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November 27, 2024

Senator Ricky Hill
Chair, Insurance and Commerce Committee
1 Capitol Mall, 5th Floor
Little Rock, AR 72201

Representative John Maddox
Chair, Insurance and Commerce Committee
1 Capitol Mall, 5th Floor
Little Rock, AR 72201

Re: Arkansas Public Service Commission Pipeline Investigation Report

Dear Chairs:

The Arkansas Public Service Commission appreciates the opportunity to present the following investigative report to the Joint Insurance and Commerce Committee, and believes that the report fully addresses the questions posed during the October 28, 2024, meeting of the Joint Committee. We endeavored to present this information in the most efficient and informative format.

Please do not hesitate to contact me with any questions.

Sincerely

A handwritten signature in blue ink that reads "Doyle Webb". The signature is fluid and cursive, with a long horizontal stroke at the end.

Doyle Webb
Chairman

Arkansas Public Service Commission Pipeline Investigative Report

Objectives: In a meeting of the Joint Insurance and Commerce Committees (Committee) of the Arkansas General Assembly on October 28, 2024, the need for a fact-finding and analysis became apparent, and the Committee affirmatively voted on a motion directing the Arkansas Public Service Commission (APSC) to produce a report back to the Committee by the end of November. The APSC has undertaken steps internally to gather information to help inform decisions. The following questions guided the APSC's review:

1. Has the APSC found any concern with its Pipeline Safety Office oversight of CenterPoint Arkansas or Summit?
2. Does any evidence readily available to the APSC through previous and current dockets suggest that CenterPoint Arkansas, the former owner of the largest natural gas utility in the state, acted in noncompliance with its maintenance efforts concerning its pipeline infrastructure?
3. Does any evidence in Summit Arkansas's (Summit) rate case APSC Docket No. 23-079-U, or other information readily available to the APSC, suggest that Summit, now the owner of the assets formerly owned by CenterPoint Arkansas, acted in noncompliance with maintenance efforts concerning pipeline infrastructure?
4. Does any evidence in Summit's rate case, or other information readily available to the APSC, suggest that Summit over-invested in its pipeline infrastructure?
5. Does any evidence in Summit's rate case, or other information readily available to the APSC, suggest that Summit overpaid for the assets purchased from CenterPoint Arkansas?

Findings:

1. The APSC does not find deficiencies in its Pipeline Safety Office's oversight of CenterPoint Arkansas and Summit, and instead finds that its Pipeline Safety Office has gone above and beyond in its charge to regulate the safety of gas pipelines in Arkansas.
2. The APSC has not found evidence, neither in its dockets nor in other readily available information, that CenterPoint Arkansas was noncompliant in its maintenance of its pipeline infrastructure.
3. The APSC has not found evidence, neither in its dockets nor in other readily available information, that Summit has been and/or is noncompliant in its maintenance of its pipeline infrastructure.
4. The APSC has not found evidence, neither in its dockets nor in other readily available information, that Summit over-invested in its pipeline infrastructure.
5. The APSC has determined that whether or not Summit overpaid for the assets purchased from CenterPoint Arkansas, that Summit shall not be able to recover any "goodwill" in excess of book value from Arkansas ratepayers.

Background:

The APSC's Pipeline Safety Office regulates the safety of gas pipelines for intrastate natural gas operators in Arkansas. Pipeline safety laws fall under federal authority in Title 49, United States Code. Chapter 601 of Title 49 establishes the framework for promoting pipeline safety via federal authority for regulation of interstate pipeline facilities and federal delegation to the states for all or part of the responsibility for intrastate pipeline facilities under an annual certification or agreement. The Arkansas Natural Gas Pipeline Safety Act, Ark. Code Ann. §23-15-201 et seq., empowers the APSC to obtain a certification with the federal government to regulate gas pipeline safety of

intrastate natural gas operators. The APSC's Pipeline Safety Office enforces pipeline safety rules contained in the Arkansas Gas Pipeline Code and the Federal Pipeline Safety Regulations Parts 190 to 199.

