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

1200 New Jersey Avenue SE
Washington DC 20590

2013 Gas State Program Evaluation

for

RAILROAD COMMISSION OF TEXAS

Document Legend
PART:

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

2013 Gas State Program Evaluation -- CY 2013
Gas

State Agency: Texas
Rating:
Agency Status:
60105(a): Yes **60106(a):** No **Interstate Agent:** No
Date of Visit: 03/17/2014 - 05/09/2014
Agency Representative: Ms. Polly McDonald, Director Safety Division
PHMSA Representative: Patrick Gaume, State Liaison
Commission Chairman to whom follow up letter is to be sent:

Name/Title:	The Honorable Barry T. Smitherman, Chairman
Agency:	Railroad Commission of Texas
Address:	1701 North Congress Ave. PO Box 12967
City/State/Zip:	Austin, Texas 78711-2967

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2013 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less then the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART G):

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

Scoring Summary

PARTS		Possible Points	Points Scored
A	Progress Report and Program Documentation Review	10	10
B	Program Inspection Procedures	15	15
C	Program Performance	46	41
D	Compliance Activities	15	15
E	Incident Investigations	9	9
F	Damage Prevention	8	8
G	Field Inspections	12	12
H	Interstate Agent State (If Applicable)	0	0
I	60106 Agreement State (If Applicable)	0	0
TOTALS		**115**	**110**
State Rating			**95.7**

PART A - Progress Report and Program Documentation Review

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

Evaluator Notes:

A1. Yes. Attachment 1 is consistent with Attachment 3 and is generated out of their database. .

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

Evaluator Notes:

A2. YES. The inspector field days are a roll up of actual field hours worked from the time sheets.

3	Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 (A1c) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

A3. Yes. The attachment is a data upload from PES database

4	Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 (A1d) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

A4. YES. The significant incidents were reported and other incidents were reported that were considered significant by either the TRC or the operator.

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

Evaluator Notes:

A5. YES. The PES database is the source for violations and compliance actions. The fines are from a spreadsheet that captures 'Agreed Orders' from legal.

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

Evaluator Notes:

A6. Yes. Each report was known as listed in Attachment 6 and each is kept electronically effective cy2011, and in paper file, or combination paper & electronic for prior years.

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

Evaluator Notes:

A7. Yes, Attachment 7 is consistent with the TQ online reports and internal records.

8	Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 (A1h) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

A8. Yes. Attachment 8 is reported correctly.

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

Evaluator Notes:

A9. YES. Attachment 10 details several identified performance goals and metrics.

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

Evaluator Notes:

A10. Activities other than NAPSR Committees include: The program continues its study of composite wrap repairs that are proposed as the next generation beyond 'Armour All' that could be applied to either steel or plastic pipe; digital X-Rays for forensic studies as well as NDT of construction or repair welds of both PE (both high density & medium density) and steel pipe; and use of GWUT as a stand-alone transmission pipeline integrity assessment methodology. During April 2013, Texas participated in National Safe Digging Month by giving educational awareness presentations in several towns in the Panhandle area. Also in CY 2013, the program manager participated in the Pipeline Safety Subcommittee meetings at the NARUC Annual Meeting.

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

PART B - Program Inspection Procedures

		Points(MAX)	Score
1	Standard Inspections (B1a) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
B1. Yes. The policy states that unit inspections will not exceed 5 calendar years.

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

Evaluator Notes:
B2. Yes. Policy states that the inspections will not exceed 7 years. IMP-see SOP 17B, 1st paragraph. TX 16 TAC 8.101. TRC is aware of the 5 yr max interval expectation for any type of inspection. They will shorten the inspection interval when staffing allows.

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

Evaluator Notes:
B3. Yes. Policy states that the inspections will not exceed 7 calendar years. OQ-see SOP 16B, Inspection Frequency. TRC is aware of the 5 yr max interval expectation for any type of inspection. They will shorten the inspection interval when staffing allows.

