

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

## 2016 Gas State Program Evaluation

for

S. D. PUBLIC 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)



# 2016 Gas State Program Evaluation -- CY 2016

Gas

**State Agency:** South Dakota

**Agency Status:**

**Date of Visit:** 05/22/2017 - 05/26/2017

**Agency Representative:** Mary Zanter

**PHMSA Representative:** Michael Thompson

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

**Name/Title:** Kristie Fiegen, Chairperson

**Agency:** South Dakota Public Utilities Commission

**Address:** Capitol Building, 1st floor 500 E. Capitol Ave.

**City/State/Zip:** Pierre, South Dakota 57501-5070

**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 2016 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

## Field Inspection (PART G):

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

## Scoring Summary

### PARTS

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

### Possible Points Points Scored

10	10
13	13
46	46
15	15
4	4
8	8
12	12
0	0
0	0

### TOTALS

**108 108**

### State Rating .....

**100.0**

## 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 Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: No Issues			
2	Review of Inspection Days for accuracy - Progress Report Attachment 2 Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: No Issues			
3	Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: No Issues			
4	Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: There were no federally reportable incidents in 2016.			
5	Accuracy verification of Compliance Activities - Progress Report Attachment 5 Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: The program Manager, Mary Zanter amended the number of PV's corrected in 2016 in the system with Carrie Winslow before the report was evaluated.			
6	Were pipeline program files well-organized and accessible? - Progress Report Attachment 6 Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: Yes, all South Dakota PUC program files are stored electronically.			
7	Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: Yes, the training records in SABA were reviewed. Both Mary Zanter and Boice Hillmer have completed all TQ required training.			
8	Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: All parts that were under the pending adoption were adopted in 2016.			

- 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:

Yes, the SDPUC described their plans and accomplishments in attachment 10.

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**10** General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

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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:

The SDPUC has written inspection procedures for Standard Inspections in their Inspection and Compliance Program 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:

The SDPUC has written inspection procedures for IMP & DIMP Inspections in their Inspection and Compliance Program 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:

The SDPUC has written inspection procedures for OQ Inspections in their Inspection and Compliance Program 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:

The SDPUC has written inspection procedures for Damage Prevention Inspections in their Inspection and Compliance Program 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:

The SDPUC has written inspection procedures for Operator Training in their Inspection and Compliance Program 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:

The SDPUC has written inspection procedures for Construction Inspections in their Inspection and Compliance Program manual. Mary will add some language to cover the form they use.

- |   |   |   |   |
|---|---|---|---|
| 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 ☒ No ☐ Needs Improvement ☐

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

The SDPUC procedure #6 Inspection Priorities covers inspection planning and the six elements. Mary Plans to strike out the language that reads, (All operators will be inspected every year as a general, but not absolute rule).

**8** General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

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):  
147.25

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):  
220 X 1.50 = 330.00

Ratio: A / B  
147.25 / 330.00 = 0.45

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

### Evaluator Notes:

Yes, the ratio for the 2016 inspection days was .45%  
Construction inspections for 2016 were 21.75 days, or .1477 % of total inspection days.

- 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:

Yes, each SDPUC inspector and program manager fulfilled the T Q 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, Mary Zanter has been the Program Manager for several years and has completed all required TQ courses, has field experience and knows the PHMSA program regulations.

- 4 Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 2 2  
Yes = 2 No = 0 Needs Improvement = 1

### Evaluator Notes:

No response was necessary for the 2015 evaluation.

- 5 Did State conduct or participate in pipeline safety training session or seminar in Past 3 Years? Chapter 8.5 1 1  
Yes = 1 No = 0

### Evaluator Notes:

Yes, the SDPUC co-hosts an annual operator seminar with the state on North Dakota by alternating the site (state) each year. The last seminar was in Minot, ND on 4/12-13/2016. South Dakota will be the site for the 2017 safety seminar.

- 6 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, the records for 2016 inspections were reviewed and the SDPUC did inspect all types of operators and inspection units in accordance with time intervals established in their written procedures. The program Manager also maintains a spread sheet to track all types of inspections completed and planned.

- 
- |   |   |   |   |
|---|---|---|---|
| 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?<br>Chapter 5.1<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|
- 

Evaluator Notes:

The SDPUC uses their own form for Standard, Construction and Damage Prevention inspections. The federal forms are used for all other types of inspections.

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

Yes, the SDPUC has a question on their O&M manual inspection form. Question #192.615(a)(3)

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

Evaluator Notes:

Yes, this in the Damage Prevention section of their inspection form.

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

Evaluator Notes:

Yes, the SDPUC uses a set of spread sheets and graphs to verify the accuracy and track and analyze the data provided in the operators annual reports.

- 
- |    |   |   |   |
|----|---|---|---|
| 13 | 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 information in the data base showed that all the OQ, DIM/IMP inspections completed in 2016 were uploaded into the appropriate PHMSA data bases.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <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, their records inspection form question covering reporting requirements covers this.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <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, the SDPUC did 5 Drug and Alcohol inspections in 2016.

