



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

1200 New Jersey Avenue SE
Washington DC 20590

2009 Natural Gas State Program Evaluation

for

MARYLAND PUBLIC SERVICE COMMISSION

Document Legend

PART:

- O -- Representative Date and Title Information
- A -- General Program Qualifications
- B -- Inspections and Compliance - Procedures/Records/Performance
- C -- Interstate Agent States
- D -- Incident Investigations
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- F -- Field Inspection
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2009 Natural Gas State Program Evaluation -- CY 2009
Natural Gas

State Agency: Maryland
Agency Status:
Date of Visit: 04/13/2010 - 04/29/2010
Agency Representative: John Cleemntson
PHMSA Representative: Dino N. Rathod, P.E.

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

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

Name/Title: Mr. Douglas Nazarian, Chairman
Agency: Maryland Public Service Commission
Address: 6 St Paul Street
City/State/Zip: Baltimore, MD 21202

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 2009 (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 certification/agreement attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART F):

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 F, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS	Possible Points	Points Scored
A General Program Qualifications	26	25
B Inspections and Compliance - Procedures/Records/Performance	24.5	24.5
C Interstate Agent States	0	0
D Incident Investigations	7	7
E Damage Prevention Initiatives	9	9
F Field Inspection	12	12
G PHMSA Initiatives - Strategic Plan	9.5	8.5
H Miscellaneous	3	3
I Program Initiatives	9	9
TOTALS	100	98
State Rating		98.0

PART A - General Program Qualifications

Points(MAX) Score

1	<p>Did the state submit complete and accurate information on the attachments to its most current 60105(a) Certification/60106 (a) Agreement? (NOTE: PHMSA Representative to verify certification/agreement attachments by reviewing appropriate state documentation. Score a deficiency in any one area as "needs improvement". Attachment numbers appear in parenthesis) Previous Question A.1, Items a-h worth 1 point each</p> <p>Yes = 8 No = 0 Needs Minor Improvement = 3-7 Needs Major Improvement = 2</p> <ul style="list-style-type: none"> a. State Jurisdiction and agent status over gas facilities (1) <input checked="" type="checkbox"/> b. Total state inspection activity (2) <input checked="" type="checkbox"/> c. Gas facilities subject to state safety jurisdiction (3) <input checked="" type="checkbox"/> d. Gas pipeline incidents (4) <input checked="" type="checkbox"/> e. State compliance actions (5) <input checked="" type="checkbox"/> f. State record maintenance and reporting (6) <input checked="" type="checkbox"/> g. State employees directly involved in the gas pipeline safety program (7) <input checked="" type="checkbox"/> h. State compliance with Federal requirements (8) <input checked="" type="checkbox"/> 	8	7
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SLR Notes:

- 1) Attachments 1 & 3- Numbers of Total Operators-- If Attachment 3 is correct, then Attachment 1 needs to be revised
- 2) Attachment 5- Discused with PSC need to revise and review: Total Amt Assessed; Total Amt Collected; Total Amt waived and Total Amt Reduced. PSC susequently e-mailed to me corrected data on June 14, 2010
- 3) Attachment 7- PSC needs to account for percent time spent and person days as Program Manager/ Supervisor; Also time spent inspection activities as Inspector. XX % as Supervisor and YY % as Inspector, both will equal as ZZ, total time (In Atchmnewt 7). Please review and revise, as necessary for consistent accounting of time split. (Guideline Manual page 8, Item 2.5.2 and 2.5.7)

2	<p>Did the state have an adequate mechanism to receive operator reporting of incidents to ensure state compliance with 60105(a) Certification/60106(a) Agreement requirements (fatality, injury requiring hospitalization, property damage exceeding \$50,000 - Mechanism should include receiving "after hours" reports)? (Chapter 6) Previous Question A.2</p> <p>Yes = 1 No = 0</p>	1	1
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SLR Notes:

3	<p>Has the state held a pipeline safety TQ seminar(s) in the last 3 years? (NOTE: Indicate date of last seminar or if state requested seminar, but T&Q could not provide, indicate date of state request for seminar. Seminars must be held at least once every 3 calendar years.) (Chapter 8.5) Previous Question A.4</p> <p>Yes = 2 No = 0</p>	2	2
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SLR Notes:

MD hosted a joint State T&Q seminar in May 5-7, 2010 in Linthcum Heights, MD. DC PSC also participated.

