



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

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)

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

State Agency: North Carolina

Agency Status:

Date of Visit: 10/20/2014 - 10/22/2014

Agency Representative: John Hall, 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 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	10	10
B	Program Inspection Procedures	15	15
C	Program Performance	44	42
D	Compliance Activities	15	15
E	Incident Investigations	7	7
F	Damage Prevention	8	8
G	Field Inspections	12	12
H	Interstate Agent State (If Applicable)	0	0
I	60106 Agreement State (If Applicable)	0	0
TOTALS		111	109
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
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Evaluator Notes:

No inaccuracies found in operators and inspection units. Office records matched the information.

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

Inspection person days were accounted for correctly.

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:

Records verified the information on Attachment 3. Units on Attachment 1 matched the total number on Attachment 3.

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:

There were one incident reported by operators in 2013 which matched information in the Pipeline Data Mart.

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

No inaccuracies found on Compliance Activities. Inspection report information supported the information entered into Attachment 5.

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

No issues needing improvement were found in the organization of office records.

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

Employees listed was accurate. TQ training records were uploaded to Attachment 7.

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
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Evaluator Notes:

No issues were found with the adoption of amendments on Attachment 8.

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

Evaluator Notes:

No issues with Attachment 10.

10 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

The NCUC complied with the requirements of Part A of this evaluation.

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:

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

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

Evaluator Notes:

The procedures cover IMP and DIMP. Intervals between inspections should be established.

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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. Intervals should be established for plan reviews and field inspections.

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

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 |
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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 Only Info Only

Info Only = No Points

Evaluator Notes:

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

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):
433.37

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 3.75 = 825.00

Ratio: A / B
433.37 / 825.00 = 0.53

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

Evaluator Notes:

The NCUC exceeded the minimum ratio of 0.38 with a ratio of 0.53.

- 2** Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) 5 3
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 type="radio"/> | No <input checked="" type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

The NCUC does not have an inspector that has completed all of the required Gas Transmission Integrity Management Program (TIMP) training courses. The NCUC conducted TIMP inspection during 2013 but did not have an inspector that met the training requirements to lead a TIMP inspection. Two points were deducted. The NCUC was notified in the CY2012 Program Evaluation letters that this could be a potential issue for CY2013.

- 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. Hall has been in the program manager role for less than one year but was an inspector for over 23 years prior to being a program manager. He exhibited excellent knowledge of the regulations and managing a state program under PHMSA's certification.

- 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 in 49 days.

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

Evaluator Notes:

The last seminar was held in 2013. Three year requirement was met.

- 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:

The NCUC inspected all operators and units during 2013.

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| 7 | Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1 (B4-5)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

The NCUC utilizes the standard inspection federal forms for distribution and transmission to conduct inspections. OQ and Drug and Alcohol questions on standard forms are located on forms specific to those types. Compressor station questions are located on a compressor station form that covers both distribution and transmission. LNG inspections utilize the federal form. All federal code requirements appear to be covered.

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|----------|--|---|----|
| 8 | Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1 (B7)
Yes = 1 No = 0 | 1 | NA |
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Evaluator Notes:

There is no cast iron pipe in service in North Carolina. This is verified in the Pipeline Data Mart.

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| 9 | Did the state review operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance) (NTSB) Chapter 5.1 (B8)
Yes = 1 No = 0 | 1 | NA |
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Evaluator Notes:

There is no cast iron pipe in service in North Carolina. This is verified in the Pipeline Data Mart.

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| 10 | Did the state review operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21? (NTSB) Chapter 5.1 (B9)
Yes = 1 No = 0 | 1 | 1 |
|-----------|--|---|---|

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.

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|-----------|---|---|---|
| 11 | Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 192.617? Chapter 5.1 (B10,E5)
Yes = 1 No = 0 | 1 | 1 |
|-----------|---|---|---|

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. Leak repairs is a key item reviewed and analyzed each year on operator's annual reports.

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| 12 | Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|

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.

- 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:

No issues were identified with the timeliness of entering OQ and IMP results into the federal databases.

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

Evaluator Notes:

This is covered in standard inspections while using the federal standard inspection form for transmission operators.

