



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

1200 New Jersey Avenue SE
Washington DC 20590

2017 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)



2017 Gas State Program Evaluation -- CY 2017

Gas

State Agency: South Dakota

Agency Status:

Date of Visit: 05/20/2018 - 05/23/2018

Agency Representative: Mary Zanter, Pipeline Safety Program Manager

Rating:

60105(a): Yes **60106(a):** No **Interstate Agent:** No

PHMSA Representative: Patrick Gaume

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

Name/Title: Kristie Fiegen, Chairperson

Agency: South Dakota Public Utilities Commission

Address: 500 E. Capitol Ave.

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

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 2017 (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
47	47
15	15
10	10
8	8
12	12
0	0
0	0

TOTALS

115 115

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:

A1. Yes. Attachment 1 is correct and is consistent with attachment 3 and attachment 8.

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

Evaluator Notes:

A2. Yes. Conducted a review of the 2017 SDPUC Progress Report and found the number of inspection days entered matched the office files. No issues were found. 138.75 inspection days

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|----------|--|---|---|
| 3 | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

A3. Yes. Verified the number of operators and inspection units on Attachment 3 matched the office records maintained by South Dakota Public Utilities Commission (SDPUC) by reviewing office files

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| 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:

A4. Yes. Verified that there were no reportable incidents in 2017.

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

Evaluator Notes:

A5. Yes. Reviewed Attachment 5, No issues found. Had conversation about using civil penalties, Most recent civil penalty was for \$500 in 2013, an OQ violation, an unqualified person doing a covered task. Many of the violations have directed or inferred Corrective Actions required.

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

Evaluator Notes:

A6. Yes. Pipeline Safety has a secured folder within a designated Drive within the SDPUC. Both personnel can access it from anywhere there is internet. All records are maintained within sub-folders of this folder. With only 12 Operators and 21 Units nothing more complicated than a spreadsheet is needed to access the risk ranking and track the inspections of these operators and units. SD does not see the advantage of using PHMSA's IA.

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

A7. Yes, Training agrees with state records and inspector time is correct with state records. Had 1.5 Inspector Years and 0.5 Supervision years.

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

A8. Yes. Attachment 8 is consistent with internal records, the main SD law is 69-3-207, MCA; also, SD PSC Authority 38.5.2202 ARM.

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

A9. Yes. Attachment 10 was properly completed.

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

Info OnlyInfo Only

Evaluator Notes:

A10. No loss of points occurred in this section. The year-end Progress Report is consistent with SDPUC records and no errors were found. SDPUC has generally met the requirements of Part A. In 2017 the pipeline safety program in SD completed numerous inspections with each operator. They interacted with each operator to ensure that pipeline safety requirements were met through the safety inspections as well as training. SD Pipeline Safety held a pipeline safety seminar for South Dakota, North Dakota, and Wyoming that provided updates on new rules and advisories. The pipeline safety seminar also discussed issues pertinent to the operators of the state including issues with plastic pipe, pipeline safety management, and operator qualification.

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:

B1. Yes. see Section 3, 'Operator Inspection', pages 2-6; and Section 5, 'Inspection Types' for Standard Inspections including pre and post inspection information.

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

B2. Yes. see Section 3, 'Operator Inspection', pages 2-6; and Section 5, 'Inspection Types' for IM Inspections including pre and post inspection information

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

B3. Yes. see Section 3, 'Operator Inspection', pages 2-6; and Section 5, 'Inspection Types' for OQ Inspections including pre and post inspection information.

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

B4. Yes. see Section 3, 'Operator Inspection', pages 2-6; and Section 5, 'Inspection Types' for Damage Prevention Inspections including pre and post inspection information.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

B5. Yes. see Section 3, 'Operator Inspection', pages 2-6; and Section 5, 'Inspection Types' for Operator Training including pre and post inspection information.

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

B6. Yes. see Section 3, 'Operator Inspection', pages 2-6; and Section 5, 'Inspection Types' for Construction Inspections including pre and post inspection information.

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

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

- | | | | | |
|----|---|--------------------------------------|--------------------------|---|
| a. | Length of time since last inspection (Within five year interval) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Type of activity being undertaken by operators (i.e. construction) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| e. | Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| f. | Are inspection units broken down appropriately? | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

B7. The SDPUC procedure #6 Inspection Priorities covers inspection planning and the six elements.

8 General Comments:

Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

B8. No loss of points occurred in this section. SDPUC has generally met the requirements of Part B. SDPUC Procedures are in good order.

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):
138.75

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
138.75 / 330.00 = 0.42

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

Evaluator Notes:

C1. Yes. 138.75 Field inspector days, 1.5 inspector years, 138.75/(1.5*220)=0.42 okay.

- 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:

C2. Yes*5. Each SDPUC inspector and program manager fulfilled the T Q Training Requirements. Outside training includes basic principles and practices for handling propane, NFPA 58 items.