4	<p>Were pipeline safety program files well-organized and accessible?(NOTE: This also includes electronic files) (Chapter 5) Previous Question A.5</p> <p>Yes = 1 No = 0</p>	1	1
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SLR Notes:

MD PSC maintains hard copy files and elctronic files for various inspection activities. Files are accessible and kept in a secure facility.

5	<p>Did state records and discussions with the state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? (Chapter 4.1, Chapter 8.1) Previous Question A.6</p> <p>Yes = 2 No = 0 Needs Improvement = 1</p>	2	2
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SLR Notes:

John Clementson has gained valuable and extensive regulatory experience in pipeline safety. In addiiton, he has completed required T&Q (TSI) training. He provides guidance to PSC inspectros. He works closely with ER SLR and PHMSA-HQ.

6	<p>Did the state respond in writing within 60 days to the requested items in the Chairman's letter following the Region's last program evaluation? (No response is necessary if no items are requested in letter and mark "Yes") (Chapter 8.1) Previous Question A.8</p> <p>Yes = 1 No = 0</p>	1	1
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SLR Notes:

MD PSC Chairman response dated January 11, 2010 was sent to ER RD.



- 7 What actions, if necessary, did the State initiate as a result of issues raised in the Chairperson's letter from the previous year? Did actions correct or address deficiencies from previous year's evaluation? (No response is necessary if no items are requested in letter and mark "Yes") (Chapter 8.1) Previous Question A.8/A.9 1 1
Yes = 1 No = 0

SLR Notes:

PSC Chairman responded to various items noted in ER letter. PSC has been actively working to rewrite and strengthen Title 12 of MD Public Utility Companies.

Personnel and Qualifications

- 8 Has each inspector fulfilled the 3 year TQ training requirement? If No, has the state been granted a waiver regarding TQ courses by the Associate Administrator for Pipeline Safety? (NOTE: If the State has new inspectors who have not attended all TQ courses, but are in a program which will achieve the completion of all applicable courses within 3 years of taking first course (5 years to successfully complete), or if a waiver has been granted by the applicable Region Director for the state, please answer yes.) (Chapter 4.4) Previous Question A.10 3 3
Yes = 3 No = 0

SLR Notes:

John Clementson signed up for PL 3311 OQ and A.J signed up for PL 3293 Corrosion Control. In addition, John Clementson and R.K waitlisted for PL-3304 Corrosion Course. John Clementson and R.K. also waitlisted for PL3600 Root Cause Analysis. PSC indicated that other staff inspectors are current on their training requirements.

- 9 Brief Description of Non-TQ training Activities: Info Only Info Only
Info Only = No Points
For State Personnel:

For Operators:

For Non-Operator Entities/Parties, Information Dissemination, Public Meetings:

SLR Notes:

- 10 Did the lead inspectors complete all required T&Q OQ courses and Computer Based Training (CBT) before conducting OQ Inspections? (Chapter 4.4.1) Previous Question A.12 1 1
Yes = 1 No = 0

SLR Notes:

All lead persons have completed OQ training. John Clementson has signed up for PL 3311 OQ Seminar Jul 20-21, 2010.

- 11 Did the lead inspectors complete all required TQ Integrity Management (IMP) Courses/Seminars and CBT before conducting IMP Inspections? (Chapter 4.4.1) Previous Question A.13 1 1
Yes = 1 No = 0

SLR Notes:

Yes, Details per Certification Attachment 7

- 12 Was the ratio acceptable of Total inspection Person-days to Total Person-days charged to the program by state inspectors? (Region Director may modify points for just cause) (Chapter 4.3) Previous Question B.12 5 5
Yes = 5 No = 0
A. Total Inspection Person Days (Attachment 2):
495.70
B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 3.80 = 836.00
Ratio: A / B
495.70 / 836.00 = 0.59
If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
Points = 5

SLR Notes:

PSC ratio score > 0.38, hence 5 points

13 Have there been modifications or proposed changes to inspector-staffing levels? (If yes, describe) Previous Info Only Info Only
Question B.13
Info Only = No Points

SLR Notes:

14 Part-A General Comments/Regional Observations Info Only Info Only
Info Only = No Points

SLR Notes:

Total points scored for this section: 25
Total possible points for this section: 26