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

Evaluator Notes:
B4. Yes. Policy states that the inspections will not exceed 7 calendar years. Damage Prevention-see SOP 7B. TRC is aware of the 5 yr max interval expectation for any type of inspection. They will shorten the inspection interval when staffing allows.

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

Evaluator Notes:
B5. Yes. On-Site Operator training will not exceed 5 years but is recognized as an on-going event. . -see SOP 7B-Specialized Inspections, & SOP 22B Accidents & Special Investigations. TRC is aware of the 5 yr max interval expectation for any type of inspection. They will shorten the inspection interval when staffing allows.

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

Evaluator Notes:
B6. Yes. TX regulation requires 30 day advance notice of new constr & The filing of Form PS 48, which allows the scheduling of Construction inspections as staff loads allow. Constr-see SOP 24B & TX 16 TAC 8.115.

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

Evaluator Notes:
B7. Yes. The decision to make on-site investigations is made by the HQ Accident Coordinator &/or the Regional Managers. All reportable incident/accident will include telephonic and written reports. incident/accident-see SOP 22B & SOP 20B.

8	Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4) Yes = 6 No = 0 Needs Improvement = 1-5	6	6

a. Length of time since last inspection — Yes ◉ No ○ Needs Improvement ○

b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) — Yes ◉ No ○ Needs Improvement ○

c. Type of activity being undertaken by operators (i.e. construction) — Yes ◉ No ○ Needs Improvement ○

d. Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) — Yes ◉ No ○ Needs Improvement ○

e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) — Yes ◉ No ○ Needs Improvement ○

f. Are inspection units broken down appropriately? — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

B8. Yes, See SOP 6B for Length of time requirements, See PES 'Risk Factors' and 'Inspection Frequency' spreadsheets for previous violation count, population density, customer count, material type, loss & unaccounted gas, class location, off shore, HVL, ID>10", outside of time frequency, recommended inspection intervals by priority and type.

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9 General Comments: Info Only Info Only

Info Only = No Points

Evaluator Notes:

B9. The Pipeline Evaluation System (PES), in its fifth year of operation, has moved to Phase III. The program continues to add more forms in PES, with more online data entry forms and details on accidents and incidents and inspector weekly work reports. In late 2013, the program secured additional IT resources and began adding new features to PES (new complaint tab, improved features on the incident tab, etc.). Distribution operators continued using the Leak Repair Data Form (PS-95), initiated in CY 2010, to report leak repair data every six months. As a result of the data the operators filed, in 2011 the Commission adopted a new rule and implemented a distribution facilities replacement program, which requires operators to manage the highest risks identified through the leak repair data reports as well as other information by replacing at least five percent of their highest risk facilities. Personnel training and qualification continue to be an area of focus, because in 2013 the program began hiring and in 2014 will continue hiring 14 new pipeline safety inspectors, bringing the total number of inspectors to 49. Construction in the Barnett Shale has slowed somewhat, but another shale play, the Eagle Ford Shale in South Texas (about 70 miles south of San Antonio), is increasingly active, primarily in the northern portion where liquids production is prevalent. Increased production in the Permian Basin is also driving new construction in that part of the state. In CY 2012, Texas added 8,000 miles of new pipeline, and saw an increase of another 8,000 miles in CY 2013.

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

PART C - Program Performance

		Points(MAX)	Score
1	Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 (A12) Yes = 5 No = 0	5	5

A. Total Inspection Person Days (Attachment 2):
4292.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 24.73 = 5441.33

Ratio: A / B
4292.00 / 5441.33 = 0.79

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

Evaluator Notes:
C1. YES. 4292 field days, 24.73 inspector-years, 4292/(24.73*220)=.789. .789>.38 okay.

