



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

1200 New Jersey Avenue SE  
Washington DC 20590

## 2015 Gas State Program Evaluation

for

NEW JERSEY BOARD OF PUBLIC UTILITIES

### 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)



# 2015 Gas State Program Evaluation -- CY 2015

## Gas

**State Agency:** New Jersey

**Agency Status:**

**Date of Visit:** 07/18/2016 - 07/22/2016

**Agency Representative:** Mike Stonack, PE

Bureau Chief, Pipeline Safety

Eric Weaver, Environmental Engineer

John Grillo, Administrative Analyst

**PHMSA Representative:** Glynn Blanton, PHMSA State Programs

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

**Name/Title:** Richard S. Mroz, President

**Agency:** New Jersey Board of Public Utilities

**Address:** 44 South Clinton Avenue, 3th Floor, Suite 314, PO Box 350

**City/State/Zip:** Trenton, NJ 08625-0350

**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 2015 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

### Field Inspection (PART G):

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

### Scoring Summary

#### PARTS

#### Possible Points Points Scored

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

10	10
13	13
48	48
15	15
11	11
8	8
12	12
0	0
0	0

#### TOTALS

**117 117**

#### State Rating

**100.0**

## PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- |          |   |   |   |
|----------|---|---|---|
| <b>1</b> | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

**Evaluator Notes:**

A review of Attachment 1 found no issues of concern. I compared last year's number of operators inspected with current year and found an increase of 26.5%. The highest increase in the number of inspection days by category was in master meter operators which was a 35.2% increase from previous year. Excellent work with the number of inspectors assigned to the program.

- |          |  |   |   |
|----------|--|---|---|
| <b>2</b> | Review of Inspection Days for accuracy - Progress Report Attachment 2<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

A review of Attachment 2 and NJ BPU database found all inspection activities are correct. No issues of concern.

- |          |  |   |   |
|----------|--|---|---|
| <b>3</b> | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Reviewed Attachment 3 and compared the number of operators to Attachment 1 and NJ BPU data base. All numbers and names are correct. Suggested to Mike Stonack if an master meter operator has been found to be inactive or transferred to a distribution system, please notify us in order that we may remove the name from our Operator ID list.

- |          |  |   |   |
|----------|--|---|---|
| <b>4</b> | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Yes, a review of Attachment 4 found three incidents that occurred in CY2015. A review of investigation files found information was well documented with findings of facts and conclusion to the cause of the accidents. No areas of concerns.

- |          |  |   |   |
|----------|--|---|---|
| <b>5</b> | Accuracy verification of Compliance Activities - Progress Report Attachment 5<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Reviewed State Compliance Action, Attachment 5 and found number to be corrected at end of CY (including carry over and long-term) was correct. Excellent description was provided in note section pertaining to civil penalties assessed and collected in CY2015.

- |          |   |   |   |
|----------|---|---|---|
| <b>6</b> | Were pipeline program files well-organized and accessible? - Progress Report Attachment 6<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

**Evaluator Notes:**

A review of Attachment 6 pertaining to office records and reports found information to be well documented and listed. NJ BPU has several reports and records that are more stringent than the Federal government. The listing of reports and records included the NJ Administrative Code section for reference.

- |          |  |   |   |
|----------|--|---|---|
| <b>7</b> | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Reviewed Attachment 7 - Staffing and TQ Training with information from TQ Saba files and found information on qualifications & training of engineers were correct. No areas of concern.

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

Evaluator Notes:

Verification of Attachment 8 along with NJ BPU rules and amendments found the information listed was correct. No issues.

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

Evaluator Notes:

Excellent description of past and future accomplishments were found in the review provided in Attachment 10. No areas of concern with this document.

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

Evaluator Notes:

No points were loss in this section of the review.

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



## PART B - Program Inspection Procedures

Points(MAX) Score

- |   |  |   |   |
|---|--|---|---|
| 1 | Standard Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 2 | 2 |
|---|--|---|---|

Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

Yes, pre-inspection, inspection and post inspection information is located on pages 41-44 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.