The Pipeline Safety Office enforces pipeline safety rules by inspecting four natural gas distribution utilities, twenty-six intrastate natural gas operators, and 163 master meter gas systems for operating safety, gas leakage, and the control of corrosion. The inspections ensure that gas operators comply with the Arkansas Gas Pipeline Code. The Pipeline Safety Office is responsible for 1,761 miles of intrastate gas transmission and gathering pipelines, 20,352 miles of gas distribution mains, and 676,413 individual gas service lines.¹

The Pipeline Safety Office works closely with the Federal Office of Pipeline Safety. Each year, the Federal Office of Pipeline Safety, through its Pipeline and Hazardous Materials Safety Administration (PHMSA), evaluates the Pipeline Safety Office for compliance with federal certification requirements, and the APSC's Pipeline Safety Office consistently receives high evaluations from the Federal office.

PHMSA requires that natural gas pipeline operators establish integrity management programs, such as a Transmission Integrity Management Program (TIMP) and a Distribution Integrity Management Program (DIMP). These programs are regulatory frameworks which require pipeline operators to identify, assess, and mitigate potential risks associated with their transmission and distribution lines, respectively, aiming to ensure safety and prevent incidents. While operators are required to implement these integrity management plans, each individual operator sets the detailed procedures for its integrity management plan(s), within a framework established by PHMSA, to

¹ See Attachment 1 for Pipeline Safety Office Operation and Inspection Plan for details on the inspection process and procedure.

inspect pipelines, identify threats, and repair and replace pipelines. Operators must submit performance measure reports annually to PHMSA.

Analysis:

1. During the course of this review, the Pipeline Safety Office provided extensive operating policies and procedures which it follows for inspection and citation of possible violations. The Pipeline Safety Office keeps records of all inspections, which include both onsite physical inspection and records inspection of utilities and other gas pipeline operators. When asked to produce records regarding CenterPoint Arkansas and Summit, the Pipeline Safety Office readily provided documents. The APSC has found that its Pipeline Safety Office operated at a highly competent level during its regulation of CenterPoint Arkansas, including the sale of assets from CenterPoint Arkansas to Summit, and that the Pipeline Safety Office continues to operate at that level today.
2. From 2016 to 2021, the last five years during which CenterPoint Arkansas owned its Arkansas assets, the APSC Pipeline Safety Office conducted 133 inspections of CenterPoint Arkansas's pipelines and records. In accordance with its then-current TIMP and DIMP, CenterPoint Arkansas replaced nearly 468 miles of pipeline between 2016 and 2021. Some of these replaced miles included updating from iron pipes to plastic. In its recent rate case, Summit testified that CenterPoint Arkansas underwent audits for TIMP in 2016 and DIMP in 2019, before Summit acquired these assets.²
3. As part of Summit's recent rate case, Summit filed testimony explaining that the PHMSA Mega Rule, a comprehensive and sweeping set of pipeline regulations which

² See Direct Testimony of Vernon McNully (Doc. #25) in APSC Docket No. 23-079-U.

first went into effect in 2020, is a major overhaul of natural gas pipeline regulations. Summit testified that the Mega Rule was implemented in three parts, with the first part focusing on material verification, assessment expansion, and record keeping; the second part focusing on integrity management, corrosion control, and inspection requirements; and the third part expanding PHMSA's jurisdiction over onshore gathering lines. Capital investment dedicated to improvement of Summit's pipeline infrastructure represents 62 percent of Summit's total capital investment for the year 2023.

Summit testified that its TIMP and DIMP are reviewed at least annually, with the possibility of more frequent reviews based on the identification of new threats or changes to existing ones. Summit's TIMP and DIMP are both reviewed by the APSC's Pipeline Safety Office, and Summit used the previously-reviewed TIMP and DIMP of CenterPoint Arkansas to help formulate its own TIMP and DIMP. Summit uses continued analysis of assets through its integrity management plans to effectively identify and target replacement areas. They noted in testimony that system behavior analysis and risk evaluation tools are used to address the risks associated with which assets are targeted for replacement, and that ongoing analysis may lead to further replacement or mitigation.³ From 2022 to present, the Pipeline Safety Office has conducted 82 inspections of Summit's pipelines and records.