PART B - Inspections and Compliance - Procedures/Records/ Performance

Points(MAX) Score

Inspection Procedures

- 1** Does the State have a written inspection plan to complete the following? (all types of operators including LNG) (Chapter 5.1) Previous Question B.1 + Chapter 5 Changes + Incorporate LNG
Yes = 6.5 No = 0 Needs Improvement = 50% Deduction 6.5 6.5
- | | | | | |
|---|---|--------------------------------------|--------------------------|---|
| a | Standard Inspections (Including LNG) (Max points = 2) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b | IMP Inspections (Including DIMP) (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c | OQ Inspections (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d | Damage Prevention (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| e | On-Site Operator Training (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| f | Construction Inspections (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| g | Incident/Accident Investigations (Max points = 1) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| h | Compliance Follow-up (Max points = 1) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

SLR Notes:

- 2** Did the written Procedures for selecting operators adequately address key concerns? (Chapter 5.1) Previous Question B.2, items a-d are worth .5 point each
Yes = 2 No = 0 Needs Improvement = 50% Deduction 2 2
- | | | | | |
|---|--|--------------------------------------|--------------------------|---|
| a | Length of time since last inspection | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b | History of Operator/unit and/or location (including leakage , incident and compliance history) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c | Type of activity being undertaken by operator (construction etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d | For large operators, rotation of locations inspected | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

SLR Notes:

Inspection Performance

- 3** Did the state inspect all types of operators and inspection units in accordance with time intervals established in its written procedures? (Chapter 5.1) Previous Question B.3
Yes = 2 No = 0 2 2

SLR Notes:

PSc performs inspections per Written Procedures

- 4** Did the state inspection form cover all applicable code requirements addressed on the Federal Inspection forms? (Chapter 5.1 (3)) Previous Question B.4
Yes = 1 No = 0 1 1

SLR Notes:

PSc uses a combination of PHMSA Inspection forms and State Inspection Check Lists. PSC performs periodic review and revise, as needed.

- 5** Did state complete all applicable portions of inspection forms? (Chapter 5.1 (3)) Previous Question B.5
Yes = 1 No = 0 1 1

SLR Notes:

PSc inspectors fill-in forms/check lists completely.

- 6** Did the state initiate appropriate follow-up actions to Safety Related Condition Reports? (Chapter 6.3) Previous Question B.6
Yes = .5 No = 0 .5 NA

SLR Notes:

NO Safety Related Conditions reported in MD in 2009.

7	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) Previous Question B.7 Yes = .5 No = 0	.5	.5
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SLR Notes:

PSC inspectors review LDC records including "exposed CI examination" for evidence of graphitization.

8	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) Previous Question B.8 Yes = .5 No = 0	.5	.5
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SLR Notes:

PSC inspectors review LDC records including surveillance of CI pipes.

9	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) Previous Question B.9 Yes = .5 No = 0	.5	.5
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SLR Notes:

PSC inspectors review LDC records including emergency response procedures for leaks etc.

10	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? (NTSB) Previous Question B.10 Yes = 1 No = 0	1	1
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SLR Notes:

PSC inspectors review LDC records including prior incidents of gas facilities.

Compliance - 60105(a) States

11	Did the state adequately document sufficient information on probable violations? (Chapter 5.2) Previous Question B.14 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

PSC agreed to implement a suggested change so inspectors will prepare necessary draft of compliance actions with supporting documents to Program Manager John Clementson for his review and concurrence. I suggested that all Compliance and Enforcement letters should be reviewed by PSC and should be sent under signature of Program Manager or higher, as appropriate.

12	Does the state have written procedures to identify the steps to be taken from the discovery to the resolution of a probable violation as specified in the "Guidelines for State Participating in the Pipeline Safety Program"? (Chapter 5.1) Previous Question D(1).1 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

13	Does the state have written procedures to notify an operator when a noncompliance is identified as specified in the "Guidelines for States Participating in the Pipeline Safety Program"? (Chapter 5.1(4)) Previous Question D(1).2 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

14	Does the state have a written procedure for routinely reviewing the progress of compliance actions to prevent delays or breakdowns of the enforcement process, as required by the "Guidelines for States Participating in the Pipeline Safety Program"? (Chapter 5.1(5)) Previous Question D(1).3 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:



15	Has the State issued compliance actions for all probable violations discovered? (Note : PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation) Previous Question D(1).4 Yes = 1 No = 0	1	1
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SLR Notes:

PSC found 49 probable violations during CY 2009, resulted in 28 Compliance Actions.

