



November 21, 2024

Status Report – Gas Pipeline Safety Program

Members of the Legislative Audit Committee:

Attached is the status report from the Department of Regulatory Agencies (DORA) and Public Utilities Commission (PUC), on their implementation of the recommendations from the Office of the State Auditor's (OSA) *Gas Pipeline Safety Program Performance Audit, May 2023*.

OSA Review of Documentation

As part of the status report process, we requested and received supporting documentation for each recommendation that DORA and PUC reported as implemented or partially implemented. For example, we reviewed:

- Revised Pipeline Safety Program (Program) Guidelines and State rules.
- The State Inspection Calculation Tool, and new tiered system for ranking inspections.
- Updated policies and form for supervisory review.
- The new process and form to track master meter operators in Colorado.
- Training documentation for Program staff.
- Information on Program enforcement and warnings issued to operators.
- Updated forms for tracking gas pipeline safety incidents and the Program's investigations.
- DORA's and PUC's new conflict of interest policies and disclosure form.
- DORA's new oversight policy and oversight reviews of the Program's operations for quarters 1 and 3 of 2024.

Based on our review of the information self-reported by DORA and PUC, the implementation statuses that they have reported appear reasonable.



COLORADO

**Department of
Regulatory Agencies**

Executive Director's Office

November 20, 2024

Kerri L. Hunter, CPA, CFE
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Auditor Hunter:

In response to your request, we have prepared the attached status report on the implementation status of audit recommendations contained in the Gas Pipeline Safety Program performance audit. The report provides a brief explanation of the actions taken by the Department of Regulatory Agencies (DORA) and the Public Utilities Commission (PUC) to implement each recommendation.

The Department greatly appreciates the efforts of the Office of the State Auditor to improve the functioning and outcomes of the Public Utilities Commission Pipeline Safety Program.

If you have any questions about this status report and our efforts to implement the audit recommendations, please contact Rebecca White at Rebecca.White@state.co.us.

Sincerely,

A handwritten signature in cursive script that reads "Patty Salazar".

Patty Salazar
Executive Director
Department of Regulatory Agencies



Audit Recommendation Status Report

Audit Name:	Gas Pipeline Safety Program Performance Audit
Audit Number:	2256P
Agency:	Department of Regulatory Agencies, and Public Utilities Commission
Date of Status Report:	November 20, 2024

Section I: Summary

Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
1A	Agree	March 2024	Partially Implemented	October 2024
1B	Agree	March 2024	Implemented	March 2024
1C	Agree	March 2024	Implemented	March 2024
1D	Agree	March 2024	Implemented	April 2024
1E	Agree	March 2024	Partially Implemented	December 2024
2A	Agree	June 2024	Implemented	December 2023
2B	Agree	June 2024	Implemented	December 2023
2C	Agree	June 2024	Implemented	December 2023
2D	Agree	January 2024	Implemented	April 2024
3A	Agree	March 2024	Implemented	May 2024
3B	Agree	June 2024	Implemented	February 2024
3C	Agree	March 2024	Implemented	March 2024
3D	Agree	March 2024	Implemented	December 2023
3E	Agree	March 2024	Implemented	December 2023
3F	Agree	March 2024	Implemented	December 2023
4A	Agree	July 2023	Implemented	June 2023
4B	Agree	July 2023	Implemented	June 2023
5A	Agree	December 2023	Implemented	December 2023
5B	Partially Agree	March 2024	Implemented	December 2023
5C	Agree	March 2024	Implemented	December 2023
5D	Agree	June 2024	Implemented	December 2023
5E	Agree	June 2024	Implemented	December 2023
5F	Agree	June 2024	Implemented	December 2023
5G	Agree	March 2024	Implemented	September 2024
5H	Agree	June 2024	Implemented	December 2023

Section I: Summary

Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
6A	Agree	March 2024	Implemented	March 2024
6B	Agree	March 2024	Implemented	March 2024
6C	Agree	March 2024	Implemented	March 2024
7A	Agree	March 2024	Implemented	January 2024
7B	Agree	March 2024	Implemented	December 2023
8	Agree	March 2024	Implemented	March 2024
9	Agree	December 2023	Implemented	December 2023
10A	Agree	March 2024	Implemented	December 2023
10B	Agree	June 2024	Implemented	December 2023
10C	Agree	March 2024	Implemented	February 2024
10D	Agree	March 2024	Partially Implemented	December 2024
11A	Agree	March 2024	Implemented	April 2024
11B	Agree	March 2024	Implemented	March 2024
12	Agree	March 2024	Implemented	April 2024

Section II: Narrative Detail

Recommendation 1A

The management and staff of the Public Utilities Commission (PUC) should work with the Department of Regulatory Agencies (Department) to ensure that the Gas Pipeline Safety Program improves its inspection processes and practices, in accordance with federal and state requirements, by:

- A. Implementing Program practices and tools to document complete information on inspections, and retain the inspection data/documents, in compliance with federal requirements.