		Points(MAX)	Score
2	Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) Yes = 5 No = 0 Needs Improvement = 1-4	5	5

a.	Completion of Required OQ Training before conducting inspection as lead?	Yes ◉	No ○ Needs Improvement ○
b.	Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013	Yes ◉	No ○ Needs Improvement ○
c.	Root Cause Training by at least one inspector/program manager	Yes ◉	No ○ Needs Improvement ○
d.	Note any outside training completed	Yes ◉	No ○ Needs Improvement ○

Evaluator Notes:
C2. Yes, all inspectors with 3+ years of service have attended all T&Q core courses or are on the waiting list, and the new inspectors are taking courses and are scheduled for the rest.

State- Except for the newest hires, all Inspectors are HAZWOPER certified and defensive driving trained. In August, 2013 an All Hands meeting focused on accident investigation, DIMP, and Master Meter Inspection training. HAZWOPER refresher was given to all.

Operators ? training in failure investigation, O&M procedures, the new Distribution facilities replacement State rule, and damage prevention program were all presented in September 2013 in San Antonio in the Pipeline Safety Seminar with PHMSA T&Q and the TGA.

Non-operator/public ? Made presentations about Pipeline Safety & Damage Prevention with the TGA 'On the Road' Program at numerous small towns. Made a special presentation to the Office of the Atty General in September, 2013.

		Points(MAX)	Score
3	Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (A5) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
C3. Yes. The Program Manager, the Managers at the Region Offices, & the records review show a professional knowledge of the regulations.

		Points(MAX)	Score
4	Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 (A6-7) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
C4. Yes. Chairman letter was dated Dec 6, 2013. The response was dated Jan 29, 2013. Less than 60 days, okay. Each of the items were discussed with steps to improve.

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

Evaluator Notes:

C5. Yes, In Lake Conroe in June, 2011, joint with LA in July, 2011; with LA in July of 2012, with LA in July of 2013, in San Antonio in September of 2013, scheduled for July, 2014 with LA and Sept, 2014 in San Antonio. The new practice is to request a seminar almost every year.

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6 Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 (B3) — 5 — 4

Yes = 5 No = 0 Needs Improvement = 1-4

Evaluator Notes:

C6. NI 4 pts. Certain OQ and IMP work has not been completed per State Procedures; specifically, some OQ and IMP inspections were not done or were not loaded into the IMDB databases. This problem was identified and addressed during late 2012, in 2013, and to date during 2014. Significant effort is being made on this issue. Specifically the TRC All Inspector meeting was held in January, 2014, early in the year, to facilitate the scheduling of all inspections, most critically the specialized inspections. This work will continue being flagged as a 'top of the list' ultra high priority.

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7 Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1 (B4-5) — 2 — 1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

NI. of 38 inspections reviewed 21 had some sort of problem. See the addendum attached.

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8 Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1 (B7) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

C8. Yes, It is part of the States' distribution Insp form. The only Operator with significant amounts of cast iron is Atmos Energy in the DFW & Waco areas. Also, the new Rule named 'Distribution Facility Replacements' became effective in March, 2011 and it addresses Cast Iron facility replacement along with several other DIMP related risk assessment requirements. In early 2013 Atmos notified the RRC and announced its plan to accelerate its cast iron replacement from the 20 yr plan to a 10 year plan.

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9 Did the state review operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance) (NTSB) Chapter 5.1 (B8) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

C9. Yes, It is part of the States' distribution Insp form. The only Operator with significant amounts of cast iron is Atmos Energy in the DFW & Waco areas. Also, the new Rule named 'Distribution Facility Replacements' became effective in March, 2011and it addresses Cast Iron facility replacement along with several other DIMP related risk assessment requirements. In early 2013 Atmos notified the RRC and announced its plan to accelerate its cast iron replacement from the 20 yr plan to a 10 year plan.

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10 Did the state review operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21? (NTSB) Chapter 5.1 (B9) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

C10. Yes, it is addressed in the Federal Pipeline Failure Investigation Report under 'Gas Migration Survey' on page 9 (Form 11), & is on the State Evaluation checklist. See also the 'Investigation Report' in PES. It is also on the current Fed dist Insp Form (Form 2), .615(a)(7) on pg 5.