16	Did the state follow its written procedures for reviewing compliance actions and follow-up to determine that prompt corrective actions were taken by operators, within the time frames established by the procedures and compliance correspondence, as required by the "Guidelines for States Participating in the Pipeline Safety Program"? Previous Question D(1).5 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

17	If compliance could not be established by other means, did state pipeline safety program staff request formal action, such as a "Show Cause Hearing" to correct pipeline safety violations? (check each states enforcement procedures) Previous Question D(1).6 No = 0 Yes = 1	1	1
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SLR Notes:

18	Did the state adequately document the resolution of probable violations? (Chapter 5.1 (6)) Previous Question D(1).7 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

PSC also maintains hard copies as part of documentation.

19	Were compliance actions sent to a company officer? (manager or board member if municipal/government system) (Chapter 5.1(4)) Previous Question D(1).8 Yes = .5 No = 0	.5	.5
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SLR Notes:

20	Did the compliance proceedings give reasonable due process to all parties? (check each states enforcement procedures) Previous Question D(1).9 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Compliance - 60106(a) States

21	Did the state use the current federal inspection form(s)? Previous Question D(2).1 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

22	Are results adequately documented demonstrating inspection units were reviewed in accordance with state inspection plan? Previous Question D(2).2 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

23	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.) Previous Question D(2).3 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

24 Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? Previous Question D(2).4 1 NA
Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

25 Did the state give written notice to PHMSA within 60 days of all probable violations found? Previous Question D(2).5 1 NA
Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

26 Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? Previous Question D(2).6 1 NA
Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

27 Part B: General Comments/Regional Observations Info Only Info Only
Info Only = No Points

SLR Notes:

PSC agreed to implement a suggested change so inspectors will prepare necessary draft of compliance actions with supporting documents to Program Manager John Clementson for his review and concurrence. I suggested that all Compliance and Enforcement letters should be reviewed by PSC and should be sent under signature of Program Manager or higher, as appropriate.

Total points scored for this section: 24.5
Total possible points for this section: 24.5



PART C - Interstate Agent States

Points(MAX) Score

1 Did the state use the current federal inspection form(s)? Previous Question D(3).1 1 NA
Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

MD PSC is not an Interstate Agent

2 Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? Previous Question D(3).2 1 NA
Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

MD PSC is 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? Previous Question D(3).3 1 NA
Yes = 1 No = 0

SLR Notes:

MD PSC is not an Interstate Agent

4 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.) Previous Question D(3).4 1 NA
Yes = 1 No = 0

SLR Notes:

MD PSC is 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? Previous Question D(3).5 1 NA
Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

MD PSC is not an Interstate Agent

6 Did the state give written notice to PHMSA within 60 days of all probable violations found? Previous Question D(3).6 1 NA
Yes = 1 No = 0

SLR Notes:

MD PSC is not an Interstate Agent

7 Did the state initially submit documentation to support compliance action by PHMSA on probable violations? Previous Question D(3).7 1 NA
Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

MD PSC is not an Interstate Agent

8 Part C: General Comments/Regional Observations Info Only Info Only
Info Only = No Points

SLR Notes:

MD PSC is not an Interstate Agent

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



PART D - Incident Investigations

Points(MAX) Score

1 Are state personnel following the procedures for Federal/State cooperation in case of an incident? (See Appendix in "Guidelines for States Participating in the Pipeline Safety Program") (Chapter 6.1) Previous Question E.1 1 1
 Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

2 Are state personnel familiar with the jurisdictional authority and Memorandum of Understanding between NTSB and PHMSA? (See Appendix in "Guidelines for States Participating in the Pipeline Safety Program") (Chapter 6 ? Appendix D) Previous Question E.2 .5 .5
 Yes = .5 No = 0

SLR Notes:

3 Did the state keep adequate records of incident notifications received? Previous Question E.3 1 1
 Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

PSC maintains copies of incident notifications.

4 If an onsite investigation of an incident was not made, did the state obtain sufficient information by other means to determine the facts and support the decision not to go on-site? Previous Question E.4 1 1
 Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

PSC typically receives incoming information for possible incidents. Based on initial information review, appropriate decision would be made. If no on-site investigation was necessary, teh PSC would make a telephone inquiry and or follow-up request by e-mail etc.

5 Were investigations thorough and conclusions and recommendations documented in an acceptable manner? Previous Question E.5, comprehensive question worth 2 points total 2 2
 Yes = 2 No = 0 Needs Improvement = 1

- a. Observations and Document Review Yes No Needs Improvement
- b. Contributing Factors Yes No Needs Improvement
- c. Recommendations to prevent recurrences where appropriate Yes No Needs Improvement

SLR Notes:

MD PSC Incident Investigation Form EN -54 covers above listed items a, b and c. I emphasized that PSC should review each of the Original Incident Report (30 day) and make a determination regrading completeness, accuracy and consistency of data reported by LDC. When necessary, PSC must follow-up with LDC and assure that Supplemental and Final Reports are submitted by LDC on a timely manner. PSC agreed to pursue it accordingly.