4. Summit testified that it increased its replacement activity in recent years due to the significant number of facilities installed in the 1960's and earlier that have surpassed 50 years of age and have reached the end of their useful lives. In 2022 and 2023, Summit replaced a total of 53.33 plastic pipeline miles, in accordance with its TIMP

³ *Id.*

and DIMP. Additionally, the Mega Rule, as mentioned above, tripled the miles of transmission pipe which require assessment resulting in an impact to costs.⁴ Since 2021, as a comparison, Summit has seen less growth in its gross plant⁵ compared to other gas utilities in Arkansas.

5. As part of the APSC’s ruling in Docket No. 21-060-U, which approved the sale of CenterPoint Arkansas’ Arkansas assets to Summit, Summit was prohibited from directly or indirectly seeking recovery of any acquisition premium⁶ associated with the transaction, and could not include any such acquisition premium in its capital structure for regulatory or ratemaking purposes.⁷ As such, Summit testified in the present rate case that it was required to remove the debt and equity associated with the acquisition premium, or “goodwill,” that was acquired as part of the acquisition in January of 2022, and that it conservatively assumed in its adjustments that the goodwill acquired as part of the acquisition was financed with 37.5 percent debt and 62.5 percent equity.⁸

Next Steps:

In the requirements laid out by the APSC in its recent Order No. 12, the APSC directed Summit to continue filing quarterly reports until the time when Summit files a future rate case. In addition to the quarterly reports Summit must file per this order, the APSC’s Pipeline Safety Office will continue to inspect and monitor Summit, just like any other utility or operator within APSC jurisdiction, and the Pipeline Safety Office will continue to ensure that Summit maintains compliance of its pipeline infrastructure.

⁴ *Id.*

⁵ Gross plant refers to the book value cost of in-service infrastructure.

⁶ Acquisition premium refers to the amount paid for the assets above the book value.

⁷ See *Joint Motion to Approve Settlement Agreement and to Waive Hearing* (Doc. #126) in APSC Docket No. 21-060-U.

⁸ See *Direct Testimony of Craig Root* (Doc. #31) in APSC Docket No. 23-079-U.

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ARKANSAS PUBLIC SERVICE COMMISSION PIPELINE SAFETY OFFICE OPERATION AND INSPECTION PLAN

SCOPE:

Each employee in the Arkansas Pipeline Safety Office (PSO) performing duties covered by this plan must be knowledgeable regarding all parts of the plan that pertain to the specific job duties being performed by that employee.

PURPOSE:

This plan has been designed to standardize the planning, scheduling, and daily operations of the PSO.

PROCEDURES:

1. Planning and Scheduling

- 1.1** The Arkansas Pipeline Safety Program Manager (PSPM) shall prepare a proposed inspection schedule for each assigned Pipeline Safety Coordinator (inspector). Each inspector is expected to complete their inspection schedule by the end of the calendar year. If an inspector cannot complete the inspection schedule by the end of the calendar year, the remaining inspection(s) shall be carried over to the next calendar year. The inspection(s) that were carried over from the previous year shall be performed before the next calendar year inspection schedule. Each inspector is expected to have accumulated at a minimum, 85 person days (man-days) by the end of each calendar year. Man-days are calculated by the number of days in a year an inspector is traveling and performing job assignments that require formal written reports to be recorded in the PSO file of records.
- 1.2** All pipeline safety inspections, formal complaint investigations, testimony preparation, filing and hearing dates, training, and leave shall be planned and scheduled. All training and leave must be approved by the (PSPM).
- 1.3** The selection processes by which inspections are scheduled have been prioritized by meeting one of the following criteria:
 1. Length of time since last inspection.
 2. Significant change in mode of operation, such as management/personnel.
 3. Reported high leakage and lost and unaccounted for gas.

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4. Increased or significant construction activity
5. History of the operator.
6. Risk/Threat base data analysis.

