractor was injured during a main relocation. The NCUC investigated the incident on site.

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|----------|--|---|---|
| 3 | Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5)
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
| a. | Observations and document review | Yes <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:

The NCUC's report was well documented and included all areas above in its report.

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

Evaluator Notes:

No probable violations were found during the investigation; however, the NCUC requested the operator to amend its procedures to prevent the reoccurrence of an incident.

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|----------|--|---|---|
| 5 | Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 (D7)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

No concerns were communicated by the Region.

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

Evaluator Notes:

Yes, the NCUC shared the aspects of the incident during the Southern Region meeting following the incident.

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

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

The NCUC generally complied with the requirements of Part E of this evaluation.

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:

This item is covered when the NCUC conducts a review of operators' Operation and Maintenance Procedures that are required under 192.605. The NCUC uses an inspection form that is derived from the federal inspection which covers this requirement.

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

Locating records are reviewed when the NCUC conducts a standard inspection of pipeline operators. This area is covered when the inspector is reviewing operators' damage prevention programs required by 192.614.

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

The NCUC promoted the Common Ground Alliance Best Practices document with operators. The NCUC encourages operators to adopt and support implementation of best practices in their operations and other stakeholders such as the state's One Call System. The NCUC staff participate in local utility coordinating committee meetings that are sponsored by the North Carolina One Call System.

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

Operators are now required to report damages on the federal annual reports. The NCUC is compiling this information but not enough data is available to evaluate trends.

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

Evaluator Notes:

The NCUC has generally complied with the requirements of Part F of this evaluation.

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:
Piedmont Gas, Wilmington, NC inspection unit
Name of State Inspector(s) Observed:
Harry Bryant
Location of Inspection:
Wilmington, NC
Date of Inspection:
10/3 - 4/2012
Name of PHMSA Representative:
Don Martin

Evaluator Notes:

The NCUC conducted a standard inspection of the operator's operations and maintenance activities in Wilmington, NC. The inspector conducted an observation of valve inspections and cathodic protection test readings during 10/3 - 4/2012.

- 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:

The operator was provided with two weeks notice of the inspection and operator representative were present.

- 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:

The inspector used the latest revision of the NCUC's standard inspection form.

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

Evaluator Notes:

Yes. All check boxes were completed and comments included when appropriate.

- 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. The inspector checked that the operator's personnel used the correct valve wrenches, volt meters and half-cells.

- 6 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) 2 2
Yes = 2 No = 0 Needs Improvement = 1
- | | |
|---------------------------|-------------------------------------|
| a. Procedures | <input type="checkbox"/> |
| b. Records | <input type="checkbox"/> |
| c. Field Activities | <input checked="" type="checkbox"/> |
| d. Other (please comment) | <input type="checkbox"/> |

Evaluator Notes:

Records and procedures were covered earlier in the week. During the evaluation, field inspection was taking place.

- 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. Harry Bryant has completed all of the required TnQ courses for natural gas standard inspections. Mr. Bryant has experience in natural gas pipeline operations and has been inspector for some time.

- 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. For the activities that were conducted during the evaluation.

- 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:

There were no probable violations found during the evaluation.

- 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 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 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 type="checkbox"/> |
| p. | MOP | <input type="checkbox"/> |
| q. | MAOP | <input type="checkbox"/> |
| r. | Moving Pipe | <input type="checkbox"/> |
| s. | New Construction | <input 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 checked="" 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 checked="" type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

The evaluation occurred during only two days of the inspection. The office records portion was completed prior to the evaluation and the field portion was to continue after the evaluation.

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



PART H - Interstate Agent State (If Applicable)**Points(MAX) Score**

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

Evaluator Notes:

The NCUC is not an interstate agent.

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

The NCUC is not an interstate agent.

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

The NCUC is not an interstate agent.

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

The NCUC is not an interstate agent.

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

The NCUC is not an interstate agent.

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

The NCUC is not an interstate agent.

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

The NCUC is not an interstate agent.

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

Evaluator Notes:

The NCUC is not an interstate agent.

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

PART I - 60106 Agreement State (If Applicable)**Points(MAX) Score**

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

Evaluator Notes:

The NCUC does not have a Section 60106(a) agreement.

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

The NCUC does not have a Section 60106(a) agreement.

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

The NCUC does not have a Section 60106(a) agreement.

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

The NCUC does not have a Section 60106(a) agreement.

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

The NCUC does not have a Section 60106(a) agreement.

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

The NCUC does not have a Section 60106(a) agreement.

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

The NCUC does not have a Section 60106(a) agreement.

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