6 Did the state initiate enforcement action for violations found during any incident investigation(s)? Previous Question E.6 Variation 1 1
 Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

PSC initiated an enforcement action.

7 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 annual report data from operators concerning incidents/accidents and investigate discrepancies) (Chapter 6) Previous Question E.7/E.8 .5 0.5
 Yes = .5 No = 0

SLR Notes:

I emphasized that PSC should review each of the Original Incident Report (30 day) and make a determination regrading completeness, accuracy and consistency of data reported by LDC. When necessary, PSC must follow-up with LDC and assure that Supplemental and Final Reports are submitted by LDC on a timely manner. PSC agreed to pursue it accordingly.

8 Part D: General Comments/Regional Observations Info Only Info Only
 Info Only = No Points

SLR Notes:



Total points scored for this section: 7
Total possible points for this section: 7



PART E - Damage Prevention Initiatives

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? Previous Question B.11
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

PSC sent Specific Information Request (SIR) regarding Directional Drilling Procedures in October 2008 to LDCs. PSC recieved and reviewed thier responses with pertinent details.

- | | | | |
|----------|--|---|---|
| 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? New 2008
Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

PSC inspection checklist has a space to note Miss Utility #. PSC also verifies specific details.

- | | | | |
|----------|---|---|---|
| 3 | Did the state encourage and promote the adoption of the Common Ground Alliance Best Practices document to its regulated companies as a means of reducing damages to all underground facilities? Previous Question A.7
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

During Cy 2009, PSC actively participated in Gas Operators Advisory Committee (GOAC)

- | | | | |
|----------|---|---|---|
| 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? New 2008
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

PSC has recieved data and revieweed it for possible trends. 1000 locate requests
2006- 3.88
2007 3.43
2008 2.4
2009- 2.56

- | | | | |
|----------|--|---|---|
| 5 | Did the state review operators' records of accidents and failures due to excavation damage to ensure causes of failure are addressed to minimize the possibility of recurrence as required by 192.617?
Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

PSC investigated insidents resulting from third party (3rd party) damage and help determine possible causes

- | | | | |
|----------|---|-----------|-----------|
| 6 | Part E: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|----------|---|-----------|-----------|

SLR Notes:

PSC indicated that Title 12 re-write to strenghthen and enhance damage prevention activities was signed iinto law by Maryland Governor on May 20, 2010. PSC agreed to to keep me informed of status and subsequently sent additional information to me by e-mail dated June 14, 2010.

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



PART F - Field Inspection

Points(MAX) Score

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

Name of Operator Inspected:
Chesapeake Utilities and Eastern Shore Gas(Propane Operator)

Name of State Inspector(s) Observed:
Carlos Acosta and John Clementon

Location of Inspection:
Salisbury and Ocean City

Date of Inspection:
04/13/2010 and 04/14/2010

Name of PHMSA Representative:
Dino N. Rathod, P.E.

SLR Notes:

2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? New 2008 1 1
Yes = 1 No = 0

SLR Notes:

Operator Reps were notified and present during each activity.

3 Did the inspector use an acceptable inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) Previous Question F.2 2 2
Yes = 2 No = 0

SLR Notes:

4 Did the inspector thoroughly document results of the inspection? Previous Question F.3 2 2
Yes = 2 No = 0

SLR Notes:

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.) New 2008 1 1
Yes = 1 No = 0

SLR Notes:

Operator crews used maps, CGI, soap spray during field activities

6 What type of inspection(s) did the state inspector conduct during the field portion of the state evaluation? (i.e. Standard, Construction, IMP, etc) New 2008 Info Only Info Only
Info Only = No Points

SLR Notes:

Valve maintenance; Pressure Reg Sta Maintenance; OQ# 9.