Each master meter and pipeline operator unit shall be inspected at 0-3 calendar year intervals, not to exceed 5 years.

- 1.4 The PSO utilizes a Federal Inspection Checklists with revisions as necessary to incorporate more stringent Code requirements of the State. The inspection checklist shall be updated to reflect the revisions made to the Federal inspection checklist as needed.

2. Pre-Inspection Guidelines

- 2.1 Each scheduled inspection shall be coordinated with the operator prior to the scheduled inspection date. Coordination of scheduled inspections shall be made as soon as practical prior to the inspection via telephone or email. The coordination communications shall contain as a minimum the purpose, arrival date and time, and name of operator personnel responsible for coordinating records and field inspection.
- 2.2 Activities to be conducted by the inspector prior to conducting any inspection should include:
 1. Acquiring the appropriate documents, forms, equipment needed for each type of inspection.
 2. A complete review of previous inspections performed by the PSO within the past 6 years for pipeline operators and 3 years for a master meter operator.
- 2.3 The contact information for each jurisdictional operator within the State of Arkansas is maintained in the Pipeline Program Database (PIPE). The name of the operator, the units associated with that operator, the addresses, and an authorized official are stored and maintained in the database for all pipeline safety related correspondence.

3. Inspection and Evaluation Activities

- 3.1 PSO inspections shall be performed on the gas operators' maintenance records and outside field facilities. All inspections shall be performed utilizing an inspection checklist to determine the operators' compliance with the standards established by Federal and PSO's Arkansas Gas Pipeline Code (Code) requirements.

Activities to be conducted during the inspection include but not limited to:

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1. Opening interview with the operator's personnel to discuss the forthcoming inspection, required records, and the inspection process.
 2. Each standard inspection will include a complete review of the operator's procedures, all required Code records, and pipeline facilities in the field where appropriate for the inspection type.
 3. Exit interview with appropriate operator personnel to review findings.
- 3.2** Upon completion of the inspection and before the final inspection report is written, an exit interview will be conducted and recorded within 30 days with the operator's representatives to discuss issues found during the inspection. The inspector shall generate an inspection report utilizing the PIPE program. Before the report is complete, the inspector will review the report with the PSPM for finalization.
- 3.3** If there were no probable violations found during the inspection, the operator shall be sent a Notice of Inspection within 30 days of exit interview signed by the PSPM stating there were zero non-compliance issues found during the inspection. The inspection letter serves as the report closure letter.
- 3.4** If there were non-compliance issues found during the inspection, the operator shall be sent a Notice of Probable Violation (NOPV) report within 30 days of exit interview detailing each probable violation discovered during the inspection. An operator NOPV report shall be sent to the company officer or Chief Executive Officer, consistent with Chapter 5 of PHMSA'S Guidelines for States Participating in the Pipeline Safety Program (PHMSA Guidelines). A master meter NOPV report shall be sent to the property owner or property management officer. Contact name(s) and address(es) for each jurisdictional operator can be found in PIPE. Each probable violation must be clearly documented by referencing a specific paragraph in the Code. Reports are sent to master meter and gas operators notifying them of the required actions and establishing a suspense date, 60 days from the mailing date of the NOPV report.
- 3.5** The operator is responsible for supplying a written response to the PSO by the suspense date, explaining its corrective action for each individual probable violation listed in the inspection report.
- 3.6** Once an operator has sent in their written response and it has been approved by the PSPM, the inspection report is then closed-out in PIPE and notated as closed in the Inspection Data Spreadsheet located on the server. A closure letter is printed from the PIPE program and sent to the appropriate operator personnel. The operator's written response is attached to the inspection report, the PSPM signs the report, and the report is filed by the AA. All closed inspection reports shall be scanned into the PIPE database.
- 3.7** If an operator needs more than 60 days to correct a probable violation(s), the operator may request an extension in writing, explaining in detail their reason for

requesting more time. All requests for extension of time must be approved by the PSPM.