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11 Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 192.617? Chapter 5.1 (B10,E5) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

C11. Yes it is on the gas distribution standard inspection form, and is reviewed during every Std Insp. Review of incident records and failure records to discover causes of failure is a major duty of the Damage Prevention Staff.

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12 Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16) — 2 — 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C12. Yes. The reports are compared against the Operator's pipeline permit, the Federal Operator ID, and against PES. The Annual Reports are used to track leak reports, unaccounted for losses, and histories. ALL distribution system and plastic transmission & gathering repaired leaks in Texas must be reported twice a year into an on-line system. This information is then analyzed for a whole spectrum of trends. In addition, TRC has full access to DIRT, which provides additional data resources. New for 2014, an IT project will result in Annual reports being uploaded and becoming integral in PES. The benefit is that Operator and Unit information will be much better cross-referenced.

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13 Did state input all applicable OQ, IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 (G10-12) — 2 — 1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C13. NI 1 pt. see question C.6. This problem was identified in the 2011 evaluation. Dedicated efforts to upload OQ & IMP reports was started in 2012 and continues to date in 2014. Problems with the databases have been identified and this work is on-going. This continues to be an area of dedicated effort, and was an area of focus in the TRC All Inspector Meeting of January, 2014.

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14 Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? (G14) — 1 — 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C14. Yes, NPMS updates are linked with the annual pipeline permit renewals. Unit maps are compared against NPMS during Unit inspections.

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15 Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 (I1-3) — 2 — 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C15. Yes, is part of every Std Insp. I recommended the use of the D&A Long Form (Form 3.1.11) during HQ O&M inspections.

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16 Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N (I4-7) — 2 — 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C16. Yes, TRRC has OQ inspected every Operator and is in the process of Re-inspecting all Operators. I observed that PES is used to document OQ verifications. The completed Federal OQ forms are uploaded into PES.

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17 Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart 0 (I8-12) — 2 — 1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C17. NI 1 pt. see C.6. This problem was identified in the 2011 evaluation. Dedicated efforts to upload OQ & IMP reports was started in 2012 and continues to date in 2014. Problems with the databases have been identified and this work is on-going. This continues to be an area of dedicated effort.

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18 Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P
DIMP ? First round of program inspections should be complete by December 2014

2 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C18. Yes. DIMP inspections were started in 2011. TRC is implementing the Federal program and using the Fed Form. They also made a new regulation (16 TAC Sec 8.209, effective March, 2011) that requires the operators to determine (in conjunction with DIMP) their highest risk facilities, and to submit replacement plans annually for replacing a minimum of 5% of the riskiest facilities per year. The first required filing was August 1, 2011.

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

2 1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C19. N.I. 1 point. TRRC participated in the Clearing House activity, & has contacted every Operator. New Operators are being directed to develop public awareness plans. Until 2011, Public Awareness was addressed during Std Inspections. During 2011 certain TRC staff received PAPEE training, and then participated in three HQ PAPEI inspections. The PAPEI inspections were not completed by 12/31/2013.

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20 Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). (G20-21)

1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C20. Yes, through a well-designed web site, numerous Damage Prevention Seminars, & periodic informational mail outs. In addition, all records are public open records, and many can be accessed on-line. The efforts to make more records accessible to the public has continued during 2013, 14, and forward.

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21 Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6)

1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C21. Yes, SRCR are handled by Steven Rios. Monitoring of SRC are current.

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22 Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns? (G13)

1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C22. Yes. TRC Pipeline Safety Division requires an annual pipe inventory report and a plastic pipe failure report. Both reports can be entered on-line starting with the 2006 reports. In addition, Atmos continues to report discoveries of 'Poly 1' pipe and its prompt removal as it is found during normal operations.

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23 Did the state participate in/respond to surveys or information requests from NAPSR or PHMSA? (H4) — 1 — 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C23. Yes, TRRC is an active participant in NAPSR.