Current Implementation Status	Partially Implemented
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Current Implementation Date	October 2024
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Status Update Narrative:

Documentation and retention of inspection data for the PUC's pipeline safety program is accomplished through two database systems: 1. the state-managed OnBase data management system and 2. the federally (Pipeline Hazardous Materials Safety Administration, PHMSA) managed Inspection Assistant (IA) database.

OnBase was fully implemented in March of 2024 and its development directly responds to this recommendation. This system is used for tracking and generating reports such as inspection time records and follow up tasks. The system is maintained by the Governor's Office of Information Technology. Training

for the PUC team was performed in real time as the OnBase tool was developed and was completed in February 2024.

Use of the federal IA system provides access to data systems necessary to administer the program in compliance with federal requirements (49 USC § 60105 and § 60106).

For retention of records, the Pipeline Safety Program is required to show PHMSA evidence of the most recent inspection cycle. Further, OnBase records are permanently maintained in the system. Lastly, record retention is governed by the universal PUC record retention guidelines (SA-194-2, Department of Personnel and Administration State Archives and Public Records). The form, SA-194-2 was updated and implemented in July 2023. It is currently in the process of being signed, anticipated to be completed by the end of October 2024.

Recommendation 1B

The management and staff of the PUC should work with the Department to ensure that the Program improves its inspection processes and practices, in accordance with federal and state requirements, by:

B. Assessing Program staffing, and request an appropriation for more staff, as needed, based on the assessment, to ensure there are a sufficient number of inspectors to meet the Program’s federal and state responsibilities to regulate gas pipeline safety, including to meet all inspection requirements. This may include working with the Department to revise the Department’s strategic measure for Program inspection days, to help ensure the measure is reasonable based on the number of inspectors employed by the Program.

Current Implementation Status	Implemented
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Current Implementation Date	March 2024
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Status Update Narrative:

In response to this recommendation, PUC staff have begun to annually assess staffing needs using the State Inspection Calculation Tool (SICT) according to the process outlined in the updated Program Guidelines. The SICT was developed by National Association of Pipeline Safety Regulators and PHMSA to help states determine the proper level of inspection performance. It uses input from program experts such as the Program Chief, lead engineer and lead inspector combined with data on the number of gas system operators in Colorado, miles of pipeline under the program’s jurisdiction, types of inspections and the necessary time required to conduct inspections.

In July of 2024 the program completed the SICT analysis for the 25/26 fiscal year and found that one additional full-time inspector will be needed in order to meet the program’s expanded jurisdiction (per a change in federal regulations) over gathering line operators. Specifically, the SICT calculated the need for an additional 120 “inspection person days” for a total of 763 inspection person days (Note: A federal inspection day is equal to eight inspection hours). In response to this audit, the Pipeline Safety Program also completed a comprehensive overhaul and update to its internal Program Guidelines in March 2024. The revised document now describes each of the processes conducted by the Program including SICT calculations.

Subsequently (and per the process described in Program Guidelines) this new staffing need was presented to the PUC Director in July 2024 and the Program was approved to hire an additional inspector using an existing PUC vacancy. The Program is now working to write and post the job description. It is estimated that this new staff member will be on board and operational (initial training completed) by July 2025.

Recommendation 1C

The management and staff of the PUC should work with the Department to ensure that the Program improves its inspection processes and practices, in accordance with federal and state requirements, by:
C. Developing and implementing Program processes and guidance to help ensure that inspections of all operators are conducted in a thorough and complete manner that ensures public safety. This should include processes to conduct inspections in line with scheduling plans, required timeframe intervals, federal inspection-day requirements, and any Department performance measures.

Current Implementation Status | Implemented

Current Implementation Date | March 2024

Status Update Narrative:

In response to this audit, the new internal Program Guidelines established a new tiered system for inspections (described below). The tiered approach uses a 1 through 5 ranking system. Under this system:

- Tier 1 inspections are routine inspections conducted on the operator level in accordance with the Time Interval Inspection Table listed in the Program Guidelines. Tier 1 inspections allow PUC inspectors to detect signs of larger systematic issues with company implemented procedures.
- Tier 2 are annual inspections and reviews of distribution integrity management implementation for operators with active programs.
- Tier 3 are annual inspections and reviews of transmission integrity implementation for operators with identified High Consequence Areas (HCA).
- Tier 4 are operator annual report reviews to identify items of concern, e.g., increases in pipeline damage, increased leaks by cause, incomplete transmission HCA evaluation mileage, inactive distribution replacements, changes in ownership, etc.
- Tier 5 are inspections established via an annual Risk Analysis of each operator. This analysis is based on PHMSA’s recommended ten risk factors (e.g., material composition of pipelines). This Tier 5 analysis is performed in the fall with results integrated into the SICT score for use when inspection schedules are set at the beginning of the calendar year.

The revised Program Guidelines also list inspection intervals for each type of inspection (both state and federal). For all inspections the Pipeline Safety Program uses PHMSA’s IA tool to structure, plan, implement and record each type of inspection. The Operations Maintenance and Inspections (OMI) Unit Manager maintains a 5-year inspection plan, which includes all identified operators, when their previous inspections were performed, and when their next inspections are due for each type of inspection. The schedule is based on the maximum time intervals for each subject in addition to the risk ranking for the operator and each subject. Per the Program Guidelines the OMI Unit Manager updates the 5-year schedule at the beginning of each year. The Program Chief sets inspection day targets for each calendar year based on outputs of the SICT, consistent with PHMSA requirements.