- 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:

C3. 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:

C4. Yes. Last year's score was perfect and a response was not required.

- 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:

C5. 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 Rapid City, SD on 3/29-30/2017 for SD, ND, & WY. For the first time in recent memory a Safety Seminar will be missed for 2018. North Dakota will be the site for the 2019 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:

C6. Yes, the records for 2017 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. 5 yr max interval, very few re-inspections are beyond 3 years.

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?	2	2
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Chapter 5.1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

C7. Yes. The SDPUC uses their own form for Standard, Construction and Damage Prevention inspections. The federal forms are used for all other types of inspections. The Federal Forms are incorporated into SDPUC State Forms.

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?	1	NA
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(NTSB) Chapter 5.1

Yes = 1 No = 0

Evaluator Notes:

C8. NA. No known Cast iron pipe in SD.

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	1	NA
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Yes = 1 No = 0

Evaluator Notes:

C9. NA. No known Cast iron pipe in SD.

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	1	1
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Yes = 1 No = 0

Evaluator Notes:

C10. 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	1	1
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Yes = 1 No = 0

Evaluator Notes:

C11. Yes, this in the Damage Prevention section of their inspection form. 'It is an even year question'. It will be asked in 2018.

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

Evaluator Notes:

C12. 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	Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission?	1	1
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Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

C13. Yes, their records inspection form question covering reporting requirements covers this.

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|-----------|---|---|---|
| 14 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|
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Evaluator Notes:

C14. Yes, the SDPUC did 6 Drug and Alcohol inspections in 2017, and 5 were performed in 2016. The 12th operator was completed in January 2018.

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| 15 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|
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Evaluator Notes:

C15. Yes. all OQ inspections are current.

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- | | | | |
|-----------|---|---|---|
| 16 | 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? Are replies to Operator IM notifications addressed? (formerly part of Question C-13)). 49 CFR 192 Subpart O
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

C16. Yes. all IM inspections are current, typically on a 3 yr re-inspection schedule.

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| 17 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

C17. Yes, all DIMP inspections are current, typically on a 3 yr re-inspection schedule.

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| 18 | 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 be conducted every four years by operators. 49 CFR 192.616
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

C18. Yes, PAPEI inspections were conducted on all operators in 2015 and their plans shows them to be scheduled not to exceed three years. All PAPEI re-inspections are scheduled for 2018. Due date is 2020.

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| 19 | 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).
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|
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Evaluator Notes:

C19. 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. In addition, Safety Seminars and held almost every year. SDPUC sends out a quarterly 'Inspection status report' as a courtesy

and for improved communication. It is a recap of inspections performed, inspections pending, and any outstanding issues that the operator has.

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- | | | | |
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| 20 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

C20. Yes. No Safety Related Conditions reported in 2016 or 2017; however, procedures are in place to follow up on SRC reports.

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| 21 | 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?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|---|---|---|
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Evaluator Notes:

C21. Yes, the SDPUC has sent a questionnaire in 2015 to all operators requesting this information. They all responded. Also had a discussion concerning how some liquid hydrocarbons can soften medium density pipe and cause problems with a fusion repair of that pipe (causes bubbling at the fusion site) in the 2017 Safety Seminar. Also had a presentation concerning the Plastic Pipe Database in the 2017 Safety Seminar.

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| 22 | Did the state participate in/respond to surveys or information requests from NAPSR or PHMSA?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|---|---|---|
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Evaluator Notes:

C22. Yes. NAPSR & PHMSA requests are responded to.

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|-----------|--|---|---|
| 23 | 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.
No = 0 Needs Improvement = .5 Yes = 1 | 1 | 1 |
|-----------|--|---|---|
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Evaluator Notes:

C23. 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. 8 of the 9 waivers are still active. One was withdrawn by the operator.

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|-----------|--|---|---|
| 24 | Did the state attend the National NAPSR Board of Directors Meeting in CY being evaluated?
No = 0 Needs Improvement = .5 Yes = 1 | 1 | 1 |
|-----------|--|---|---|
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Evaluator Notes:

C24. Yes, the Program Manager attended the National meeting in Indianapolis.

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| 25 | Discussion on State Program Performance Metrics found on Stakeholder Communication site - http://primis.phmsa.dot.gov/comm/states.htm
No = 0 Needs Improvement = 1 Yes = 2 | 2 | 2 |
| a. | Discussion of Potential Accelerated Actions (AA's) based on any negative trends | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | NTSB P-11-20 Meaningful Metrics | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
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Evaluator Notes:

C25. Discussed the Program performance metrics with program manager, Mary Zanter, and discussed the following: The data site is mostly current through 2016, but two items are only current through 2015. 2016 & 2017 information is available through State records. Excavation Damages per 1000 locate tickets show a downward trend. Inspection days per 1000 miles of gas pipe started at an abnormal high in 2012 & 2013 due to inspector training and 'team inspections', and the trend since then has been flat and per annual work plans. Inspector qualification is 100% for core training. Gas Distribution system leaks outstanding per 1000 miles is of small use and of small concern because of State wide efforts to improve pipeline systems.