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24 If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate. — Info Only — Info Only

Info Only = No Points

Evaluator Notes:

C24. Yes, however, only one waiver is active at this time; an April 2010 installation of composite pipe for Monument Pipe LP. in a controlled test loop under certain operating conditions. Max Kieba worked with TRC's Randy Vaughn on this test.

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25 General Comments: — Info Only — Info Only

Info Only = No Points

Evaluator Notes:

C25. Distribution operations continued to use the Leak Repair Data Form (PS-95), implemented in CY 2010. As a result of data filed, in 2011 the Commission adopted a new rule and implemented a distribution facilities replacement program, which requires operators to manage the highest risks identified through the leak repair data reports as well as other information by replacing at least five percent of their highest risk facilities. In CY 2012 the operators filed the initial annual replacement plans. In subsequent years, operators file annual reports detailing prior year progress plus coming year agenda. Personnel training and qualification continue to be an area of focus as the inspector staff approaches the full complement of 49 field inspectors.

Construction in the Barnett Shale has slowed somewhat, but another shale play, the Eagle Ford Shale in South Texas (about 70 miles south of San Antonio), is increasingly active, primarily in the northern portion where liquids production is prevalent.

The Texas Damage Prevention program appears to be improving safety and awareness. In CY 2013, Pipeline Safety Division Damage Prevention Program personnel participated in 22 events throughout the state, making Safe Digging presentations and providing regulatory resource assistance on safety standards or best practices.

Total points scored for this section: 41
Total possible points for this section: 46

PART D - Compliance Activities

		Points(MAX)	Score
1	Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h) Yes = 4 No = 0 Needs Improvement = 1-3	4	4

a. Procedures to notify an operator (company officer) when a noncompliance is identified — Yes ◉ No ○ Needs Improvement ○

b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

D1. Yes. See SOP 19A-It is detailed guidance that directs letters to be sent to Corporate Officers, and directs the path of a PV from beginning to end. Also see Pipeline Evaluation System (PES) Appendices A, B, C, & D.

2	Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1 (B11,B18,B19) Yes = 4 No = 0 Needs Improvement = 1-3	4	4

a. Were compliance actions sent to company officer or manager/board member if municipal/government system? — Yes ◉ No ○ Needs Improvement ○

b. Were probable violations documented? — Yes ◉ No ○ Needs Improvement ○

c. Were probable violations resolved? — Yes ◉ No ○ Needs Improvement ○

d. Was the progress of probable violations routinely reviewed? — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

D2. Yes, at this point, the information is increasingly residing in PES, and also in the paper files. Records are retained at 4 years plus current. An item of note; in the case of some Master Meters & municipal systems, two letters will be sent, one to the Owner / Mayor, and the other to the Operating Manager.

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

Evaluator Notes:

D3. Yes, all probable violations are addressed in writing per Standard Procedures (SOP 19A). In addition the violation counts are found in the Gas Certification, attachment 5 summary page.

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

Evaluator Notes:

D4. Yes, due process is provided to all. It is required by law and by SOP.

5	Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken) (B27) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

D5. Yes, The Program Manager & staff are familiar with state process for imposing civil penalties. The processes for using civil penalties are understood and used. Civil penalties are issued and collected every year.

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

Evaluator Notes:

D6. Yes, The TRC uses civil penalties as an integral part of their resources to achieve compliance with the regulations.

7	General Comments:	Info Only	Info Only

Info Only = No Points

Evaluator Notes:

D7. The Pipeline Evaluation System (PES) is in its fifth year of operation, and has moved to Phase III to include more online data entry forms; including federal forms and report formats for the incident tab.

Special project teams, implemented for CY 2013 to address Drug & Alcohol, O&M, Public Awareness, Damage Prevention, New Construction, OQ, DIMP and IMP Specialty Inspections, continued into CY2014. To emphasize the priority for scheduling Specialty Inspections, the Pipeline Safety Division conducted an All Hands meeting in mid-January ensure that the teams would be available for these inspections as scheduled.