Notably, inspections are adjusted as needed in response to unplanned events such as natural disasters, leaks, incidents, compliance issues and/or poor operator performance.

Recommendation 1D

The management and staff of the PUC should work with the Department to ensure that the Program improves its inspection processes and practices, in accordance with federal and state requirements, by:
D. Developing and implementing a Program process to identify private master meter operators within the state that must be inspected.

Current Implementation Status	Implemented
Current Implementation Date	April 2024
Status Update Narrative:	
<p>In response to this recommendation, PUC staff developed and implemented a program process to identify Master Meter Operators (MMO's). Under this process, a request is sent to each gas distributor for a list of addresses of potential MMOs. PUC then conducts a geographic search to assess and evaluate the potential locations. A letter is sent to each MMO and staff visits each facility to confirm its MMO status. The final determination is recorded on the Master Meter Operator Identification Form and an inspection is scheduled.</p> <p>Per this process, the PUC sent letters to all potential MMOs in March/April of 2024. This letter explained the purpose of MMO regulation and stated that an inspector would follow-up with the potential MMO within two weeks of the date of the letter. The PUC has followed up with each MMO, and is now working to schedule and conduct inspections of potential MMOs, as appropriate.</p>	

Recommendation 1E	
<p>The management and staff of the PUC should work with the Department to ensure that the Program improves its inspection processes and practices, in accordance with federal and state requirements, by:</p> <p>E. Developing and implementing written Program procedures to assess risk, at least annually, based on required factors, and incorporating the risk assessment into the scheduling plan to help ensure that operators that are assessed as high risk are inspected more frequently.</p>	
Current Implementation Status	Partially Implemented
Current Implementation Date	December 2024
Status Update Narrative:	
<p>In response to this audit, the revised Program Guidelines include new risk assessment program procedures. Under the new Guidelines, PUC staff conduct an annual risk analysis on operators of transmission, distribution, and gathering lines. This analysis (which is Tier 5 under the PUC's new tiered inspection system) analyzes operators' risk by considering the following PHMSA recommended factors, where applicable:</p> <ul style="list-style-type: none"> • Material composition of pipelines and various risks associated with those materials (cast iron, unprotected bare steel, etc.) • High Consequence Area (transmission lines only) • Environmentally sensitive areas (e.g., water supply) • Outside force considerations such as hurricanes, seismic activity, landslides, and sinkholes • Travel (large geographic area to cover) • Damage prevention considerations • New or replacement construction activity • Compliance issues • Mergers, acquisitions, divestitures, name changes, new operators, and changes in operator personnel • Shared procedures or programs • Safety culture <p>The Pipeline Safety Program (PSP) Chief, or designee, with the help of other PSP staff, will complete/update a Risk Analysis for each operator every year. These analyses, as outlined in the March 2024 Program Guidelines, are performed in the fall and the results are integrated into the SICT score for</p>	

use at the beginning of the next calendar year when scheduling inspections. Further, PUC staff meets at the end of each calendar year to review past complaints per operator in order to identify possible trends with specific operators. The results of this review are also used to set inspection schedules.

To date, a baseline risk assessment has been performed on operators of transmission and distribution pipelines. The baseline risk assessment results were integrated in the July 2024 SICT calculation, which applies to calendar year 2025. The fall review and update, as outlined in the Program Guidelines, has been performed on transmission pipeline operators and is in progress for distribution pipeline operators. These results will be applied to the July 2025 SICT calculations for calendar year 2026. The risk analysis for gathering line operators, both baseline and fall review/update, has not been performed due to lack of adequate data.

This recommendation cannot be fully implemented until adequate data is collected to identify a trend and the review cycles have been performed, specifically, the fall reviews and the end of year complaint review. The fall review is currently being performed and the complaint review is scheduled for December 2024.

Recommendation 2A

The management and staff of the PUC should work with the Department to ensure that the Program improves enforcement of federal and state gas pipeline safety laws and regulations by:

- A. Developing and implementing Program procedures, and information system or database capabilities, to consistently classify and document operator noncompliance.

Current Implementation Status	Implemented
Current Implementation Date	December 2023

Status Update Narrative:

In response to this audit, the revised internal Program Guidelines include detailed program procedures for compliance actions. Per the Program Guidelines, an inspector first identifies a potential violation through an inspection, investigation, or audit process. The inspector then develops a Compliance Action Recommendation for the PSP Chief's (or designee's) review. This recommendation must consider and explain each of the following issues.

- Violation is not of a critical nature and/or is not an immediate hazard to public safety.
- Violation is of a critical nature and/or is an immediate hazard to public safety.
- Operator is currently taking corrective action.
- Long-term corrective action is required.
- Prior performance indicates no repetitive violation.
- Records indicate history of repetitive violations.
- Numerous violations cited and require close attention.
- Violation found and corrected prior to inspection.
- Operator requires further guidance or training.
- Additional information needed before pursuing violation.
- Change in ownership in progress.
- Pending response(s) from operator.
- Pending clarification(s) of rule or law.
- Insufficient corrective action(s).
- Responsiveness.