7 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) New 2008, comprehensive question worth 2 points total 2 2
Yes = 2 No = 0 Needs Improvement = 1

- a. Procedures
- b. Records
- c. Field Activities/Facilities
- d. Other (Please Comment)

SLR Notes:



8 Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Liaison will document reasons if unacceptable) Previous Question F.8 2 2
 Yes = 2 No = 0

SLR Notes:

9 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) Previous Question F.10 1 1
 Yes = 1 No = 0

SLR Notes:

10 During the exit interview, did the inspector identify probable violations found during the inspections? Previous Question F.11 1 1
 Yes = 1 No = 0

SLR Notes:

No major issues were found

11 What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Info Only Info Only
 Info Only = No Points

SLR Notes:

Maryland Field Evaluation April 13, 2010
 Operator: Chesapeake Utilities.
 Location: Salisbury
 PSC Inspector: Carlos Acosta
 Pressure Regulation and Critical Valves- Maintenance Review
 Carlos reviewed Chesapeake O&M and pertinent maintenance procedures and selected records of Pressure Regulation Station and Critical valves. He used MD inspection check list (EN 43) to document his observations. He also observed field maintenance activities at Barclay Street Pressure Reg Station and Critical Valve at inlet to Pressure Reg Station. Carlos expressed concern with lack of pertinent details for maintenance of Pressure Reg Sta and Critical valves. For leak detection at valve maintenance activities, use of Combustible Gas Indicator (CGI).
 Operator: Eastern Shore Gas Co (Propane Distribution)
 Location: Ocean City
 PSC Inspector: John Clementon
 John checked Valve Maintenance Procedures and selected Valve records. He used State Inspection check list to document his observations. He made suggestions for making consistent and complete information for valve location sheets. Eastern Shore will address these concerns. He also observed field activities of Eastern crew at several randomly selected locations in Ocean City. He also conducted Operator Qualification Protocol #9 review. John conducted a brief exit interview. No major issues were found during this field activity.

12 Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Info Only Info Only
 Info Only = No Points

SLR Notes:

13 Field Observation Areas Observed (check all that apply) 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

SLR Notes:

14 Part F: General Comments/Regional Observations

Info Only Info Only

Info Only = No Points

SLR Notes:

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



PART G - PHMSA Initiatives - Strategic Plan

Points(MAX) Score

Risk base Inspections - Targeting High Risk Areas

1 Does state have process to identify high risk inspection units? 1.5 1.5
 Yes = 1.5 No = 0

Risk Factors (criteria) to consider may include:

Miles of HCA's, Geographic area, Population Density

Length of time since last inspection

History of Individual Operator units (leakage, incident and compliance history, etc.)

Threats - (Excavation Damage, Corrosion, Natural Forces, Other Outside Forces, Material or Welds, Equipment, Operations, Other)

SLR Notes:

I discussed to emphasize that PSC modify Written Inspection Procedures and add pertinent details to have a formalized process. However, PSC pays extra attention to IMP inspection protocols, incidents and history of operator violations. PSC did extensive efforts with WG's mechanical coupling issues, BG&E's directional drilling issues. Inspection intervals for various operators are followed carefully and additional follow-up inspections may be performed to deal with specific issues/ concerns

2 Are inspection units broken down appropriately? (see definitions in Guidelines) .5 0.5
 Yes = .5 No = 0

SLR Notes:

PSC follows Guideline for States for "Inspection Units" and prepares in annual Certification

3 Consideration of operators DIMP Plan? (if available and pending rulemaking) Info Only Info Only
 Info Only = No Points

SLR Notes:

4 Does state inspection process target high risk areas? .5 0.5
 Yes = .5 No = 0

SLR Notes:

As part of inspection process, high risk areas - pipeline facilities in populated areas, cast iron and bare steel pipes and review surveillance activities of LDCs.

Use of Data to Help Drive Program Priority and Inspections

5 Does state use data to analyze effectiveness of damage prevention efforts in the state? (DIRT or other data, etc) .5 0.5
 Yes = .5 No = 0

SLR Notes:

PSC actively participates and share damage prevention data analysis and analysis with other stakeholders and MD Gas Operators Advisory Committee (GOAC).

6 Has state reviewed data on Operator Annual reports for accuracy? .5 0.5
 Yes = .5 No = 0

SLR Notes:

PSC reviews Operator Annual Reports for accuracy.

7 Has state analyzed annual report data for trends and operator issues? .5 0.5
 Yes = .5 No = 0

SLR Notes:

PSC analyzes annual reports for possible trends. PSC indicated that amount of cast iron replacement shows slowing down of this activity by LDCs. PSC intends to monitor it.

8 Has state reviewed data on Incident/Accident reports for accuracy? .5 0
 Yes = .5 No = 0

SLR Notes:



During this audit review, PSC was requested to follow-up on several questions raised for Reportable Incidents listed in Certification Attachment -4 for updated and complete information. PSC agreed to follow-up and provide me an update.