- |   |  |   |   |
|---|--|---|---|
| 2 | IMP and DIMP Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Yes, IMP & DIMP inspection procedures are located on page 41-44 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.

- |   |  |   |   |
|---|--|---|---|
| 3 | OQ Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Yes, OQ inspection procedures are located on page 45 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.

- |   |   |   |   |
|---|---|---|---|
| 4 | Damage Prevention Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|---|---|---|

Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Yes, Damage prevention inspection procedures are located on page 45 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.

- |   |  |   |   |
|---|--|---|---|
| 5 | Any operator training conducted should be outlined and appropriately documented as needed. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Yes, operator training procedures are located on page 44 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.

- |   |  |   |   |
|---|--|---|---|
| 6 | Construction Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Yes, construction inspection procedures are located on page 44 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.

- |   |   |   |   |
|---|---|---|---|
| 7 | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? | 6 | 6 |
|---|---|---|---|

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

- |    |   |                                      |                          |   |
|----|---|--------------------------------------|--------------------------|---|
| a. | Length of time since last inspection (Within five year interval)  | 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 <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

Items a thru e are located on page 37 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.  
Item f is located on pages 37 & 38 under Section 7, Inspection and Compliance Program, in NJBPU Procedure Manual.

**8** General Comments:

Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

No loss of points occurred in this section of the review.

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



## 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 5 5  
Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):  
495.00

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  
 $495.00 / 843.33 = 0.59$

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

### Evaluator Notes:

A.Total Inspection Person Days (Attachment 2)= 495

B.Total Inspection Person Days Charged to the program( $220 \times$ Number of Inspection person years(Attachment 7)=843.33326

Formula:- Ratio = A/B =  $495/843.33326 = 0.59$

Rule:- (If Ratio  $\geq 0.38$  then points = 5 else Points = 0.)

Thus Points = 5

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

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

### Evaluator Notes:

a. Three inspectors have completed the OQ course. They are John Grillo, John Prieto & Eric Weaver.

b. Eric Weaver and John Prieto have completed the DIMP course requirements.

c. John Grillo has completed the root cause course and Eric Weaver & Juan Urena are wait listed to attend the course in CY2016.

d. No outside training was completed or attended by staff in CY2015.

e. Yes, John Grillo, John Prieto, Michael Stonack & Eric Weaver have completed all courses pertaining to gas inspector training requirements.

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

### Evaluator Notes:

Yes, Mike Stonack has over ten years of experience in pipeline safety as the Program Manager.

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

### Evaluator Notes:

Yes, President Richard S. Mroz's response letter to Zach Barrett was received on December 29, 2015 and within the sixty day time requirement.

<b>5</b>	Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5	2	2
	Yes = 2 No = 0		

Evaluator Notes:

yes, the last seminar was held on December 17, 2013. NJ BPU will be hosting a pipeline safety seminar on October 26, 2016 in Edison, NJ with its operators.

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

Evaluator Notes:

Yes, a review of NJ BPU database confirmed all types of operators and inspection units were inspected in accordance to the three year time schedule listed in their procedure manual. No areas of concern with this requirement.

<b>7</b>	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	2	2
	Yes = 2 No = 0 Needs Improvement = 1		

Evaluator Notes:

Yes, NJ BPU uses the federal inspection forms along with NJ BPU forms in reviewing the operator's compliance with the pipeline safety regulations. All forms are listed in the pipeline safety procedure manual.

<b>8</b>	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	1	1
	Yes = 1 No = 0		

Evaluator Notes:

Yes, this item is listed in NJ BPU Form GS-2 page 2.

<b>9</b>	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	1	1
	Yes = 1 No = 0		

Evaluator Notes:

Yes, this item is listed in NJ BPU Form GS-3 page 1, under B 4.

<b>10</b>	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	1	1
	Yes = 1 No = 0		

Evaluator Notes:

Yes, this item is listed in NJ BPU Form GS-3 page 2. B 8 (7)

<b>11</b>	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	1	1
	Yes = 1 No = 0		

Evaluator Notes:

Yes, this item is listed in NJ BPU Form GS-3, page 2, B10.