Incident investigation program is being handled appropriately. Mary is reviewing the metrics on an annual basis.
Enforcement Program Evaluation is steady at 100%.

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|-----------|--|---|---|
| 26 | Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool (SICT) Has the State updated SICT data?
No = 0 Yes = 1 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

C26. Yes. SD is okay with their SCIT results for them. The SCIT for SD projects about the same level of work as the old staffing formula. SD is not concerned in meeting the work requirements of SCIT.

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|-----------|--|---|---|
| 27 | Did the State verify Operators took appropriate action regarding Pipeline Flow Reversals, Product Changes and Conversions to Service? See ADP-2014-04
Needs Improvement = .5 No = 0 Yes = 1 | 1 | 1 |
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Evaluator Notes:

C27. Yes. SDPUC is prepared to address inspection of flow reversals. No known flow reversals in SD.

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|-----------|--|-----------|-----------|
| 28 | General Comments:
Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

C28. No loss of points occurred in this section. SDPUC is adequately staffed. SDPUC expects to stay current in its inspection duties.

Total points scored for this section: 47
Total possible points for this section: 47



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
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:

D1. Yes*3. The SDPUC has a procedure in their Inspection Compliance Program manual, see page 5, 'Noncompliance resolution procedure', and the progress of correction orders are reviewed on a quarterly basis by the Program Manager. SDPUC sends out a quarterly 'Inspection status report' as a courtesy and for improved communication. It is a recap of inspections performed, inspections pending, and any outstanding issues that the operator has.

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|----|--|--------------------------------------|--|
| 2 | Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1
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. | Within 30 days, conduct a post-inspection briefing with the owner or operator of the gas or hazardous liquid pipeline facility inspected outlining any concerns; and | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| f. | Within 90 days, to the extent practicable, provide the owner or operator with written preliminary findings of the inspection. | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

D2. Yes*6. SDPUC followed the SD Administrative Rules and their Pipeline Safety Program procedures for all PV, Warnings, Concerns, etc.

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

Evaluator Notes:

D3. yes, all discovered probable violations were issued a compliance action.

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

Evaluator Notes:

D4. Yes. due process is given to all.

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

Evaluator Notes:

D5. Yes, the program manager is familiar with the state process and they consider penalties using a pipeline penalty calculation worksheet developed earlier. I encouraged increased use of civil penalties, particularly for repeated violations in the same regulation.

- | | | | |
|---|--|---|---|
| 6 | Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

D6. Yes, 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. We also discussed better documentation for Corrective Actions in lieu of civil penalties.

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

D7. No loss of points occurred. SDPUC has generally met the requirements of Part D. SDPUC is using all available regulatory tools to maximize pipeline safety. They are receptive to increased use of civil penalties, including a more diligent use of their civil penalty matrix.

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:

E1. Yes, See Section 7., 'Incident Investigation' 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:

E2. Yes. Appendix D & E are known. the SDPUC has provided all operators contact information for 24/7 reporting.

- 3 If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

E3. Yes. It is SDPUC practice to onsite investigate all significant incidents. There were no significant incidents in 2017.

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

Yes = 3 No = 0 Needs Improvement = 1-2

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

Evaluator Notes:

E4. Yes. Incidents are investigated and documented. Luckily, there were no significant incidents in 2017.

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

Yes = 1 No = 0

Evaluator Notes:

E5. NA. there were no violations for any incident in 2017.

- 6 Did the state assist Region Office or Accident Investigation Division (AID) by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

E6. Yes. Good communications with Central Region and the AID. No requests were received in 2017.

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

Yes = 1 No = 0

Evaluator Notes:

E7. Yes, at the NAPS Central Region Meeting and also during the Pipeline Safety Seminars.

8 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

E8. No loss of points occurred. SDPUC has generally met the requirements of Part E. SDPUC response is detailed when incidents occur. There was one significant incident from 2012-2017, and two reportable incidents so far in 2018.

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



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

Evaluator Notes:

F1. Yes, they have a question on their 'O&M Manual' inspection form.

- | | | | |
|---|--|---|---|
| 2 | Did the state inspector verify pipeline operators are following their written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system?
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

F2. 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.)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

F3. Yes, in 2016 the Program Manager participated in an event for farmers from all over the state. They had a booth at the event also. The farmer event is annual and Pipeline safety will attend in 2018.

'Home Shows' are held annually in Rapid City and Sioux Falls. There is a PUC booth where 811 and Damage Prevention are emphasized. Pipeline safety staff took their turns manning the booth.