All inspection results are now being recorded in PHMSA’s federal IA system. Resulting compliance action information is now being recorded in OnBase. Inspectors provide compliance action data that connects the compliance action with an investigation or inspection, define the compliance action type (warning, notice of probable violation, etc.), outline any applicable alternative enforcement options and/or compliance directives, summarize the violations, and identify Pipeline Safety Program and operator contacts.

Recommendation 2B

The management and staff of the PUC should work with the Department to ensure that the Program improves enforcement of federal and state gas pipeline safety laws and regulations by:

- B. Developing and implementing Program procedures, and information system or database capabilities, to issue compliance actions when serious, repeat, or ongoing operator noncompliance is identified, and to help ensure enforcement consistency for similar types of operators and similar noncompliance. This should include procedures and capabilities to document all compliance actions and notify operators of warning compliance actions in writing.

Current Implementation Status	Implemented
Current Implementation Date	December 2023

Status Update Narrative:

In response to this audit, the revised internal Program Guidelines include detailed program procedures for compliance actions as summarized below. As noted in 1B above, potential compliance actions are first identified by inspectors who, per the Program Guidelines, must document their findings in IA to support a Compliance Action Recommendation. This recommendation can find a result of Satisfactory, Concern or Unsatisfactory. A Concern finding allows the issue to be addressed prior to the next inspection but, as specified in the Guidelines, should only be used after the inspector has considered all possible safety/integrity impacts and the operator's past performance for correcting apparent violations. An Unsatisfactory finding can result in one of several actions as described in the Guidelines.

It is the responsibility of the PSP Chief (or designee) to create written compliance actions using the Compliance Action Decision administrative structure described in the revised Program Guidelines. A Warning Notice is issued in the situations when an operator has limited enforcement history and poses a low risk to public safety and/or pipeline integrity. A Request for Amendment (RFA) is a request to have an operator modify, edit or make slight corrections to an existing procedure. These compliance actions are not legal proceedings.

A Notice of Probable Violation (NPV) addresses instances where an operator has a previous enforcement history or when the issue poses a moderate to severe risk to public safety or pipeline integrity. A Notice of Amendment (NOA) is issued in cases where the operator’s policies and procedures are inadequate to ensure public safety or the safe operation of a pipeline. The final category of violation is a Hazardous Facility Order (HFO) where there is a severe or imminent risk to public safety. These types of compliance actions require a legal proceeding.

All compliance action decisions are developed and finalized under the direction of the PSP Chief. The decision is shared with the PUC Commissioners, recorded in OnBase and communicated to the operator in the form of a letter that is delivered by the Attorney General’s Office via certified mail, only if they are legal proceedings. The document will be either an Inspection Closeout, a Warning, an RFA, an NPV, or an NOA. This document is addressed to the lead administrator of a pipeline facility.

Ensuring that enforcement is consistent involves using the OnBase system. The OnBase Compliance Action Form provides a location to document and track non-compliance circumstances. Based on the data entered, reports can be run to analyze compliance data for trends, which can track serious, repeat, or ongoing operator non-compliance. OnBase can also be used to track enforcement consistency between operators. Since the Compliance tracking module in OnBase was implemented December 2023, 2 compliance actions have been issued in 2024.

Recommendation 2C

The management and staff of the PUC should work with the Department to ensure that the Program improves enforcement of federal and state gas pipeline safety laws and regulations by:

C. Developing and implementing Program procedures to conduct appropriate and timely compliance follow-up for operators with compliance actions. This follow-up should review and document the extent to which operators have corrected noncompliance based on evidence of the operator actions to correct the noncompliance.

Current Implementation Status	Implemented
Current Implementation Date	December 2023

Status Update Narrative:

The PUC’s 2024 Program Guidelines and OnBase system set forth new tracking and follow-up procedures for operators with compliance actions. The following information is tracked in OnBase:

- Date a compliance action is issued
- Operator response
- Proposed civil penalties
- Civil penalties collected
- Status of compliance action

OnBase is programmed to send reminders to responsible parties if items are not completed after specified time periods. OnBase’s Compliance Action Form also provides a location to review and document the extent to which operators have corrected noncompliance.

Two compliance actions have been issued in 2024. These compliance actions have not been resolved as of August 2024.

Recommendation 2D

The management and staff of the PUC should work with the Department to ensure that the Program improves enforcement of federal and state gas pipeline safety laws and regulations by:

D. Implementing an oversight process to help ensure the Program follows the procedures to document and enforce operator compliance, and uses the information system capabilities, developed in response to Recommendation Parts A, B, and C.