<b>12</b>	Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues?	2	2
	Yes = 2 No = 0 Needs Improvement = 1		



Evaluator Notes:

Yes, NJ BPU engineers review the operator's annual reports and perform an analysis on the data yearly. This information is additionally reviewed with the operator during a pipeline safety inspection.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <b>13</b> | Did state input all applicable OQ, DIMP/IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database.<br>Chapter 5.1<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|
- 

Evaluator Notes:

Yes, a review of the Operator Qualification site found twenty-nine inspections were performed in CY2015. Additionally, two DIMP and nine Gas Transmission inspections were performed. No areas of concern.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <b>14</b> | Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|---|---|---|
- 

Evaluator Notes:

Yes, this is accomplished by the operator submitted to NJ BPU annually a report of any changes that have incurred including updates on their facilities. Although this item meets this requirement, it was suggested this question be included on the inspection form or provided in a letter to the operator.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <b>15</b> | 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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|
- 

Evaluator Notes:

Yes, this is accomplished using the PHMSA Form GS-40-199.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <b>16</b> | 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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|
- 

Evaluator Notes:

Yes, this is accomplished using GS-21 or PHMSA Form 14. Additionally, NJ BPU has a rule N.J.A.C. 14:7-1.23 that requires the operator to file with their organization any proposed updates. The updates changes have to be approved within 45 days by NJ BPU before the operator can implement them.

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- |           |  |   |   |
|-----------|--|---|---|
| <b>17</b> | 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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|--|---|---|
- 

Evaluator Notes:

Yes, this is accomplished by using NJ BPU GS-31, Transmission IMP Inspection.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <b>18</b> | Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P DIMP ? First round of program inspections should have been complete by December 2014<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|
- 

Evaluator Notes:

Yes, all DIMP inspections were performed in CY2014. No areas of concern.

- |    |   |   |   |
|----|---|---|---|
| 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 conducted every four years per RP1162<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----|---|---|---|

Evaluator Notes:

Yes, Public Awareness program reviews were conducted by December, 2013. A review of PHMSA database found the reports were not available. This may be due to PHMSA database. This writer requested Mike Stonack to check with Chris McLaren, PHMSA State Program about this item.

- |    |  |   |   |
|----|--|---|---|
| 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).<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----|--|---|---|

Evaluator Notes:

Yes, this is accomplished by NJ BPU members attending the NJ CGA quarterly meetings that were held on January 14, April 15th, June 10th & October 7, 2015. Additionally, a NJ 811 proclamation is conducted each year at the beginning of April. No areas of concern.

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

Evaluator Notes:

No safety related condition reports were filed in CY2015.

- |    |   |   |   |
|----|---|---|---|
| 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?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----|---|---|---|

Evaluator Notes:

Yes, this was accomplished by e-mail sent to operator on this issue. A review of files found an email to New Jersey Natural Gas. No areas of concern.

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

Evaluator Notes:

Yes, they have responded to PHMSA and NAPSRS survey requesting information. Examples of an response to NAPSRS was found in emails dated April 24, 2015, July 17, 2015 & September 22, 2015. No areas of concern.

- |    |  |   |    |
|----|--|---|----|
| 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.<br>No = 0 Needs Improvement = .5 Yes = 1 | 1 | NA |
|----|--|---|----|

Evaluator Notes:

No waivers or special permits were issued in CY2015.

- |    |   |   |   |
|----|---|---|---|
| 25 | Did the state attend the National NAPSRS Board of Directors Meeting in CY being evaluated?<br>No = 0 Needs Improvement = .5 Yes = 1 | 1 | 1 |
|----|---|---|---|

Evaluator Notes:

Yes, Mike Stonack attended the NAPSRS Board of Directors meeting in Tempe, AZ.