- 3.8** The PSO may initiate a proceeding before the Commission to request that the Commission issue a show cause order if an operator has not made a sufficient effort to correct all the probable violations listed in an inspection report by the suspense date. The PSO shall address the severity of the probable violation in its request for a show cause order. An operator has 20 calendar days after receipt of service of the PSO's motion requesting a show cause order to respond in writing.
- 3.9** A suspense file has been established to monitor the compliance of all inspection reports. Each inspector is responsible for monitoring compliance dates for their respective inspections and communicating with the PSPM as necessary in the event corrective actions are delayed. The PSPM is responsible for regularly reviewing the suspense file to monitor the progress of compliance action(s) to prevent delays or breakdowns.

4. Inspection Procedures

4.1 Standard (I) (T) (G) (M) Inspection

A standard inspection is conducted on distribution (I), transmission (T), gathering (G), and master meter (M) operators. The inspection includes a review of the operator's procedures, all required Code records, and pipeline facilities in the field.

The Operators Public Awareness Program is also a part of standard inspection. Each inspector, during the inspection process, should ensure that the operator is aware of the Common Ground Alliance DIRT program and encourage the operator to consider participating in that program.

Risk based inspections shall be performed during each standard inspection, if it has been determined by the PSO's "Risk Analysis Model" that the operator has known risk(s) to its pipeline system. The inspector shall become aware of each operator's known risk by reviewing the Risk Analysis Model that has been stored in the GW Case file, prior to each transmission, distribution, and gathering line inspection. The operator must provide records that support identified threats and a risk assessment of its pipeline facilities. Preventive and mitigation measures which provide a means for remediation of each known risk shall be evaluated by the inspector.

OQ field inspections shall be performed during standard inspections as time permits. The inspector shall inform a company official that he would like to observe an employee performing their covered task(s). The inspector shall verify that the employee is qualified to perform task and following company procedures

while performing that task. The inspector shall document and include any recommendations or Code violations in the inspection report. OQ inspections shall be performed on all Master Meter inspections.

Upon completion of the inspection, the inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

4.2 Follow-up (F)(FM) Inspection

All follow-up inspections shall be approved by the PSPM. An operator shall be notified in advance before the date of the inspection. This shall allow the operator time to make available the necessary personnel for evaluating corrective actions outlined in a previous inspection report. If the PSPM determines that prior notification is not warranted a desired notice will not be given. A follow-up inspection can be based on the following criteria:

1. History of operator.
2. Numerous violations were found during the previous inspection.
3. Inadequate response(s) to probable violation.
4. Operator failed to respond to inspection report.

A follow-up inspection report shall be mailed to the operator. The operator shall have 30 days to correct any probable violations found during the inspection.

4.3 Operator Qualification (OQ) Inspection

OQ inspections shall be performed utilizing the "OPS Operator Qualification Inspection Form". The inspection form is used to determine operator's personnel qualifications to perform operations and maintenance tasks on a pipeline system, and to verify an operator's Written OQ Plan meets the Code requirements.

Upon completion of the inspection, an inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

OQ inspections shall be based on a five-calendar year interval unless the PSPM deems necessary sooner than 5-year interval. The operator shall be required to furnish records for those employees that have been re-evaluated for failure to perform a covered task that contributed to an incident, previously considered not qualified to perform a covered task, and those individuals no longer performing covered task within the past five years. All OQ Inspection Reports shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

4.4 Integrity Management (IM) Inspection

IM inspections shall be performed on all intrastate gas transmission pipeline facilities. IM inspections shall be performed utilizing the "Gas Integrity Management Protocols (Protocols)". An inspector must be certified in Integrity Management before he is allowed to lead an IM inspection. An inspector is certified through the Training Qualifications (TQ).

During the inspection process, the inspector is required to meet with operator personnel that oversee the IM Program and are qualified to answer questions contained in the Protocols. As of December 17, 2004, an operator is required to have a written IM Program if a segment of pipeline is contained within a High Consequence Area (HCA). The inspector shall evaluate the operator's written IM Program and ascertain oral and written responses as they relate to each specific IM Protocol question.