Current Implementation Status	Implemented
Current Implementation Date	April 2024

Status Update Narrative:

In response to this recommendation, the PUC established an internal oversight process that is in addition to PHMSA’s processes described in the audit. PUC Policy 24-02, which was signed on February 21, 2024, requires that once per quarter PUC and DORA Management will conduct an oversight review of the

Pipeline Safety Program and document the review on an Oversight Review Form. As detailed in the Policy, this oversight includes a review of nearly two dozen issues and criteria including:

- A random selection of inspections performed during the quarter;
- Time intervals for inspections and scheduled inspections for the calendar year;
- Incidents tracked and incident investigations;
- Document retention timelines; and
- Master meter operator identification program development.

To date, two quarterly Oversight Reviews have been conducted. The first quarterly review was conducted by PUC Management in March 2024 and reviewed by DORA in April 2024.

Recommendation 3A

The management and staff of the PUC should work with the Department to ensure that the Program improves its assessment, collection, and documentation of civil penalties (penalties) when gas pipeline operators violate safety requirements by:

- A. Updating state regulations/rules to be substantially the same as the requirements for penalty amounts in federal law and state statute. This should include ensuring that state regulations/rules reflect that the Program should apply the federally required penalty amounts.

Current Implementation Status	Implemented
Current Implementation Date	May 2024

Status Update Narrative:

This recommendation was implemented via an update to the PUC’s rules. The Commission issued a formal decision approving the amended rules on 3/19/2024. The final rules were published on 5/10/2024, and were effective on 5/30/2024. The PUC’s process included stakeholder outreach, public hearings and statutory requirements that allow for exceptions and requests for reconsideration along with Attorney General review and publication in the federal register.

The new rules incorporated changes to penalty amounts to align with federal law and to comply with HB23-1216. The rules established maximum civil penalties of \$200,000 per violation and an aggregate maximum penalty not to exceed \$2,000,000.

Recommendation 3B

The management and staff of the PUC should work with the Department to ensure that the Program improves its assessment, collection, and documentation of penalties when gas pipeline operators violate safety requirements by:

- B. Developing and implementing consistent, objective processes to assess and collect penalties for the operators that routinely do not comply with safety regulations as well as the operators that do not remedy noncompliance in a timely manner, and documenting the factors considered when determining the penalty amounts.

Current Implementation Status	Implemented
Current Implementation Date	February 2024

Status Update Narrative:

The revised Program Guidelines provide a consistent and objective process to assess and collect penalties when warranted. The PSP Chief determines the appropriate level of enforcement by evaluating the seriousness of the Notice of Probable Violation (NPV), along with the operator’s compliance history and responsiveness. Previous inspection findings and compliance actions are kept in the IA and OnBase systems to determine if it is a repeat enforcement topic. Civil penalties are based on tables listed in 4 CCR 723-11-11501 for time dependent and time independent NPVs.

Once the PSP Chief determines a penalty this amount and documentation is sent to the Attorney General’s Office for review and approval, a formal letter is then sent to the operator.

OnBase is used to record the total amount of the penalty, the status of each compliance action and a required compliance date. If an operator is unable to pay the entire amount of an assessed penalty, a payment plan can be arranged at the discretion of the Attorney General’s Office.

Payments of civil penalties are now being tracked in the state’s PUC e-filings database. Operators send payment to the PUC and receive a payment receipt that includes the proceeding number. Payments received are now recorded into the Colorado Operations Resource Engine (CORE). Operators who are non responsive to compliance actions or do not pay assessed civil penalties are called to a hearing with the Commission.

Penalty assessment and collection training was provided to the Program Team in February 2024.

Recommendation 3C

The management and staff of the PUC should work with the Department to ensure that the Program improves its assessment, collection, and documentation of penalties when gas pipeline operators violate safety requirements by:

- C. Communicating in writing to the PUC Commissioners the factors considered to justify the reasoning for each recommended penalty reduction, including the statutorily required factors, and communicating information on operator ongoing and repeat noncompliance, so that the Commission can consider the information before making decisions related to penalties and rate increases.

Current Implementation Status	Implemented
Current Implementation Date	March 2024

Status Update Narrative:

The updated Program Guidelines describe how penalty reduction decisions are made and documented. There are two ways that a penalty may be reduced. First, the Program Chief may choose to enact alternative enforcement in lieu of, or in addition to, civil penalties. This decision, including an explanation of how it will provide for the improvement of public safety, must be provided via the Compliance Action Form which is sent to all Commissioners. This form has not been used since the implementation of this process.

A penalty may also be reduced through a formal request by the operator. An operator may request that the Commission reconsider or dismiss the penalty and submit a written explanation. The operator may also file jointly with the PSP Chief, and for the Commission’s consideration, a stipulation and settlement agreement pursuant to 49 USC § 11507, to resolve the allegations in the NPV. Lastly, an operator may outright oppose the NPV, in whole or in part. If an operator chooses to oppose the NPV, the matter is set for hearing.

Recommendation 3D

The management and staff of the PUC should work with the Department to ensure that the Program improves its assessment, collection, and documentation of penalties when gas pipeline operators violate safety requirements by:

- D. Developing and implementing processes to consistently document all penalties that the Program assesses and collects, and maintain penalty documentation.

