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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities

Chris Parker, Director
Energy Section
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Doug Wheelwright, Technical Consultant
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Pipeline Safety
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Date: July 11, 2014

Subject: Action Request Response in Docket 14-999-02, Questar Confidential Semi-Annual Training Report.

BACKGROUND:

Following a tragic event and after nearly two years of proceedings, Docket No.07-057-04 concluded on November 20, 2008 with an order from the Utah Public Service Commission (Commission) approving a settlement stipulation between the Division of Public Utilities (Division) and Questar Gas (Company) requiring that the Company file a Confidential Semi-Annual Training Report (Report) within sixty days from June 30 and December 31 of each year outlining what the Company had done regarding its safety training. This current docket (14-999-02) is the Report for the year 2013.

ISSUE:

On January 21, 2014 the Company submitted its Report to the Commission. On April 17, 2014 the Commission issued its Action Request to the Division to: “review and evaluate the January 21, 2014 Questar Confidential Semi-Annual Safety Training report for compliance with the Commission’s November 20, 2008, Order approving a settlement stipulation between Questar

Gas Company and the Division of Public Utilities in Docket No. 07-057-04, “In the Matter of the Request of the Division of Public Utilities for Enforcement Action Under the Natural Gas Pipeline Safety Act Against Questar Gas Company.”

On June 10, 2014 the Division requested a deadline extension of that Action Request noting that data requests were still outstanding. The Division received the final data request response, analyzed the Company’s answers, and compared them to the action required by the Commission’s order. The Division has now completed its review and evaluation and offers this reply specifically addressing how closely the Company adhered to the Commission’s 2008 order.

DISCUSSION:

Review:

Docket 07-057-04 concluded on November 20, 2008 (after nearly two years of proceedings) with an order from the Commission approving the settlement stipulation between the Division and the Company. In this order, the Commission delineated six specific points ordering that Questar Gas:

1. Provide the Division an amount not to exceed \$40,000 to hire a natural gas industry expert to audit Questar Gas’ current policies and procedures relating to five specific areas: (1) emergency call processing and response procedures; (2) emergency evacuation procedures; (3) scene control; (4) gas migration; and (5) operator’s training and qualification for employees performing these tasks;
2. Provide input to the expert and, to the extent that the expert’s recommendations are reasonable in cost and consistent with industry and included in the stipulation were standards and practices of similarly situated natural gas companies in the Western United States, Questar Gas will implement those recommendations.
3. Provide the Division with information about the safety training it conducted in 2006, and will increase the total number of safety training hours for employees by ten percent in 2008;
4. Provide the Division with information on training conducted for third-party excavators in conjunction with the Blue Stakes Center of Utah for 2006 and will increase the number of volunteer training hours to the Blue Stakes Center of Utah by ten percent in 2008;
5. Create a laminated hang tag to be distributed to all third-party excavators that provides information in both English and Spanish that explains what to do in the event a natural gas line is damaged; and
6. Provide semi-annual reports to the Commission within 60 days of June 30 and December 31 explaining the type and hours of training conducted both in-house at Questar Gas and in conjunction with the Blue Stakes Center of Utah.

The Division’s investigation has been an effort to determine if the Company has abided by each of these six tasks mentioned in the order.

Evaluate compliance with the Commission's order

It has been nearly six years since this agreement so there should be ample evidence of work undertaken to abide by the Commission's order. The Division has conducted its investigation and submits this evaluation of each of the six sections of the agreement and order.

Namely; did Questar Gas:

1. Provide the Division an amount not to exceed \$40,000 to hire a natural gas industry expert to audit Questar Gas' current policies and procedures relating to five specific areas: (1) emergency call processing and response procedures; (2) emergency evacuation procedures; (3) scene control; (4) gas migration; and (5) operator's training and qualification for employees performing these tasks;

- Response:

While the Division did hire a consultant to audit the Company's policies and procedures, neither the Division, nor Questar Gas have any record of the Division having provided the Company the appropriate invoices—an internal search within the Department of Commerce indicates that the invoice was not forwarded to the Company. Therefore, on June 10, 2014 the Division forwarded an invoice to the Company requesting payment. The Company paid the invoice on June 24, 2014 (check #199342). Therefore, the Company is compliant with this part of the order.

2. Provide (1) input to the expert and, to the extent that the expert's recommendations are (2) reasonable in cost and consistent with industry and included in the stipulation were standards and practices of similarly situated natural gas companies in the Western United States, Questar Gas will (3) implement those recommendations.