Upon completion of the inspection, an inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

IM inspections shall be based on a five-calendar year interval, or as often as deemed necessary by the PSPM. The operator shall be required to furnish all documentation for its re-evaluation of HCA's, pipeline assessments, and remediation of any anomalies found during assessment.

Integrity Management Reviews (IR) shall be conducted periodically after every scheduled IM inspection. The IR shall include a review of HCA re-evaluations, pipeline assessments, any new and current threats identified by the Operator.

4.5 DIMP (DI) Inspection

DIMP inspections shall be performed on all intrastate gas distribution pipeline facilities except Master Meter operators. DIMP inspections shall be performed utilizing the "Distribution Integrity Management Protocols". An inspector must be certified in DIMP Management before he is allowed to lead a DIMP inspection. An inspector shall be certified through the Training Qualifications (TQ).

During the inspection process, the inspector is required to meet with operator personnel that oversee the DIMP Program and are qualified to answer questions contained in the Protocols. The inspector shall evaluate the operator's written DIMP Program and ascertain oral and written responses as they relate to each specific DIMP Protocol question.

Upon completion of the inspection, the inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

DIMP inspections shall be based on a five-calendar year interval, or as often as deemed necessary by the PSPM. The operator shall be required to furnish all documentation for its re-evaluation of pipeline assessments, and remediation of any anomalies found during assessment.

4.6 Construction (C) Inspection

Construction inspections generally will be performed on major pipeline construction projects, such as intrastate transmission pipelines, direct sales laterals, distribution pipelines, new construction projects utilizing new technology, or main replacement projects. Each inspector shall use a Construction Inspection checklist when performing a major pipeline construction inspection with particular interest in welding procedures, the welding operation itself, joining other than welding records and their procedures. During the field inspection, the inspector will observe as many of the construction activities and procedures as time allows, as well as the following up on the welding/joining procedures. Construction project inspections shall be inspected as assigned by the PSPM.

Upon completion of the inspection, the inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

4.7 Public Awareness (PA) Inspection

Public Awareness inspections shall be performed on all intrastate gas distribution and transmission pipeline facilities. Public Awareness inspections shall be performed utilizing the "Public Awareness Protocols". An inspector must be certified in Public Awareness before he is allowed to lead a Public Awareness inspection. An inspector shall be certified through the Training Qualification (TQ).

During the inspection process, the inspector is required to meet with operator's personnel that supervise the Public Awareness Program and who are qualified to answer questions contained in the Protocols. The inspector shall evaluate the operator's written Public Awareness Program and ascertain oral and written responses as they relate to each specific Public Awareness Protocol question.

Upon completion of the inspection, the inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

Public Awareness Program inspections shall be based on a five-calendar year interval or as often as deemed necessary by the PSPM. The operator shall be

required to furnish all documentation for its evaluation of pipeline assessments, and remediation of any anomalies found during assessment.

4.8 Drug and Alcohol (DA) Headquarters Inspection

DA headquarters inspections shall be performed on all jurisdictional intrastate gas distribution and transmission pipeline operators. DA inspections shall be performed utilizing the "OPS Drug and Alcohol Checklist". This inspection checklist is used to determine if the Operator's Drug and Alcohol Plan is being followed and is following the Arkansas Gas Pipeline Code. These inspections will be performed as assigned, generally every three to four years or as often as deemed necessary by the PSPM, not to exceed 5 years increments.

Upon completion of the inspection, the inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

4.9 Control Room (CR) Management Inspection

Control room inspections will be conducted on each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of 192.631. The inspector shall review previous inspection(s) and utilize the PHMSA Control Room Management, Inspection Form (03-01-2012) checklist. The inspector must verify operators CRM procedures meet Code requirements to include operating and emergency procedures (192.605 & 192.615) and verify CRM procedures were in place by August 1, 2011, and implemented IAW 192.631.

Upon completion of the inspection, the inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

4.10 Damage Prevention Program (DP) Inspections

Damage prevention inspections shall be performed on all jurisdictional intrastate gas distribution and transmission pipeline operators. Damage Prevention inspections shall be performed using the PSO's Damage Prevention Checklist. Emphasis shall be placed on the records of line locate request, the operator's response to line locate request, and turn-back request, the operator's participation with Arkansas One-Call system and positive response program. The program should include and follow API 1162 Recommended Practices.