- |    |   |   |   |
|----|---|---|---|
| 26 | Discussion on State Program Performance Metrics found on Stakeholder Communication site - <a href="http://primis.phmsa.dot.gov/comm/states.htm">http://primis.phmsa.dot.gov/comm/states.htm</a><br>No = 0 Needs Improvement = 1 Yes = 2 | 2 | 2 |
|----|---|---|---|

- a. Discussion of Potential Accelerated Actions (AA's) based on any negative trends Yes ☒ No ☐ Needs Improvement ☐
- b. NTSB P-11-20 Meaningful Metrics Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

a. Reviewed PHMSA State Program Metrics and found leaks repaired per 1,000 miles were trending upward from previous year. This could be due to operator's replacing cast iron mains and services and reporting class 3 leaks have now been repaired. Additionally, the leaks outstanding per 1,000 miles trended downward and could be due to replacement of cast iron mains and service lines. Mike Stonack will review these items and determine the reasons for these trends.

27 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

No loss of points occurred in a review of this section of the evaluation.

Total points scored for this section: 48  
Total possible points for this section: 48



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

- |          |  |   |   |
|----------|--|---|---|
| <b>1</b> | Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1<br>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:**

- a. This is located on page 46, NJ BPU Operation Manual Section 7, Inspection & Compliance. No area of concern.  
b. This is located on page 48, NJ BPU Operation Manual Section 7, Inspection & Compliance. No area of concern.

- |          |  |   |   |
|----------|--|---|---|
| <b>2</b> | 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<br>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.       | Document probable violations   | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c.       | Resolve probable violations  | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d.       | Routinely review progress of probable violations   | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| e.       | Were applicable civil penalties outlined in correspondence with operator(s)  | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

**Evaluator Notes:**

- Yes to all above, a review of files and data base found an example of this information.  
a. Compliance action was sent to Ms. Tamara Linde, Public Service Electric & Gas Company on February 13, 2015.  
b. Violations were found and noted in the letter: 192.13(c) & 192.465(d)  
c. Probable violations were resolved on June 15, 2015.  
d. These violations were reviewed monthly during February and June, 2015.  
e. Yes, this is identified in last paragraph of letter, NJAC 14:7-2.3 an amount of \$100,000 per day or \$1,000,000 for any series of violations.

- |          |  |   |   |
|----------|--|---|---|
| <b>3</b> | Did the state issue compliance actions for all probable violations discovered?<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

**Evaluator Notes:**

- Yes, eleven compliance actions were issued in CY2015 as found in data base and listed on 2015 NJ BPU Progress Report, Attachment 5- Stats on Compliance Actions.

- |          |   |   |   |
|----------|---|---|---|
| <b>4</b> | Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary.<br>Yes = 2 No = 0 | 2 | 2 |
|----------|---|---|---|

**Evaluator Notes:**

- Yes, NJ BPU rule provides this due process in section 14:7-2.6

- |          |   |   |   |
|----------|---|---|---|
| <b>5</b> | 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)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

**Evaluator Notes:**

- Yes, Mike Stonack is familiar with this process and has issued civil penalties in the amount of \$12,500 against an PSE&G in CY2015. No areas of concern.

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

Evaluator Notes:

Yes, a civil penalty in the amount of \$12,500 was issued and collected in CY2015.

---

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

No loss of points occurred in this section of the review.

---

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



## PART E - Incident Investigations

Points(MAX) Score

- 1 Does the state have written procedures to address state actions in the event of an incident/accident? 2 2  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, this is located on pages 50-54, under section 8, Failure Investigation and Safety Related Condition Reports in NJ BPU Pipeline Safety Procedure Manual.

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

- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes ☒ No ☐ Needs Improvement ☐  
b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

Yes, this is located on page 51, under section 8, Failure Investigation and Safety Related Condition Reports in NJ BPU Pipeline Safety Procedure Manual.

a & b: This information is listed on page 51, NJ BPU Pipeline Safety Procedure Manual and the full documents are provided in Appendix D & E of their procedures.

- 3 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 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, all telephonic calls from operators pertaining to incidents/accidents are responded to by NJ BPU pipeline safety inspectors. All calls or incidents are investigated.