- 
- |           |   |   |   |
|-----------|---|---|---|
| <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, OQ records inspection are being done in accordance with the SDPUC inspection plan, and operator personnel qualifications are verified during field inspections.

- 
- |           |  |   |   |
|-----------|--|---|---|
| <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). (Are the State's largest operators programs being contacted or reviewed annually?). 49 CFR 192 Subpart 0<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|--|---|---|
- 

Evaluator Notes:

Yes, the operators are inspected on a three year rotation, and the plans are discussed during each years standard 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). (Are the State's largest operators programs being contacted or reviewed annually?). 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, full DIMP inspections for all operators in 2016.

- 
- |           |  |   |   |
|-----------|--|---|---|
| <b>19</b> | 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. PAPEI Effectiveness Inspections should have been completed by December 2013. PAPEI Effectiveness Inspections should be conducted every four years by operators. 49 CFR 192.616<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|--|---|---|
- 

Evaluator Notes:

Yes, PAPEI inspections were conducted on all operators in 2015 and their plans shows them to be scheduled not to exceed three years.

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

Evaluator Notes:

Yes, the SDPUC sends all notices of activities on the federal register to operators along with other important information. They have web site that shares all the dockets concerning commission meetings and enforcement activities.

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

Evaluator Notes:

No Safety Related Conditions reported in 2016.

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

Evaluator Notes:

Yes, the SDPUC has sent a questionnaire in 2015 to all operators requesting this information. They all responded.

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

Evaluator Notes:

Yes, the program manager did respond to surveys from NAPSRS in 2016. One was completed on 11/15/2016 in response to a survey started by NAPSRS member Don Stursma.

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

Evaluator Notes:

Yes, they have issued 9 in total. 7 of them were for a waiver on the fusion qualifications that is now part of the regulations in 192.285. 1 is MDU now does a 25% leak survey of their distribution facilities and conducts a atmospheric corrosion survey every 4 years also. 1 is 450 ft. of pipe that is un-odorized between a interstate transmission line and a gate station. Patrols and leak surveys are conducted on a quarterly basis on the line.

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

Evaluator Notes:

Yes, the Program Manager attended the National meeting in Indianapolis.

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

Discussed the Program performance metrics with program manager - Mary Zanter and discussed the following. Excavation Damages per 1000 locate tickets has dropped significantly over past two years. Inspection days per 1000 miles of gas pipe are down significantly over past two years. Inspector qualification is 100% for core training. Gas Distribution system leaks outstanding per 1000 miles have increased dramatically from 2013 to 2014. Incident investigation program is steady. Mary has committed to reviewing the metrics on a regular basis. (the information in PHMSA site was same as last year)

- 
- 27** Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool. (No points) Info OnlyInfo Only  
Info Only = No Points

Evaluator Notes:

Discussed inspection days found in SICT with Program Manager. Noted that days for 2017 were 127 compared top 147 in 2016. Urged the SDPUC to work at getting closer to 2016 number of inspection days.

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- 28** Did the State verify Operators took appropriate action regarding Pipeline Flow Reversals, Info OnlyInfo Only  
Product Changes and Conversions to Service? See ADP-2014-04 (No Points)  
Info Only = No Points

Evaluator Notes:

The Program Manager does not feel this is applicable to their operators.

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- 29** General Comments: Info OnlyInfo Only  
Info Only = No Points

Evaluator Notes:

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Total points scored for this section: 46  
Total possible points for this section: 46



## 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"/> |
| c.       | Procedures regarding closing outstanding probable violations   | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

The SDPUC has a procedure in their Inspection Compliance Program manual and the progress of correction orders are reviewed on a quarterly basis by the Program Manager.

- |          |  |   |   |
|----------|--|---|---|
| <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, the program manager keeps all records for inspections and compliance actions and monitors them.

- |          |  |   |   |
|----------|--|---|---|
| <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, no issues were found in the records reviewed.

- |          |   |   |   |
|----------|---|---|---|
| <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

- |          |   |   |   |
|----------|---|---|---|
| <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, the program manager is familiar with the state process and they consider penalties using a pipeline penalty calculation worksheet developed earlier.

- |          |   |   |   |
|----------|---|---|---|
| <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:

The SDPUC collected civil penalties in 2015, but did not use the civil penalties portion of their authority in 2016. Discussed with the Program Manager the benefits for the use of civil penalties in changing behavior and achieving compliance with some operators.

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7

General Comments:

Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

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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, #7 in the Inspection Compliance Program 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, the SDPUC has provided all operators contact information for 24/7 reporting. NTSB is found in 7.E of manual, and PHMSA is 7.F.

- 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 NA

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No reportable incidents in 2016.

- 4 Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? 3 NA

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:

No reportable incidents in 2016.

- 5 Did the state initiate compliance action for violations found during any incident/accident investigation? 1 NA

Yes = 1 No = 0

Evaluator Notes:

No reportable incidents in 2016.

