



U.S. Department
Of Transportation

1200 New Jersey Ave., SE
Washington, DC 20590

**Pipeline and
Hazardous Materials
Safety Administration**

October 20, 2017

OVERNIGHT EXPRESS MAIL

Ms. June Tierney
Commissioner
Vermont Public Service Department
112 State Street
Montpelier, VT 05620

Dear Commissioner Tierney:

Sections 60105(e) and 60106(d) of the Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016 provide for the monitoring of State pipeline safety programs by the Pipeline and Hazardous Materials Safety Administration (PHMSA). This annual monitoring is to ensure compliance with the Act's requirements for State pipeline safety programs and provides information for determining the State's total point award for the PHMSA pipeline safety grant for next year.

July 11-13, 2017, a representative of PHMSA's Office of State Programs evaluated the CY2016 Gas Pipeline Safety program activities conducted by the Vermont Public Service Department Pipeline Safety Program (VTPSD). The evaluation encompassed the validation of annual Progress Report documents submitted to PHMSA, review of the pipeline program procedures and records, and the observation of an on-site inspection of a pipeline operator conducted by your staff. Thank you for the courtesies extended to Mr. Rex Evans, PHMSA State Programs, by your staff.

PHMSA appreciates the contributions to pipeline safety by Mr. G.C. Morris who served on the National Board as Treasurer for the National Association of Pipeline Safety Representatives (NAPSR). These efforts are extremely important for accomplishing our mutual goal of pipeline safety, and we appreciate your support.

PHMSA uses two means for assessing a State agency's overall pipeline safety program performance, a scoring of the information contained in the annual Progress Report and an annual Program Evaluation of your pipeline safety program. As a result of these assessments, I would like to bring the following items to your attention.

Progress Report Review

The Progress Report review has a possible score of 50 points. The VTPSD score for the 2016 Progress Report was 50 out of a possible 50 points for the Gas Pipeline Safety Program. Congratulations on achieving a perfect score for this portion of the evaluation.

Annual Program Evaluation Review

Each year the PHMSA State Program Division makes a site visit to each State pipeline safety program for an evaluation of State program's inspection procedures, records, inspection activities and enforcement actions. One or more State Evaluators are involved in this evaluation. Based upon the evaluation conducted by Mr. Evans the VTPSD achieved an evaluation score of 88 out of a total of 107 possible points. Below are areas identified during the Program Evaluation:

1. The annual Program Evaluation verifies the accuracy of the information submitted on the annual program Progress Report submitted for CY2016. One point was deducted on the Program Evaluation due to a continued issue with the verification of compliance activities on Attachment 5.
2. Due to the lack of improvement and progress on overall program activities we have deducted one point on the Program Evaluation which assesses the Pipeline Safety Program Manager having adequate knowledge of the PHMSA program.
3. The Program Evaluation encompasses a review of inspection records of all operators to ensure all types of operators have been inspected at established time intervals. After review of inspection records, it was found the documentation of most operator inspections remain incomplete for standard inspections resulting in the inspections not being considered complete. Five points were deducted on the Program Evaluation due to the incomplete inspection documentation.
4. An analysis of inspection reports to determine if all inspection forms were complete and covered all applicable code requirements was done during the evaluation. As noted above, most inspection records remain incomplete for this evaluation period. Two points were deducted on the Program Evaluation for this issue.
5. PHMSA evaluates State programs to ensure pipeline operators, Operator Qualification programs are up to date. Our evaluation identified Keyser Energy, and Jack Corse pipeline operators have outstanding and overdue inspections. Improvement is needed, and a one-point deduction was made on the Program Evaluation.
6. PHMSA reviews the progress State programs are making to ensure operators Integrity Management programs are up to date and monitoring pipeline operator progress. Due to the lack of complete documentation on these issues, a one-point deduction was made on the Program Evaluation.

7. VTPSD lost one point on the Program Evaluation due to not correcting issues previously identified on past Program Evaluations.
8. The documentation, review, and follow-up on all compliance issues found during inspections of pipeline operators continue to be an issue for the VTPSD. Our evaluation revealed all compliance actions had not been followed through with and only one compliance letter had been issued to any operator in CY2016. It is imperative to ensure compliance issues are appropriately communicated to the pipeline operators promptly and tracked to resolution with all pipeline operators. Six points were deducted on the Program Evaluation for these issues.
9. As part of its annual Program Evaluation process, PHMSA performs thorough evaluations of each State pipeline safety regulatory program. In addition to and in support of this evaluation, PHMSA and NAPSRS have developed a set of performance metrics. These metrics look at State program performance in six areas:
 - a. Damage Prevention Program
 - b. Inspection Activity
 - c. Inspector Qualification
 - d. Leak Management
 - e. Enforcement
 - f. Incident Investigation

These metrics are made public on PHMSA's Stakeholder Communication website at <http://primis.phmsa.dot.gov/comm/states.htm>. State Programs should confirm they are reviewing these metrics on an annual basis and taking any Accelerated Actions necessary to ensure positive performance trends.

The Enforcement metric, which was discussed previously in this letter, is the primary metrics that is needing the full attention of VTDPSS.

10. A review of the VTPSD input into the State Inspection Calculation Tool (SICT) was conducted with Mr. Morris. The program inspection day information entered for CY2017 appeared reasonable. The update for CY2018 inspection days to be input in the SICT program is available until August 31, 2017. If any assistance is needed, you can contact Mr. Evans of my staff at 217-679-8495.

VTDPSS Corrective Action Required

Due to the ongoing program deficiencies noted in the findings above, improvements must be made in the VTDPSS Pipeline Safety Program for the VTDPSS to maintain its 60105 Certification with PHMSA.

During a September 6-8, 2017, PHMSA State Programs Division follow-up visit, it was determined with the appropriate dedication the necessary inspections and follow up compliance

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actions could be completed in their entirety by the end of 2018. Our review revealed most of the issues with the program revolve around the organizational skills of the primary inspector and his completion of the necessary program documentation in its entirety in a timely manner.

Please provide a corrective action plan within 60 days of your receipt of this letter to avoid decertification actions by PHMSA. The corrective action plan should include a quarterly progress report on program activities. This should include dates of completed inspections, identified violations, the status of enforcement actions to address those violations, along with a schedule of inspections for the coming quarter. The response should be addressed to me at the following address, 3700 S. MacArthur Blvd, Suite B, Oklahoma City, OK 73179-7612. Thank you for your continuing support of the pipeline safety program.

Sincerely,

A handwritten signature in blue ink, appearing to read "Zach Barrett", is written over a light blue rectangular background.

Zach Barrett
Director for State Programs
Office of Pipeline Safety

cc: G.C. Morris, Assistant Chief Engineer
Rob Burrough, Acting Director, Eastern Region, PHMSA, PHP-100
Rex Evans, Supervisor, PHMSA, PHP-50