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

- a. Observations and document review Yes ☒ No ☐ Needs Improvement ☐  
b. Contributing Factors Yes ☒ No ☐ Needs Improvement ☐  
c. Recommendations to prevent recurrences when appropriate Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

Yes, all three incidents that occurred in CY2015 were investigated and thoroughly documented with information and recommendations. The three incidents that occurred are listed below:  
Elizabethtown Gas Company, January 15, 2015  
New Jersey Natural Gas Company, February 24, 2015  
South Jersey Gas Company, September 15, 2015

- 5 Did the state initiate compliance action for violations found during any incident/accident investigation? 1 1  
Yes = 1 No = 0

Evaluator Notes:

Yes, South Jersey Gas Company Pennsville, NJ accident resulted in several violations found and noted in the report. NJ BPU has entered into a settlement agree with South Jersey Gas Company to pay a civil penalty in the amount of \$300,000.

- 6 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 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, several follow-up actions were provided to PHMSA Eastern Region office during the three incidents that occurred in CY2015. Additionally, other non-jurisdictional matters were reported to PHMSA Eastern Region office. No issues.

---

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

Evaluator Notes:

Yes, Mike Stonack continues to share information on incidents and accidents that have occurred in the State of New Jersey at the NAPSRR Eastern Region meeting. No issues of concern.

---

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

Evaluator Notes:

No loss of points occurred in this section of the review.

---

Total points scored for this section: 11  
Total possible points for this section: 11



## 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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes, this is accomplished by New Jersey Administrative Code Section 14:7-1.25.

- |   |   |   |   |
|---|---|---|---|
| 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?<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

Yes, this is accomplished during construction and office visits with the operator on NJ BPU GS 9-PL & GS-1 forms. No issues of concern.

- |   |  |   |   |
|---|--|---|---|
| 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.)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes, this is accomplished by attending the New Jersey Common Ground Alliance meetings. No areas of concern.

- |   |  |   |   |
|---|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes, NJ BPU reviews the pipeline damages quarterly and annually reviews the damages per 1,000 locate request. No areas of concern.

- |   |  |           |           |
|---|--|-----------|-----------|
| 5 | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|---|--|-----------|-----------|

Evaluator Notes:

No loss of points occurred in this section of the review.

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 Info Only  
Info Only = No Points

Name of Operator Inspected:

South Jersey Gas Company

Name of State Inspector(s) Observed:

John Grillo, Administrative Analyst 1 & Eric Weaver, Environmental Engineer

Location of Inspection:

1702 Branch Drive Mays Landing, NJ

Date of Inspection:

July 20, 2016

Name of PHMSA Representative:

Glynn Blanton, PHMSA State Programs

Evaluator Notes:

This was a Construction and Operator Qualification inspection. Mr. John Grillo performed the construction portion of the inspection and Eric Weaver reviewed the operator qualification requirements.

Listed below are the names of South Jersey Gas Company representatives present during the inspection.

Mr. Paul Zuccarino, Vice President Distribution Operations

Mr. Wesley Becker, Manager Contract Construction.

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

Evaluator Notes:

Yes, South Jersey Gas Company representatives were notified on July 14, 2016 by John Grillo, NJ BPU.

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

Evaluator Notes:

Yes, John Grillo was observed using NJ BPU form GS-9, Construction Standards and Eric Weaver was using PHMSA's federal OQ form.

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

Evaluator Notes:

It was observed by this writer Mr. John Grillo was performing a very professional inspection of the 4 inch plastic pipe being installed along Old Egg Harbor Road. He was checking the depth of the line and directional drilling operations. Additionally, Eric Weaver was observed monitoring the plastic fusion and operator qualifications of the individuals from Utility Line Services who were performing the work. No issues were noted or found. A very professional inspection was performed by both individuals.

- 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.) 1 1  
Yes = 1 No = 0

Evaluator Notes:

Yes, both inspectors checked South Jersey Gas Company and Utility Line Services personnel fusion and directional drilling equipment. No areas of concern.

- 6 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) 2 2  
Yes = 2 No = 0 Needs Improvement = 1  
a. Procedures ☒

- b. Records ☐
- c. Field Activities ☒
- d. Other (please comment) ☐

Evaluator Notes:

Field notes and drawing of the proposed 4 inch line were checked and reviewed. Additionally, company procedures were checked and verified in accordance to the work being performed.