Prior to performing evaluations or inspections, (IMP, Breakout Tank, O&M, Incident investigations, etc.) and at the operators' request, training is given to operating and maintenance personnel that will be involved in the inspections or evaluations. This training has proven to increase safety and reduce violations. It also enhances the knowledge of the operator's personnel and provides them with a better understanding of the written procedures and processes that are needed to answer the questions; "who, what, where, when, how and why". These classes also assist in achieving a more effective and valuable evaluation or inspection for both the inspector and the operator.

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

PART E - Incident Investigations

		Points(MAX)	Score
1	Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/ Accident notifications received? Chapter 6 (A2,D1-3) Yes = 2 No = 0 Needs Improvement = 1	2	2

a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) — Yes ◉ No ○ Needs Improvement ○

b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

E1. Yes. Appendix C of the State Guidelines specifies 1. Determine if safety violations occurred. 2. Determine root causes of the accident if asked by NTSB. 3. Cooperate with NTSB. The MOU between NTSB and OPS is understood, and RRC fully cooperates with NTSB. TRC has a full time employee to keep track of incident notifications. Also have an after-hours answering service.

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

Evaluator Notes:

E2. Yes, See PES, Incident tab. All incidents are checked by phone, and determination is made for an on-site visit. All of the federally reportable incidents that the RRC was notified about had a field visit.

3	Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5) Yes = 3 No = 0 Needs Improvement = 1-2	3	3

a. Observations and document review — Yes ◉ No ○ Needs Improvement ○

b. Contributing Factors — Yes ◉ No ○ Needs Improvement ○

c. Recommendations to prevent recurrences when appropriate — Yes ◉ No ○ Needs Improvement ○

Evaluator Notes:

E3. Yes, RRC uses PES Incident Report for incident investigations, and supplements with Federal Form 11. The events are documented and Appendix C is followed. Including findings of fact, probable cause, and determine if Regulations were followed.

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

Evaluator Notes:

E4. Yes, hundreds of violations are issued every year. When violations are found, a violation letter is generated and follow up is done. Civil penalties are assessed when appropriate, typically for repeat violations.

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

Evaluator Notes:

E5. Yes, the Pipeline Safety Division has almost daily contact with PHMSA SW Region and DC to ensure that incident reports are accurate & updated. The reports are reviewed for completeness & to ensure that a final report is submitted. If PV are found they are communicated to the SW Region office.

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

Evaluator Notes:

E6. Yes, Texas reports at the SW Region Meeting.

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7 General Comments: Info Only Info Only

Info Only = No Points

Evaluator Notes:

E7. Incidents continue to be a highly visible issue for the Commission. Incident reporting and tracking have been migrated into the PES system, which became active in February 2009, and which continues to be refined and enhanced with respect to incident reporting. Pipeline operators and excavators are using the on-line damage prevention excavation incident reporting programs. The Commission has adopted rules for distribution operators for leak survey, leak grading, and leak reporting to help find leaks and repair them prior to the incident. As a result of data filed, the Commission implemented a distribution facility replacement program to manage the issues identified through the leak repair data reports.

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

PART F - Damage Prevention

		Points(MAX)	Score
1	Has the state reviewed directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies? NTSB (E1) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F1. Yes, Texas is very aware of this and has investigated incidents/accidents related to boring. This is a priority review with Texas; it is on Texas' insp check list & is part of the Excavation Damage Review (DIRT).

2	Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (E2) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F2. Yes, The Operator has to self-report its excavation plans and results into the Texas on-line reporting system it and includes line marking and One-call. These reports are verified during Std and Damage prevention inspections. The Federal Forms are used for Standard Inspections.