Current Implementation Status	Implemented
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Current Implementation Date	December 2023
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Status Update Narrative:

The process for documenting penalties is described in the updated Program Guidelines. Once an operator pays the State via check to the PUC, the check is processed appropriately, and the PSP Program Administrator is notified of the payment. PSP payment documentation is located in the electronic case management system, E-Filings. The PSP Program Administrator posts the receipt in the appropriate proceeding number. The PSP Program Administrator reviews and reconciles all applicable civil penalty payments to the PUC every quarter. The PSP Program Administrator makes any corrections necessary.

All documentation for a civil penalty payment is retained in the appropriate proceeding in E-Filings for the defined retention period. A Commission "Recommended Decision" outlines the rationale for determining the final civil penalty and orders the amount of the civil penalty payment and the receipt for the civil penalty payment.

Recommendation 3E

The management and staff of the PUC should work with the Department to ensure that the Program improves its assessment, collection, and documentation of penalties when gas pipeline operators violate safety requirements by:

- E. Implementing a process to ensure that the Program consistently issues a written penalty warning letter to operators (when a warning is issued), and maintains the letters in line with record retention requirements. These letters should consistently document the corrective action that the operator must take to address the noncompliance, the timeframe for the action, any amounts that the operator agrees to spend in lieu of payment of part of the penalty, and the measures the operator will take to reduce the risk of noncompliance.

Current Implementation Status	Implemented
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Current Implementation Date	December 2023
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Status Update Narrative:

As described in the updated Program Guidelines (Section (III)(E)(4)(a)) warnings are issued in the case of Notices of Probable Violations (NPV) and may include calculated Civil Penalties and/or compliance directives. They also may be issued when an operator has little enforcement history of NPV, and/or poses a low risk to public safety and/or pipeline integrity. The Warning may include a summary of the NPV and, as appropriate, a proposed civil penalty calculation and/or a compliance directive.

Since December 2023 (when the OnBase Compliance Action Tracker went live), compliance actions have been recorded in OnBase and tracked as described in other updates. The Program developed a template to maintain consistent communication with non-compliant operators. Two warning letters have been issued in 2024.

The update for Recommendation 1A describes the document retention policy being used by PUC and PSP. Within OnBase, there are no rules or plans to delete any records held within the data management system.

Recommendation 3F

The management and staff of the PUC should work with the Department to ensure that the Program improves its assessment, collection, and documentation of penalties when gas pipeline operators violate safety requirements by:

- F. Implementing a process to ensure that the Program consistently updates its written notices of probable violations sent to operators to reflect the required penalty amounts.

Current Implementation Status	Implemented
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Current Implementation Date	December 2023
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Status Update Narrative:

The revised Program Guidelines developed and implemented a Notice of Probable Violation (NPV) letter process (Section (III)(E)(4)(a)). Each compliance action is tailored to each noncompliance and is initiated through an inspection, an investigation, or at the request of the PSP Chief. A proposed violation table is prepared and applicable compliance directives and/or alternative enforcement options and a response time are included. Since December 2023 (when the Compliance Action Tracker went live), compliance actions have been recorded in OnBase and tracked as described in other updates. The Program also developed a template used to maintain consistent communication with non-compliant operators.

No Notices of Probable Violation (NPV) have been issued to date in 2024.

Recommendation 4A

The management and staff of the PUC should work with the Department to strengthen internal controls over the recording and accounting of the penalty revenues collected by:

- A. Developing and implementing a process to ensure that the PUC maintains complete and accurate internal records of the penalties assessed and collected by the Gas Pipeline Safety Program.

Current Implementation Status	Implemented
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Current Implementation Date	June 2023
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Status Update Narrative:

The revised Program Guidelines include a new process (Section (III)(E)(4)(b)) to ensure the PUC maintains complete and accurate internal records of the penalties assessed and collected by the Gas Pipeline Safety Program. The process was developed by the PUC accounting group to maintain complete and accurate internal records of penalties assessed and collected by PSP. This process includes tracking the proceedings that are opened to adjudicate the probable violation, and tracking the results for the proceeding via the Compliance Action Workflow in OnBase - including documenting the decision date, the amount paid for the civil penalty, and the date the receipt for the payment that was made by the operator. The new process was implemented in June 2023 and is now complete.

All payments are entered into the Colorado Operations Resource Engine (CORE). A quarterly CORE reconciliation report to the Pipeline Safety Program Manager, or designee, is reviewed and discussed quarterly.

Recommendation 4B

The management and staff of the PUC should work with the Department to strengthen internal controls over the recording and accounting of the penalty revenues collected by:

B. Strengthening processes to ensure complete and accurate recording of penalty information in the Colorado Operations Resource Engine (CORE), including information on the Gas Pipeline Safety Program penalties, so that penalty revenues can be deposited into the correct Funds. This should include implementing a periodic reconciliation of the PUC’s internal penalty records with CORE’s aggregate reports.