Upon completion of the inspection, the inspector shall follow steps outlined in 3.2 through 3.4 as appropriate and/or necessary.

5. On-Site Operator Training

Each inspector should be aware that training is a part of each inspection. The inspector should be prepared to address any operator's concerns or questions that may arise during the inspection. In addition, the inspector needs to be prepared to provide the operator with information on a topic that may be assigned to him by management.

6. Incident (A) Investigations

Incidents are reported directly to PSPM by operators via email or in the event of an emergency, by telephone. Incident reports are reviewed by the PSPM upon receipt of the report and a determination will be made as to the type of investigation required. Onsite investigations will be assigned by the PSPM when deemed necessary.

Natural gas related incidents jurisdictional to the Commission per 191.5 of the Code and directed by the PSPM shall be investigated. All federally reportable incidents require, at a minimum, a telephonic investigation by the PSPM.¹ Telephonic investigations require the PSPM to validate preliminary information, obtain any additional information, evaluate the severity of the incident and the operator's response, and disseminate the information as appropriate. The PSPM, after reviewing the available and appropriate information, may determine that an on-site investigation is not required. The PSPM should consider location of incident, preliminary cause of the incident, availability of personnel, weather conditions, etc... in making the determination of conducting an on-site investigation.

Any incident that results in injury(ies) requiring hospitalization or fatalities require an **onsite** investigation. A call out list is maintained by the PSO for emergency onsite investigations. The PSO shall follow the Incident/Accident Investigation procedures outlined in Chapter 6 of the PHMSA Guidelines.

Prior to performing on-site investigations, it will be determined from the information provided by the operator, local fire/police departments, or the Arkansas State Police Fire Marshall, if an on-site investigation is warranted. If warranted, an on-site investigation shall be conducted to determine if the operator was in violation of the Code and to determine the most probable cause of the incident. The investigation shall be documented in an Incident Report.

¹ 2022 PHMSA Guidelines for States Participating in the Pipeline Safety Program 6.1 (pg. 51)

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The results of the investigation shall be recorded factually and in chronological order. The findings shall be documented basically as the same as the National Transportation Safety Board's outline for incident reports. The outline consists of the following headings: Synopsis, Facts, Analysis, Conclusions and Cause, Recommendations and Appendices. The PSPM shall sign the report. The report shall be forwarded to the Commission's Executive Director for approval and instructions if enforcement actions are warranted.

Records of federally reportable incidents and the PSO's investigation are maintained on the server.

7. Civil Sanctions and Enforcement Actions

Upon completion of each inspection, the inspector shall review the number and nature of any probable violations identified. The inspector shall compare the results of the current inspection with past inspections to determine whether any repeat violations have been identified. Each inspector shall advise the PSPM of the number and nature of any probable violations identified during any inspection. The PSPM shall determine the appropriate course of action required to achieve compliance by the Operator. In determining the appropriate course of action, the PSPM shall consider:

1. The nature, circumstances, and gravity of the violation.
2. The good faith effort of the operator to achieve compliance.
3. The number and nature of any current violations identified.
4. The number and nature of any repeat probable violations identified.
5. The operator's history of compliance and past violations.
6. Whether there are any personal injuries or fatalities.
7. The nature and extent of any property damage.
8. The condition of the operator's facilities and whether the violations are due to neglect or lack of proper maintenance of the facilities; and
9. Any other relevant information.

If the PSPM determines that civil sanctions or other enforcement actions may be warranted, the PSPM shall first consult with the assigned Staff attorneys, and the Executive Director regarding the nature of the PSO's findings to determine whether any civil sanctions or other enforcement actions are warranted. If the PSPM is in consultation with the Staff attorneys, and the Executive Director determines that such actions are warranted, the PSO shall initiate a show cause proceeding before the Commission to pursue civil sanctions or other enforcement actions.