- Response:

1. Provide Input: On August 12, 2009 the Division submitted the audit of the 'industry expert' it hired to the Commission. The expert stated in his report "During the interviews, I was provided all of the information and source documents requested and it appeared that all interviewed personnel attempted to answer the questions fully and to the best of their ability. At my request, Questar's attorney was present for all of the interviews and had the opportunity to restrict and employee's answer or refuse to provide the requested documents. There was not a single restriction placed on any question, answer, or document request." (See APR Consultants Evaluation and Audit of Questar Gas Company. May 29, 2009) Therefore, the Company did "provide input to the expert" and is compliant with this part of the Commission's order.

2. Reasonable: Apparently "the expert's recommendations are reasonable in cost and consistent with industry consultants" because the Company has had plenty of opportunity and years of time to refute the expert's findings

and recommendations, and to date, it has not. Therefore, the Company is compliant with this aspect of the Commission's order.

3. Will Implement: The Company committed to "implement those recommendations" if they met the requirements above. The expert made eight recommendations for the Company to implement. Namely that:
1. It would "consider implementing an ongoing review program to simplify procedures as much as possible and make all manuals and reference documents more user friendly."
 2. It should upgrade the current leak grading system.
 3. It should expand the training on natural gas migration to provide additional information regarding:
 - a. Migration Dynamics
 - b. Conduited Flow of Gas
 - c. Gaseous Clouds
 4. It should "consider making the following revisions to the Technical Service Policies and Procedures Manual"
 - a. Remove the term "Policies".
 - b. Update the current leak grading system
 - c. When testing for inside gas leaks, one point should be at the top of the door
 - d. Below ground leak detection should not be done using an atmospheric combustible gas indicator
 - e. Bar hole test documentation should at least, include location, time and gas concentration
 5. It should expand the training of emergency responders with in-house annual training on implementing the plan
 6. Consider sending a manager/trainer to attend outside training on natural gas emergencies
 7. It should "require that contractors and mutual assistance personnel performing covered tasks on the Questar Gas system be qualified, as a minimum, to the requirements of the Questar Operator Qualification Program"
 8. It should consider purchasing additional Remote Methane Leak Detectors "units over the next five years so that each district office has a unit."

According to the expert, these eight recommendations listed above were "offered to assist Questar in their efforts to continually improve their operations, practices and procedures. No recommendations were necessary to correct pipeline safety violations or to address significant deviations from prevailing industry practices."

- Response:
For each of the above eight recommendations, the Company states that it has/is:
 1. Consolidating its Operations, Maintenance and Emergencies (O. M. & E.) manual into the Company's standard practices manual, and that it reviews and updates each manual regularly.
 2. Adopted this change in 2010.
 3. Training its field employees in each of the specified areas as part of required annual training.
 4. Continually reviews these issues and updates its procedures as needed. Specifically:
 - a. It is currently consolidating its O, M, & E, manual into the Company's standard practices manual. This should avoid any confusion regarding the work "policies" and remove the term "Policies".
 - b. It uses the Leak Classification and Action Criteria provided in the 2009 GPTC Guide, as recommended.
 - c. Tests for leaks at the top of the door.
 - d. Current leak screening and probing practices are consistent with the recommendations contained in Mr. Russo's report.
 - e. Standard practices are consistent with this recommendation and the documentation includes the referenced data.
 5. Joined the Pipeline Association for Public Awareness (PAPA) to work with first responders in conducting simulated exercises and periodically conducts its own mock emergencies in various districts.
 6. Sends managers and trainers to safety and emergency training conducted by the Western Energy Institute (WEI), the American Gas Association (AGA), and other organizations.
 7. Require anyone working in its gas system to meet the requirements of the Questar Operator Qualification Program.
 8. Seven Remote Methane Leak Detectors (RMLD), and has budgeted for another unit, and will periodically consider purchasing additional units as needed.

According to these statements from the Company it appears that each of these eight recommendations listed by the expert are being or have been implemented. Therefore, the Company is compliant with this aspect of the Commission's order.

3. Provide the Division with information about the safety training it conducted in 2006, and increase the total number of safety training hours for employees by ten percent in 2008;
 - Response:

When the hours spent in safety training for 2006 are compared with the hours spent in safety training in 2008, the increase has been more than the ten percent agreed to. Therefore, the Company is compliant with this aspect of the Commission's order.

4. Provide the Division with information on training conducted for third-party excavators in conjunction with the Blue Stakes Center of Utah for 2006 and increase the number of volunteer training hours to the Blue Stakes Center of Utah by ten percent in 2008;
 - Response:
When the hours and money spent in Blue Stakes training for 2006 is compared with 2008, the increase has been more than the ten percent agreed to. Therefore, the Company is compliant with this aspect of the Commission's order.