9 Does state do evaluation of effectiveness of program based on data? (i.e. performance measures, trends, etc.) .5 0
Yes = .5 No = 0

SLR Notes:

PSC does not have any documented process

10 Did the State input all operator qualification inspection results into web based database provided by PHMSA in a timely manner upon completion of OQ inspections? Previous Question B.15 .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC had uploaded OQ inspection data/ results in OQDB in a timely manner.

11 Did the State submit their replies into the Integrity Management Database (IMDB) in response to the Operators notifications for their integrity management program? Previous Question B.16 .5 NA
Yes = .5 No = 0

SLR Notes:

12 Have the IMP Federal Protocol forms been uploaded to the IMDB? Previous Question B.17 .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC did not upload IMP inspections

13 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? Previous Question B.18 .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC communicated need for identifying plastic pipe defects.

14 Has state confirmed transmission operators have submitted information into National Pipeline Mapping System (NPMS) database along with any changes made after original submission? .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC indicated that three LDCs with jurisdictional gas transmission pipelines have already submitted into NPMS. PSC will check for any updated information, if applicable.

Accident/Incident Investigation Learning and Sharing Lessons Learned

15 Has state shared lessons learned from incidents/accidents? (i.e. NAPSRS meetings and communications) .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC shared with GOAC, NAPSRS and stakeholders.

16 Does the State support data gathering efforts concerning accidents? (Frequency/Consequence/etc) .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC has worked closely to support data gathering efforts.

17 Does state have incident/accident criteria for conducting root cause analysis? Info Only Info Only
Info Only = No Points

SLR Notes:

18 Does state conduct root cause analysis on incidents/accidents in state?

Info Only Info Only

Info Only = No Points

SLR Notes:

19 Has state participated on root cause analysis training? (can also be on wait list)

.5

0.5

Yes = .5 No = 0

SLR Notes:

PSC sent three inspectors A. Jaiyeola, Kalu Emeaba and Carlos Acosta to Root Cause Analysis training in 2009- Princeton, NJ

Transparency - Communication with Stakeholders

20 Other than pipeline safety seminar does State communicate with stakeholders? (Communicate program data, pub awareness, etc.)

.5

0.5

Yes = .5 No = 0

SLR Notes:

1 Rule Making COMAR Title 20 Sub Title 55, 56, 57 & 58
2. Call Before You Dig

21 Does state share enforcement data with public? (Website, newsletters, docket access, etc.)

.5

0.5

Yes = .5 No = 0

SLR Notes:

Available thru Public Information Act. Also MD State Web page provides access to Gas cases. Typical example- Case 9035 Gas Leaks (Couplings Issues with Washington Gas)
<http://webapp.psc.state.md.us>

22 Part G: General Comments/Regional Observations

Info Only Info Only

Info Only = No Points

SLR Notes:

Total points scored for this section: 8.5
Total possible points for this section: 9.5



PART H - Miscellaneous

Points(MAX) Score

1 What were the major accomplishments for the year being evaluated? (Describe the accomplishments, NAPS
Activities and Participation, etc.) .5 0.5
Yes = .5 No = 0

SLR Notes:

1. John Clmentson was nominated and appointed as Vice Chair of NAPS-ER. In addition, he is a NAPS Liaison Committe member.

2 What legislative or program initiatives are taking place/planned in the state, past, present, and future? (Describe
initiatives (i.e. damage prevention, jurisdiction/authority, compliance/administrative, etc.) .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC actively participated in a Stacholder group responsible to re-write Title 12 Damage Prevention law. MD legislature passed proposed changes and awiting Governor's signature.

3 Any Risk Reduction Accomplishments/Projects? (i.e. Cast iron replacement projects,bare steel,third-party
damage reductions, etc.) .5 0.5
Yes = .5 No = 0

SLR Notes:

1 Bare Steel repalcement- Eastern Shore gas met initial deadline. Since 2002, 24 miles of mains repalced and remaining 6 miles scheduled to be repalced by CY 2018
2. Columbia Gas entered into a 20-year repalcement program for abre steel and cast iron. In 2009, Columbia repalced 9 miles of bare steel pipe.

4 Did the state participate in/respond to surveys or information requests from NAPS or PHMSA? 1 1
Yes = 1 No = 0

SLR Notes:

PSC participated in several survey information requests from NAPS and PHMSA.
NAPS Survey on Impact of State Budget cuts on pipeline safety program(s) and PHMSA Survey of Fire First Incidents.