Current Implementation Status	Implemented
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Current Implementation Date	June 2023
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Status Update Narrative:

The Pipeline Safety Program developed and implemented a stronger process to ensure accurate and complete information into CORE and incorporated the process into Program Guidelines. Through this new process quarterly reports are issued from CORE that allow the Pipeline Safety Program to ensure civil penalty payments have the correct information and are recorded in the proper location in the CORE system. The new process was implemented in June 2023 and is now complete. A reconciliation report is generated around the first of each quarter; the Pipeline Safety Program Manager or designee reviews the CORE reconciliation report; discrepancies are communicated to the PUC accounting department and resolved.

Recommendation 5A

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:

A. Maintaining complete Program records of operator reporting of accidents, and of Program investigations, in accordance with federal record retention requirements for the Program.

Current Implementation Status	Implemented
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Current Implementation Date	December 2023
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Status Update Narrative:

The Pipeline Safety Program developed and implemented a written process and application for reported incidents and events and incorporated the process into Program Guidelines (Section (IV)(H)). This new process includes the use of OnBase data management system tools to document reporting of accidents, and collect data of investigations that are saved in accordance with federal record retention requirements. This process and OnBase incident form were finalized, implemented and documented in the Program guidelines and the OnBase tool in December 2023 and is now complete.

The “OnBase Incident Form,” is used to collect the initial report from operators or as entered by the on-call inspector. The record is reviewed every 2 weeks, with decisions made to further investigate or close the event. The incidents reported in 2024 have been collected on the OnBase Incident Form. An investigation record is created if a decision is made to move forward and saved in the “Investigation Form”. All records are maintained in accordance with the Pipeline Safety Program record retention policy discussed in Recommendation 1A. All OnBase Incident and Investigation workflow details are retained permanently.

Recommendation 5B

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:
B. Developing and implementing Program processes to regularly monitor and track gas pipeline safety accident information from the National Response Center (NRC), and to review potential gas pipeline safety accidents reported by the Colorado news media, to identify accidents that have not been reported to the Program but that require Program investigation.

Current Implementation Status | Implemented

Current Implementation Date | December 2023

Status Update Narrative:

The Pipeline Safety Program developed and implemented a written process to monitor NRC incidents, accidents reported by the media, and other accidents not reported directly to the PSP and incorporated the process into Program Guidelines (Section (IV)(C)). As Program Guidelines require, the OnBase data management system tool monitors and tracks gas pipeline safety accident information from the National Response Center and—as relevant—from Colorado news media to identify accidents that have not been reported that may require Program investigation. The new process and OnBase incident form were finalized, implemented and documented in the Program guidelines and the OnBase tool in December 2023.

The Program Guidelines process to monitor NRC and media information includes the following: The PSP may also receive notification from the NRC of pipeline owners and operators reporting incidents under their jurisdiction. Daily, the NRC provides an update email including all incidents reported throughout the United States for the previous day. The NRC also sends an automated email to the PSP’s designated recipients if there is a Colorado specific incident and notifies the PSP Section Chief to become a designated recipient. PSP personnel receive a daily email of Colorado news articles from the PUC’s communications team, including pipeline safety incidents or events covered by the media. If these articles include an event that has not been previously reported, PSP Inspectors may complete follow up review activities to identify if the occurrence qualifies as an incident or event.

PSP monitors and tracks accident information for gas pipeline safety, which is reported through various sources, in the Incident/Event reporting tool as described in Recommendation 5A. Records are now maintained in accordance with the PSP record retention policy.

- The Pipeline Safety Emergency Line transcribes received voicemails into an email. The voicemail and email are attached and stored within the OnBase Incident Workflow.
- OnBase Incident Workflow details are retained permanently.
- NRC Notifications jurisdictional to the PUC are stored in the OnBase Incident Workflow and are retained permanently.

The Program has not identified any incidents or events in 2024 that were not reported as required.

Recommendation 5C

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:
C. Developing and implementing a process to follow up with operators that do not report accidents to the Program as required, and to initiate compliance action for not reporting, as appropriate.

Current Implementation Status | Implemented

Current Implementation Date | December 2023

Status Update Narrative:

The Pipeline Safety Program has developed and implemented written Program Guidelines (Section (IV)(G)) and OnBase data management system tools to document unreported events that are later identified to be reportable as well as a process to initiate a compliance action, as appropriate.

Any incidents or events that are not reported to the PSP but are later identified may result in compliance actions for the operator. The PSP enters incident or event information into OnBase using the same process as properly reported incidents. However, as the incident or event may have already concluded, on-scene investigation may not occur unless deemed necessary by the PSP Chief and the Construction Qualifications and Inspection (CQI) Unit Manager. If further action is determined to be necessary on a late-reported incident or event, an inspection may be triggered by the PSP Chief and CQI Unit Manager. This inspection may result in compliance actions which would be tracked through the usual inspection process. Compliance actions can also be initiated through the investigation process without an inspection. The PSP Chief and CQI Unit Manager will determine the most appropriate course of action depending on the incident or event.

The new process and OnBase incident form were finalized, implemented and documented in the Program Guidelines and the OnBase tool in December 2023. The PUC has not issued any compliance actions to operators in 2024 for not reporting because no unreported incidents or events have been identified.