3	Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.) (E3) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F3. Yes, RRC participated in 22 damage prevention seminars. The damage prevention rule extending authority over excavators has been in effect for over four years and awareness of the rule continues to expand. At present, TX has a law that names several CGA best Practices, The RRC Regulation names 10 additional CGA best practices, and the Damage Prevention Program staff is very active in enforcing Damage Prevention. There is pending regulation to require that 10 additional CGA best practices be followed.

4	Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program) (E4,G5) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:

F4. Yes, The Damage Prevention Staff is getting the raw numbers of one-calls and line hits from One-call and the on-line reporting site, and is doing follow-up on almost every damage report that is filed. For CY 2013 the raw data shows 9211 hits, 13893 hit reports, and 2,294,082 one-calls. TRRC was an early user of DIRT, & has their own version of Virtual DIRT. .

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

Evaluator Notes:

F5. The TX damage prevention program is proving to be effective in raising awareness of the requirement to call 8-1-1 before excavating and reducing line hits. Pipeline Damage Prevention has 13 staff currently, which will grow to 15 in CY 2014. From September 2007 through March 2014, the total penalties assessed for damage prevention violations has grown to $11,775,738, with most of those fines assessed at $1,000 per violation. The Pipeline Damage Prevention regulations have been in effect for several years; as of August 27, 2012, the typical penalty amounts increased to the range of $2,000 to $2,500 per assessed violation. Because of an increase in the statutory administrative penalty amounts, beginning September 1, 2013, the Commission is allowed to assess penalties as high as $200,000 per violation, with a $2 million cap on a related series of violations, based on specific facts and circumstances. Operator and excavator training, effective treatment of repeat offenders, and adoption of more Best Practices such as ticket life, revision of jurisdictional depth, and clarification of the excavation tolerance zone, are just some of the areas that continue to be developed. The anticipated revision of the Chapter 18 damage prevention rules will likely become effective in late CY 2014.

Total points scored for this section: 8
Total possible points for this section: 8

PART G - Field Inspections

		Points(MAX)	Score
1	Operator, Inspector, Location, Date and PHMSA Representative Info Only = No Points Name of Operator Inspected: ATMOS Energy Name of State Inspector(s) Observed: Goodluck Onukwufor, Inspector Location of Inspection: 907 Ferris AV, Waxahachie, TX Date of Inspection: 3/17-18/14 Name of PHMSA Representative: Patrick Gaume	Info Only	Info Only

Evaluator Notes:
G1. ATMOS Energy, Goodluck Onukwufor, 907 Ferris AV, Waxahachie, TX, 3/17-18/14, Patrick Gaume

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

Evaluator Notes:
G2. Yes, the inspection was held at their office and 6 employees participated.

3	Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) (F3) Yes = 2 No = 0 Needs Improvement = 1	2	2

Evaluator Notes:
G3. Yes, Federal Form 1 with several State addendum sheets.

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

Evaluator Notes:
G4. Yes, this was a standard inspection and addressed procedures, records, and field. Records and Field were observed during the Field Evaluation. See the PES identifier IP#108919 for the Atmos Energy 'Waxachie Unit'.

5	Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps,pyrometer,soap spray,CGI,etc.) (F5) Yes = 1 No = 0	1	1

Evaluator Notes:
G5. Yes; half-cell, multimeter, hand tools, keys, pressure gauge, regulator testing equipment, cell phones, a hand held methane leak detector the Health RMLD Unit.

6	Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) Yes = 2 No = 0 Needs Improvement = 1	2	2

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

Evaluator Notes:
G6. Yes; procedures, records, and field were all addressed. Records and Field were observed during the Field Evaluation. See the PES identifier IP#108919 for the Atmos Energy 'Waxachie Unit'.

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7 Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8) — 2 — 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

G7. Yes; Mr. Goodluck Onukwufor is fully knowledgeable and conducted an excellent inspection.