5 Sharing Best Practices with Other States - (General Program) .5 0.5
Yes = .5 No = 0

SLR Notes:

PSC shared Washington Gas mechanical coupling issues at NAPS-ER meeting

6 Part H: General Comments/Regional Observations Info Only Info Only
Info Only = No Points

SLR Notes:

Total points scored for this section: 3
Total possible points for this section: 3



PART I - Program Initiatives

Points(MAX) Score

Drug and Alcohol Testing (49 CFR Part 199)

- | | | | |
|----------|---|---|---|
| 1 | Has the state verified that operators have drug and alcohol testing programs?
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

in 2009, PSC performed five Durg & Alcohol inspections using State Form EN -10.

- | | | | |
|----------|--|----|-----|
| 2 | Is the state verifying that operators are conducting the drug and alcohol tests required by the operators program (random, post-incident, etc.)
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

in 2009, PSC performed five Durg & Alcohol inspections and verified using State Form EN -10 that operators are conducting random and post-incident tests

- | | | | |
|----------|---|----|-----|
| 3 | Is the state verifying that any positive tests are responded to in accordance with the operator's program?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

in 2009, PSC performed five Durg & Alcohol inspections using State Form EN -10

Qualification of Pipeline Personnel (49 CFR Part 192 Subpart N)

- | | | | |
|----------|---|---|---|
| 4 | Has the state verified that operators have a written qualification program?
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

PSC conducted OQ inspection using federal OQ Protocols

- | | | | |
|----------|--|----|-----|
| 5 | Has the state reviewed operator qualification programs for compliance with PHMSA rules and protocols?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

PSC reviewed OQ program and used OQ protocols to document results

- | | | | |
|----------|--|----|-----|
| 6 | Is the state verifying that persons who perform covered tasks for the operator are qualified in accordance with the operator's program?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

PSC reviewed OQ program and used OQ protocols to document results

- | | | | |
|----------|--|----|-----|
| 7 | Is the state verifying that persons who perform covered task for the operator are requalified at the intervals specified in the operator's program?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

PSC reviewed OQ program and used OQ protocols to document results

Gas Transmission Pipeline Integrity Management (49 CFR Part 192 Subpart O)

- | | | | |
|----------|--|---|---|
| 8 | Has the state verified that all operators with transmission pipelines have either adopted an integrity management program (IMP), or have properly determined that one is not required?
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

PSC conducted IMP Gas inspections on a 2-year basis (WG, BG&E and Columbia Gas of MD)

- | | | | |
|----------|--|----|-----|
| 9 | Has the state verified that in determining whether a plan is required, the operator correctly calculated the potential impact radii and properly applied the definition of a high consequence area?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

PSC reviewed IMP program and used Gas IMP protocols to document results

10	Has the state reviewed operator IMPs for compliance with Subpart O? (In accordance with State Inspection plan) Yes = .5 No = 0	.5	0.5
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SLR Notes:

PSC reviewed GIMP program and used IMP protocols to document results

11	Is the state monitoring operator progress on the inspections, tests and remedial actions required by the operator's IMP, including that they are being done in the manner and schedule called for in its IMP? Yes = .5 No = 0	.5	0.5
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SLR Notes:

PSC reviewed GIMP program and used IMP protocols to document results

12	Is the state verifying that operators are periodically examining their transmission line routes for the appearance of new HCAs? Yes = .5 No = 0	.5	0.5
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SLR Notes:

PSC reviewed GIMP program and used IMP protocols to document results

Public Awareness (49 CFR Section 192.616)

13	Has the state verified that each operator has developed a continuing public awareness program? (due date was 6/20/06 for most operators, 6/20/07 for certain very small operators, 6/13/08 for master meters) Yes = .5 No = 0	.5	0.5
-----------	--	----	-----

SLR Notes:

PSC received and reviewed Public Awareness Program from jurisdictional operators. 6 out of 7 IDCs were inspected. MMO will be inspected as part of next routine inspections

14	Has the state reviewed the content of these programs for compliance with 192.616 (by participating in the Clearinghouse or by other means)? Yes = .5 No = 0	.5	0.5
-----------	--	----	-----

SLR Notes:

15	Is the state verifying that operators are conducting the public awareness activities called for in its program? Yes = .5 No = 0	.5	0.5
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SLR Notes:

16	Is the state verifying that operators have evaluated their Public Awareness programs for effectiveness as described in RP1162? Info Only = No Points	Info Only	Info Only
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SLR Notes:

17	Part I: General Comments/Regional Observations Info Only = No Points	Info Only	Info Only
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SLR Notes:

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