- 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:

The NCUC did not conduct any Drug and Alcohol Plan reviews during 2013; however, the NCUC did verify random testing rates and verified operators' actions if any positive tests were experienced.

- 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:

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

- 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 O (I8-12) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The NCUC has completed the review of the IMP programs of all gas transmission pipeline operators. Inspections monitoring the progress of assessment/questioning and the implementation of remedial actions have been conducted. The NCUC is refocusing with operators about decision processes to excavate and examine possible anomalies.

- 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:

At the time of the evaluation all but three operators received inspections of their DIMP plans. These three are scheduled for completion prior to the end of 2014.

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|----|---|---|---|
| 19 | Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 192.616 (I13-16) PAPEI Effectiveness Inspections should be complete by December 2013 | 2 | 2 |
|----|---|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The NCUC completed all PAPEE inspections during 2012.

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|----|--|---|---|
| 20 | Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). (G20-21) | 1 | 1 |
|----|--|---|---|
- Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The NCUC has 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 Progress Report.

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

Evaluator Notes:

There were two safety related condition reports during 2013. One is closed and one is open. The NCUC followed up on the open report and communicated corrective action was completed. However, information in the Pipeline Data Mart indicates the SRC has not been closed.

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

Evaluator Notes:

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. The NCUC has requested operators to monitor its plastic pipe mains and service lines for failures of the pipe and fittings.

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

Evaluator Notes:

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

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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 | Info Only |
|----|---|-----------|-----------|
- Info Only = No Points

Evaluator Notes:

The NCUC has nine waiver applications that were processed through the commission. The program manager is aware of those waivers and will follow up on the validity of the waivers.

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|----|-------------------|--|-----------|
| 25 | General Comments: | | Info Only |
|----|-------------------|--|-----------|
- Info Only = No Points

Evaluator Notes:

Question C.2 - The NCUC does not have an inspector that has completed all of the required Gas Transmission Integrity Management Program (TIMP) training courses. The NCUC conducted TIMP inspection during 2013 but did not have an inspector that met the training requirements to lead a TIMP inspection. Two points were deducted. The NCUC was notified in the CY2012 Program Evaluation letters that this could be a potential issue for CY2013.

Total points scored for this section: 42
Total possible points for this section: 44

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:

The NCUC requires written notification be sent to an operator when a non-compliance is found. The NCUC procedures states that non-compliance notifications must be sent to a company officer. 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.

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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:

Upon a review of randomly selected 2013 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 2013. All compliance notifications reviewed were responded to by the operator. All actions were acceptable to the NCUC and the reports were closed.

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

Evaluator Notes:

Upon a review of randomly selected 2013 inspection report files, all reports containing probable violations had compliance letters sent to the operators.

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

Operators are given the opportunity to respond to non-compliance notifications and provide evidence that a probable violation did not take place. An operator can petition for a hearing to present its case before the Commissioners of the NCUC.

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

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

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| 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:

There were no probable violations found during 2013 that met the NCUC's criteria for the issuance of civil penalties.

7 General Comments:

Info OnlyInfo 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: 15
Total possible points for this section: 15

PART E - Incident Investigations

Points(MAX) Score

- | | | | |
|----------|---|---|---|
| 1 | Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 (A2,D1-3)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
| a. | Acknowledgement of MOU between NTSB and PHMSA (Appendix D) | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

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

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

Evaluator Notes:

One reportable incident occurred in 2013. The NCUC sent two inspectors on site to investigate the incident.

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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 utilizes PHMSA's incident investigation form to document investigations on site. The form contains Observations, Factors and Recommendations. It is recommended that the NCUC write a formal report that details the Observations, Factors and Recommendations.

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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 | NA |
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Evaluator Notes:

No probable violations resulted from the investigation of the one incident in North Carolina.

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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 issues were identified with the NCUC's follow up actions.

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

Evaluator Notes:

Yes. The NCUC presented incident information at the Southern Region meetings.