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8 Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (F9) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

G8. Yes, 3 annual filings were due 3/15th, Please show records that the Annual report 7100-1-1, PS 81 Plastic Pipe inventory report, & MIS (drug & alcohol) report have been submitted. 1250' pipe are missing leak surveys since 2010. Midlothian log of lost and unaccounted for gas has an error in the spreadsheet and needs to be corrected. Italy mainline #1 has bare steel and no CP test point and no CP records. In the Field Inspection a 55 gal drum needs to be removed or get secondary containment.

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9 During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10) — 1 — 1

Yes = 1 No = 0

Evaluator Notes:

G9. Yes, 3 annual filings were due 3/15th, Please show records that the Annual report 7100-1-1, PS 81 Plastic Pipe inventory report, & MIS (drug & alcohol) report have been submitted. 1250' pipe are missing leak surveys since 2010. Midlothian log of lost and unaccounted for gas has an error in the spreadsheet and needs to be corrected. Italy mainline #1 has bare steel and no CP test point and no CP records. In the Field Inspection a 55 gal drum needs to be removed or get secondary containment.

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10 General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other. — Info Only — Info Only

Info Only = No Points

a.	Abandonment	☒
b.	Abnormal Operations	☐
c.	Break-Out Tanks	☐
d.	Compressor or Pump Stations	☐
e.	Change in Class Location	☐
f.	Casings	☒
g.	Cathodic Protection	☒
h.	Cast-iron Replacement	☐
i.	Damage Prevention	☒
j.	Deactivation	☒
k.	Emergency Procedures	☐
l.	Inspection of Right-of-Way	☒
m.	Line Markers	☒
n.	Liaison with Public Officials	☐
o.	Leak Surveys	☒
p.	MOP	☐
q.	MAOP	☒
r.	Moving Pipe	☐
s.	New Construction	☐
t.	Navigable Waterway Crossings	☐
u.	Odorization	☒
v.	Overpressure Safety Devices	☒
w.	Plastic Pipe Installation	☐
x.	Public Education	☒

y.	Purging	☐
z.	Prevention of Accidental Ignition	☐
A.	Repairs	☐
B.	Signs	☒
C.	Tapping	☐
D.	Valve Maintenance	☒
E.	Vault Maintenance	☐
F.	Welding	☐
G.	OQ - Operator Qualification	☐
H.	Compliance Follow-up	☒
I.	Atmospheric Corrosion	☒
J.	Other	☐

Evaluator Notes:

G10. grounds maintenance, site security, fences & locks, valves, valve actuation, regulator checks & actuation, atmospheric corrosion, effects of wind erosion, CP, flanges, threads, bolts, supports, insulators; ROW, signs, markers, safety signs, MAOP, normal operating pressures, exposed pipe, odor concentration tests, cased crossings, valve and regulator identifiers, vehicle barriers.

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

PART H - Interstate Agent State (If Applicable)

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

Evaluator Notes:
H1-8. NA. not an Interstate Agent.

2	Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? (C2) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA. not an Interstate Agent.

3	Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? (C3) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA. not an Interstate Agent.

4	Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (C4) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA. not an Interstate Agent.

5	Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (C5) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA. not an Interstate Agent.

6	Did the state give written notice to PHMSA within 60 days of all probable violations found? (C6) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA. not an Interstate Agent.

7	Did the state initially submit documentation to support compliance action by PHMSA on probable violations? (C7) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
H1-8. NA. not an Interstate Agent.

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

Evaluator Notes:
H1-8. NA. 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
1	Did the state use the current federal inspection form(s)? (B21) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 Agreement State.

2	Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan? (B22) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 Agreement State.

3	Were any probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (B23) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 Agreement State.

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

Evaluator Notes:
I1-7. NA not a 60106 Agreement State.

5	Did the state give written notice to PHMSA within 60 days of all probable violations found? (B25) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 Agreement State.

6	Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? (B26) Yes = 1 No = 0 Needs Improvement = .5	1	NA

Evaluator Notes:
I1-7. NA not a 60106 Agreement State.

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

Evaluator Notes:
I1-7. NA not a 60106 Agreement State.

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