- 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 NA

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No reportable incidents in 2016+.

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

Yes = 1 No = 0

Evaluator Notes:

No reportable incidents in 2016.

---

**8** General Comments:

Info Only = No Points

Info Only

Evaluator Notes:

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Total points scored for this section: 4  
Total possible points for this section: 4



## 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, they have a question on their O&M manual inspection form.

- |   |   |   |   |
|---|---|---|---|
| 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, they have a question on their records inspection form under Damage Prevention.

- |   |  |   |   |
|---|--|---|---|
| 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, in 2016 the Program Manager participated in an event for farmers from all over the state. The y had a booth at the event also.

- |   |  |   |   |
|---|--|---|---|
| 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, the program manager has a spread sheet that is used to evaluate trends on the number of pipeline damages per 1000 locate tickets. There was a slight uptick in damages per 1000 locates from 3.3 to 4.6.

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

Evaluator Notes:

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:

Montana Dakota Utilities

Name of State Inspector(s) Observed:

Boice Hillmer

Location of Inspection:

Rapid City, SD

Date of Inspection:

5/25/2017

Name of PHMSA Representative:

Michael Thompson

Evaluator Notes:

Observed the lowering of a service line in one location and then observed the lowering of a distribution main in another.

- 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, the operator was notified well in advance of the inspection and had representatives on site.

- 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, the SDPUC used their inspection form.

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

Evaluator Notes:

Yes, information was gathered using the written form and taking pictures.

- 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, the inspector reviewed maps, procedures, equipment and materials while on the job site./

- 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:

- 7 Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) 2 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, the inspector showed they had adequate knowledge of the safety program and the regulations thru the questions asked and discussions with the operator.

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)	1	1
		Yes = 1 No = 0	

Evaluator Notes:

Yes, the inspector discussed all questions and concerns with the operators representatives on site.

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

Evaluator Notes:

No PV's were noted.

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.	Info Only	Info Only
----	--	-----------	-----------

Info Only = No Points

- |    |                                   |                                     |
|----|-----------------------------------|-------------------------------------|
| a. | Abandonment                       | <input type="checkbox"/>            |
| b. | Abnormal Operations               | <input type="checkbox"/>            |
| c. | Break-Out Tanks                   | <input type="checkbox"/>            |
| d. | Compressor or Pump Stations       | <input type="checkbox"/>            |
| e. | Change in Class Location          | <input type="checkbox"/>            |
| f. | Casings                           | <input type="checkbox"/>            |
| g. | Cathodic Protection               | <input checked="" type="checkbox"/> |
| h. | Cast-iron Replacement             | <input type="checkbox"/>            |
| i. | Damage Prevention                 | <input checked="" type="checkbox"/> |
| j. | Deactivation                      | <input type="checkbox"/>            |
| k. | Emergency Procedures              | <input type="checkbox"/>            |
| l. | Inspection of Right-of-Way        | <input 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 checked="" type="checkbox"/> |
| s. | New Construction                  | <input type="checkbox"/>            |
| t. | Navigable Waterway Crossings      | <input type="checkbox"/>            |
| u. | Odorization                       | <input type="checkbox"/>            |
| v. | Overpressure Safety Devices       | <input type="checkbox"/>            |
| w. | Plastic Pipe Installation         | <input 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 checked="" type="checkbox"/> |
| H. | Compliance Follow-up        | <input type="checkbox"/>            |
| I. | Atmospheric Corrosion       | <input type="checkbox"/>            |
| J. | Other                       | <input type="checkbox"/>            |

Evaluator Notes:

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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:

Not an Interstate Agent

- |          |   |   |    |
|----------|---|---|----|
| <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:

Not an Interstate Agent

- |          |  |   |    |
|----------|--|---|----|
| <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:

Not an Interstate Agent

- |          |   |   |    |
|----------|---|---|----|
| <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:

Not an Interstate Agent

- |          |   |   |    |
|----------|---|---|----|
| <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:

Not an Interstate Agent

- |          |  |   |    |
|----------|--|---|----|
| <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:

Not an Interstate Agent

- |          |   |   |    |
|----------|---|---|----|
| <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:

Not an Interstate Agent

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

Evaluator Notes:

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**

- |          |  |   |    |
|----------|--|---|----|
| <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:

Does Not have a 60106 agreement

- |          |  |   |    |
|----------|--|---|----|
| <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:

Does Not have a 60106 agreement

- |          |   |   |    |
|----------|---|---|----|
| <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:

Does Not have a 60106 agreement

- |          |   |   |    |
|----------|---|---|----|
| <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:

Does Not have a 60106 agreement

- |          |  |   |    |
|----------|--|---|----|
| <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:

Does Not have a 60106 agreement

- |          |  |   |    |
|----------|--|---|----|
| <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:

Does Not have a 60106 agreement

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

Evaluator Notes:

Does Not have a 60106 agreement

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