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

Evaluator Notes:

Yes, John Grillo has 32 years of experience and Eric Weaver has five years of experience. Both inspectors have completed the basic gas pipeline safety and OQ courses to be qualified to perform gas safety inspections.

- |   |   |   |   |
|---|---|---|---|
| 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)<br>Yes = 1 No = 0 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

Yes, this writer observed both inspectors conducting an informative and detailed exit interview with South Jersey Gas Company officials.

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

Evaluator Notes:

No violations were found or noted during the inspection.

- |    |   |           |           |
|----|---|-----------|-----------|
| 10 | General Comments: 1) What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) 2) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) 3) Other.<br>Info Only = No Points | Info Only | Info Only |
|----|---|-----------|-----------|

- |    |                               |                                     |
|----|-------------------------------|-------------------------------------|
| a. | Abandonment                   | <input checked="" 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 type="checkbox"/>            |
| g. | Cathodic Protection           | <input 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 type="checkbox"/>            |
| m. | Line Markers                  | <input 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 checked="" type="checkbox"/> |
| t. | Navigable Waterway Crossings  | <input type="checkbox"/>            |
| u. | Odorization                   | <input type="checkbox"/>            |
| v. | Overpressure Safety Devices   | <input type="checkbox"/>            |

- |    |                                   |                                     |
|----|-----------------------------------|-------------------------------------|
| w. | Plastic Pipe Installation         | <input checked="" type="checkbox"/> |
| x. | Public Education                  | <input type="checkbox"/>            |
| y. | Purging                           | <input type="checkbox"/>            |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/>            |
| A. | Repairs                           | <input type="checkbox"/>            |
| B. | Signs                             | <input type="checkbox"/>            |
| C. | Tapping                           | <input type="checkbox"/>            |
| D. | Valve Maintenance                 | <input type="checkbox"/>            |
| E. | Vault Maintenance                 | <input type="checkbox"/>            |
| F. | Welding                           | <input type="checkbox"/>            |
| G. | OQ - Operator Qualification       | <input type="checkbox"/>            |
| H. | Compliance Follow-up              | <input type="checkbox"/>            |
| I. | Atmospheric Corrosion             | <input type="checkbox"/>            |
| J. | Other                             | <input type="checkbox"/>            |

Evaluator Notes:

This construction project was to replace 487 feet of bare steel pipe located on Old Egg Harbor Road in Hamilton Township, NJ. The bare steel pipeline was operating at high pressure and was not cathodic protected. After construction the pipeline was to be cut and capped after the new four inch PE pipeline and service lines were connected. The new pipeline was being installed using directional drilling by Utility Line Services Company.

---

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



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

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

Evaluator Notes:

NA

- |          |   |   |    |
|----------|---|---|----|
| <b>2</b> | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

NA

- |          |  |   |    |
|----------|--|---|----|
| <b>3</b> | Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

NA

- |          |   |   |    |
|----------|---|---|----|
| <b>4</b> | 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.)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

NA

- |          |   |   |    |
|----------|---|---|----|
| <b>5</b> | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

NA

- |          |  |   |    |
|----------|--|---|----|
| <b>6</b> | Did the state give written notice to PHMSA within 60 days of all probable violations found?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

NA

- |          |   |   |    |
|----------|---|---|----|
| <b>7</b> | Did the state initially submit documentation to support compliance action by PHMSA on probable violations?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

NA

- |          |  |           |           |
|----------|--|-----------|-----------|
| <b>8</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

NA

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

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

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

Evaluator Notes:

NA

- |          |  |   |    |
|----------|--|---|----|
| <b>2</b> | Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

NA

- |          |   |   |    |
|----------|---|---|----|
| <b>3</b> | 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.)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

NA

- |          |   |   |    |
|----------|---|---|----|
| <b>4</b> | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

NA

- |          |  |   |    |
|----------|--|---|----|
| <b>5</b> | Did the state give written notice to PHMSA within 60 days of all probable violations found?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

NA

- |          |  |   |    |
|----------|--|---|----|
| <b>6</b> | Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

NA

- |          |  |           |           |
|----------|--|-----------|-----------|
| <b>7</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

NA

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