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

Evaluator Notes:

F4. Yes. Through 2017 this information is gathered through Annual Reports. Line Hits are also part of the State Program Performance Metrics. A new SDPUC emphasis, that started in 2016, it to identify 'locating practices not sufficient' from the annual reports and confront operators about it. There is no DIRT or Virtual DIRT in SD.

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

Evaluator Notes:

F5. No loss of points occurred. SDPUC has generally met the requirements of Part F.

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

PART G - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative Info OnlyInfo Only
Info Only = No Points

Name of Operator Inspected:

MidAmerican Energy, opid 30750, Sioux Falls Area Unit

Name of State Inspector(s) Observed:

Mary Zanter, Program Manager

Location of Inspection:

Construction site near Ellis Rd & W 26th St., and construction site on W 5th PL, Sioux Falls, SD

Date of Inspection:

5/22/2018

Name of PHMSA Representative:

Patrick Gaume

Evaluator Notes:

G1. MidAmerican Energy, opid 30750, Sioux Falls Area Unit, Mary Zanter, Program Manager, Construction site near Ellis Rd & W 26th St., and construction site on W 5th PL, Sioux Falls, SD; 5/22/2018, Patrick Gaume

- 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:

G2. Yes, there were operator inspectors, Don Freitag & Jesus Nuno, and a 4 man contract crew at each site doing the work.

- 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:

G3. Yes, the State Construction Inspection form was used.

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

Evaluator Notes:

G4. Yes. It was completely filled out for the work observed.

- 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:

G5. Yes. the machines, tools, procedures, and records were available at both sites

- 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:

G6. Yes*3. These field inspections included applicable procedures and records.

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

Evaluator Notes:

G7. Yes. Mary was very knowledgeable, thorough and conducted herself in a professional manner.

- | | | | |
|---|---|---|---|
| 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)
Yes = 1 No = 0 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

G8. Yes. No violations found. The operator was very cooperative and well prepared.

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

Evaluator Notes:

G9. Yes. No violations found. The operator was very cooperative and well prepared.

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

- | | | |
|----|-----------------------------------|-------------------------------------|
| 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 type="checkbox"/> |
| h. | Cast-iron Replacement | <input type="checkbox"/> |
| i. | Damage Prevention | <input checked="" type="checkbox"/> |
| j. | Deactivation | <input type="checkbox"/> |
| k. | Emergency Procedures | <input type="checkbox"/> |
| l. | Inspection of Right-of-Way | <input checked="" type="checkbox"/> |
| m. | Line Markers | <input type="checkbox"/> |
| n. | Liaison with Public Officials | <input type="checkbox"/> |
| o. | Leak Surveys | <input type="checkbox"/> |
| p. | MOP | <input type="checkbox"/> |
| q. | MAOP | <input checked="" type="checkbox"/> |
| r. | Moving Pipe | <input type="checkbox"/> |
| s. | New Construction | <input checked="" type="checkbox"/> |
| t. | Navigable Waterway Crossings | <input type="checkbox"/> |
| u. | Odorization | <input type="checkbox"/> |
| v. | Overpressure Safety Devices | <input type="checkbox"/> |
| w. | Plastic Pipe Installation | <input checked="" type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |
| A. | Repairs | <input type="checkbox"/> |
| B. | Signs | <input type="checkbox"/> |
| C. | Tapping | <input type="checkbox"/> |
| D. | Valve Maintenance | <input type="checkbox"/> |

- | | | |
|----|-----------------------------|-------------------------------------|
| E. | Vault Maintenance | <input type="checkbox"/> |
| F. | Welding | <input type="checkbox"/> |
| G. | OQ - Operator Qualification | <input checked="" type="checkbox"/> |
| H. | Compliance Follow-up | <input type="checkbox"/> |
| I. | Atmospheric Corrosion | <input type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

G10. Yes. This was a Field Construction with applicable procedures and records. The inspection was performed in a professional, courteous, and thorough manner. Activities included ditching and pressure testing of new plastic pipe. Items noted included i, l, q, s, w, G.

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)?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:
H1-8. NA

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

Evaluator Notes:
H1-8. NA

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

Evaluator Notes:
H1-8. NA

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

Evaluator Notes:
H1-8. NA

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

Evaluator Notes:
H1-8. NA

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

Evaluator Notes:
H1-8. NA

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

Evaluator Notes:
H1-8. NA

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

Evaluator Notes:
H1-8. NA

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

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

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

Evaluator Notes:

I1-7. NA

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

Evaluator Notes:

I1-7. NA

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

Evaluator Notes:

I1-7. NA

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

Evaluator Notes:

I1-7. NA

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

Evaluator Notes:

I1-7. NA

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

Evaluator Notes:

I1-7. NA

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

Evaluator Notes:

I1-7. NA

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