- | | |
|----------|-------------------|
| 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: 7

Total possible points for this section: 7

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:

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

- | | | | |
|---|---|---|---|
| 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 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 works closely with the One Call System. The NCUC staff participate in local utility coordinating committee meetings that are sponsored by the North Carolina One Call System. The NCUC supported legislation to improve its damage prevention law. The North Carolina damage prevention law was revised in 2013 with significant improvements. The NCUC promoted the Common Ground Alliance Best Practices document with operators.

- | | | | |
|---|--|---|---|
| 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 utilizing information compiled by NC 811 (One Call Center). This information is reviewed for trends and focus areas (on a county basis) for improvement.

- | | | | |
|---|--|-----------|-----------|
| 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 Only = No Points | Info OnlyInfo Only |
|----------|---|--------------------|

Name of Operator Inspected:

Piedmont Natural Gas

Name of State Inspector(s) Observed:

Steve Woods - Lead Inspector and Anna Williams - Assisting

Location of Inspection:

2611 Greengate Dr., Greensboro, NC 27406

Date of Inspection:

10/22/2014

Name of PHMSA Representative:

Don Martin

Evaluator Notes:

One day of a Standard Inspection focused on the testing of overpressure protection equipment that was randomly selected.

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

Two weeks notice was confirmed by the operator.

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

The standard inspection form developed from the federal for was utilized. The focus of the inspection was observing overpressure equipment testing. The portion of the form covering this area was used.

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

Evaluator Notes:

Yes. The NCUC uses worksheets to capture the results of the overpressure protection inspection. The worksheet was being documented.

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|----------|---|----|
| 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. Pressure testing equipment was reviewed by the inspector to verify the appropriateness for the tasks involved.

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

☒

b. Records

☐

c. Field Activities

☒

d. Other (please comment)

☐

Evaluator Notes:

During the day of the evaluation observation field activities were being conducted. Inspecting overpressure protection equipment and visually observing signs, markers, right of way and atmospheric corrosion.

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|---|--|---|---|
| 7 | Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

No issues were identified with the knowledge of Mr. Woods. Mr. Woods has been an inspector for over ten years and was employed by an operator prior to the NCUC.

- | | | | |
|---|--|---|---|
| 8 | Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (F9)
Yes = 1 No = 0 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

There were no probable violations discovered which was communicated to the operator's representatives. There were some recommendations provided.

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

Evaluator Notes:

It was stated none were found on this day.

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|----|--|-----------|-----------|
| 10 | General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other.
Info Only = No Points | Info Only | Info Only |
|----|--|-----------|-----------|

- | | | |
|----|-----------------------------------|-------------------------------------|
| a. | Abandonment | <input type="checkbox"/> |
| b. | Abnormal Operations | <input checked="" type="checkbox"/> |
| c. | Break-Out Tanks | <input type="checkbox"/> |
| d. | Compressor or Pump Stations | <input type="checkbox"/> |
| e. | Change in Class Location | <input 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 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 checked="" 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 checked="" type="checkbox"/> |
| w. | Plastic Pipe Installation | <input type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |
| A. | Repairs | <input type="checkbox"/> |
| B. | Signs | <input checked="" type="checkbox"/> |
| C. | Tapping | <input type="checkbox"/> |

- | | | |
|----|-----------------------------|-------------------------------------|
| D. | Valve Maintenance | <input 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 areas covered were limited in scope. The primary focus involved inspecting overpressure protection equipment with secondary observations of signs, markers, right of way and atmospheric corrosion. No issues were found during the observation of the inspection on 10/22/2014.

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.

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- | | | | |
|----------|--|---|----|
| 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.

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

The NCUC is not an interstate agent.

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|----------|--|-----------|-----------|
| 8 | General Comments:
Info Only = No Points | Info Only | Info Only |
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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 60106(a agreement with PHMSA.

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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 |
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Evaluator Notes:

The NCUC does not have a 60106(a agreement with PHMSA.

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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 |
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Evaluator Notes:

The NCUC does not have a 60106(a agreement with PHMSA.

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

The NCUC does not have a 60106(a agreement with PHMSA.

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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 |
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Evaluator Notes:

The NCUC does not have a 60106(a agreement with PHMSA.

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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 |
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Evaluator Notes:

The NCUC does not have a 60106(a agreement with PHMSA.

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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 60106(a agreement with PHMSA.

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