5. Create a laminated hang tag to be distributed to all third-party excavators that provides information in both English and Spanish that explains what to do in the event a natural gas line is damaged;
 - Response:
On June 25, 2014 the Company hand delivered the tag spoken of to the Division. Also, the Company affirmed that it was mailing out these tags to each excavating company and other contractors who may do subterranean work, requesting that they hang these tags on each piece of equipment involved in the work. The Company also states that it provided a contact number for the excavator to call if the contractor wanted more tags, which the Company would provide free of charge. Finally, the Company also stated that it will periodically mail out replacement tags, because they may get torn off, or the equipment gets replaced. Therefore, the Company is compliant with this aspect of the Commission's order.

6. Provide semi-annual reports to the Commission within 60 days of June 30 and December 31 explaining the type and hours of training conducted both in-house at Questar Gas and in conjunction with the Blue Stakes Center of Utah.
 - Response:
Neither the Division nor the Company (nor are the reports available on the Commission's web site) have been able to locate many of these reports. In response to a request for copies of these reports the Division received the following statement: "The Company has been unable to find copies of the reports for the 2nd half of 2009, 2010 and 2011. However, the data for training during those time periods is shown in DPU 1.09 Attachment 2. The reports for 2012 are attached as DPU 1.09 Attachment 3 and 4."
There are two parts to this section of the order; first is the issuance of the reports, and second is when the reports should be submitted. As just stated, two and a half years of reports are missing (notwithstanding the Company provided the Division training information for these time periods on June 10, 2014 although

the reports were apparently not filed). Clearly some of the reports have not been filed within the sixty day time frame as required. Therefore, the Company is not in compliance with this aspect of the Commission's order regarding either the filing of the reports or the timeliness of these filings.

ADDITIONAL COMMENTS:

The Order provided guidance in a few specific areas for the Company to improve in between 2006 and 2008. However, the Division believes that the intent of the order, regarding the Report, was that it should have provided information showing the Division and Commission that the Company was training its operational employees properly and completely. The Division believes that the current reports are inadequate and incomplete. For example;

- The most recent report dated January 21, 2014 stated that the total hours spent on training was 76,085. In a data request the Division asked "how the 76,085 was derived and specifically what training this is referring to and for which employees such that it sums to the total." The Company's response stated that the 76,085 was in error. That the real number was 85,557. The report was wrong by nearly ten thousand hours or about seventeen hours per employee (more than two days) that was apparently lost, miscalculated or mischaracterized.
- Areas of training come into and out-of existence from year-to-year,
- This current report claims that each of the 545 operations employees spent an average of 157 hours per year in training. This is the equivalent to approximately 20 days per employee per year, or basically one work month each year. If this is compared to the hours training reported in 2006 employees are spending nearly seven times the amount of training in 2013 as they did in 2006.
- When the Division asked the Company to "describe where, and when the meetings are conducted, by whom and provide copies of itineraries or topics discussed." The Company's response stated that "Each employee must participate in 12 monthly safety meetings each year. Ten of the meetings are required subjects. Each employee selects two additional trainings from a list of electives." We presume that the response indicates that this information is not available.

The Division believes that it would have been reasonable for the Company to produce a detailed report. Specifically, the Report would include a listing of which employee attended which training meetings, when and where the training meetings were conducted, by whom and what were the topics discussed. The Division believes that the relevance of the current report which shows some twenty days per year (presumably every year) spent in 'training' without the Company being able to provide the specifics of that training, is questionable at best.

SUMMARY AND CONCLUSION:

The expert's audit "found that the company is in compliance with applicable federal and state pipeline safety regulations. In many areas, Questar not only meets, but exceeds, minimum regulatory requirements and prevailing industry practices." He also found that "the company not only has the required procedures, but is implementing and properly documenting regulatory compliance with those procedures."

As of the date of this response, the Company is in compliance with the majority of the Commission's order. However, it has not been compliant with #6 (provide its Semi-Annual Training Report each six months, within sixty days from June 30 and December 31 of each year). Additionally, many of the requirements in the order were fulfilled much later than would be expected.

At this time the federal government has safety training requirements that the Company's operators must abide by. The Division's Pipeline Safety division monitors the Company's adherence to these federal safety training requirements on a regular basis.

RECOMMENDATION:

The Division recommends that the Commission discontinue the requirement that the Company provide a Semi-Annual Training Report each six months, within sixty days from June 30 and December 31 of each year.

The report fulfilled its stated purpose of showing that the Company's training levels increased from 2006 and is no longer relevant. Neither the Division, nor Pipeline Safety use the information contained in the Report. Therefore, the Company should not be required to provide a Semi-Annual Training Report any longer. The Division recommends that the requirements of the Commission's order in Docket No. 07-057-04 be considered, in the aggregate, completed and closed.

CC: Austin Summers, Questar Gas Company
Kelly Mendenhall, Questar Gas Company
Michele Beck, OCS