Recommendation 5D

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:
D. Developing and implementing written guidance or procedures for Program staff to follow when recording investigations to ensure complete information is tracked consistently. This should include tracking complete information in investigation records, such as on the accident cause and location to the extent that it is known and tracking the date and time of the Program’s response, the date and details of any on-scene investigation or the applicable reasoning for no on-scene investigation, and the date the investigation is completed.

Current Implementation Status | Implemented

Current Implementation Date | December 2023

Status Update Narrative:

The Pipeline Safety Program revised Program Guidelines (Section (IV)(H)) and the new OnBase data management system tools include a staff incident form to ensure information is tracked consistently and completely. Per this process, all reports received by the PSP of possible incidents or events, regardless of jurisdictional applicability, are recorded in the OnBase Incident Form. Each report is marked as

jurisdictional or non-jurisdictional, as determined by the PSP. For jurisdictional events the team must determine whether:

- An investigation is required because the occurrence is a defined incident or event.
- An investigation is not required but is prudent.
- An investigation is unnecessary.

Once an investigation is initiated, the primary objective or scope of the investigation is defined. An investigation may range from an entry into the OnBase Incident Form requiring no further action, to on scene response and coordination with federal agencies. An investigator is assigned to the task and takes the first steps to gather information, as appropriate. The investigator continues contact with the Operator until the scope of the investigation is fulfilled, with the primary intent to determine root cause for the issue under investigation.

All records are saved in the Investigation Form, as described in Recommendation 5A. The new process and OnBase Incident Form were finalized, implemented and documented in the Program guidelines and the OnBase tool in December 2023.

Recommendation 5E

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:

- E. Developing and implementing written Program guidance and/or regulations to promote timely investigations. This should include, but not be limited to, implementing expectations in regulations for operators to work with the Program to help ensure timely investigations, and guidance for Program staff to complete investigations within general timeframes or otherwise document the reasoning for investigations that do not meet timeframes.

Current Implementation Status	Implemented
Current Implementation Date	December 2023

Status Update Narrative:

The Pipeline Safety Program developed and implemented written Program Guidelines (Section (IV)(I)) to promote timely investigations and monitor investigation timelines. The Guidelines outline a process to:

- Record incidents/events into OnBase with 7 days of receipt of the information;
- Review any active/outstanding incidents/events to decide how to move forward;
- Maintain regular and consistent follow up with operators for requests for information and status updates;
- Document any explanations for extended timelines associated with any investigations; and
- Review investigations on a bi-weekly basis to ensure timely completion.

This new process was finalized, implemented and documented in the Program guidelines in December 2023 and is now complete.

Because investigation timelines are highly variable due to unique and often complex circumstances, PUC decided to focus on process expectations in the Program Guidelines (rather than in regulations).

Recommendation 5F

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:
F. Developing and implementing a Program process to monitor the timeliness of investigations to help ensure investigations are timely in ensuring accident sites are safe for the public and the impact to property owners is minimized, and in identifying probable cause, minimizing the possibility of recurrence, and instituting enforcement actions for operator noncompliance identified through investigations.

Current Implementation Status	Implemented
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Current Implementation Date	December 2023
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Status Update Narrative:

The Pipeline Safety Program developed and implemented a process to monitor investigation timelines; and incorporated the process into Program Guidelines (Section (IV)(I)). The new process for monitoring timeliness of investigations includes identifying probable cause, minimizing the possibility of recurrence, and instituting enforcement actions for operator noncompliance. The Program Guidelines provide a process to monitor timeliness of investigations through:

- Bi-weekly reviews of new and existing incidents/events,
- Bi-weekly reviews and updates of existing investigations,
- Issuing compliance actions as appropriate at the end of an investigation, and
- Monitoring corrective actions in response to compliance actions, and any noncompliance issued resulting from the incident/event, through follow up inspections.

This new process was finalized, implemented and documented in the Program guidelines in December 2023. Since implementation of this recommendation, no enforcement actions have been identified through investigations.

It is important to note that the PSP is not a front-line responder nor is it responsible for ensuring accident sites are safe for the public or reducing impact to the public.

Recommendation 5G

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:
G. Implementing annual training on the updates to federal guidance for Program management and staff with responsibilities related to monitoring operator reporting on incidents and events, and for those with responsibilities related to investigations.

Current Implementation Status	Implemented
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Current Implementation Date	September 2024
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Status Update Narrative:

Required annual training requirements are documented in the revised Program Guidelines (Section (IV)(K)). Per the new process, all staff must attend an annual refresher training. The refresher training covers:

- Any updates to the 49 CFR 191 definition for Incident.
- Any updates to the PUC definition for Event.
- Any changes to the OnBase Incident Workflow data entry process.

- Refresher on when on-scene investigation is required.
- Refresher on Inspector’s responsibilities related to investigations.
- Any lessons learned from the previous year.

Any materials from this training and the list of attendees are maintained by the PSP Chief.

This updated process was finalized and documented in the Program Guidelines in December 2023 and is now complete. Annual training was completed on September 16, 2024. This subject is also regularly discussed in bi-weekly staff meetings.

Recommendation 5H

The management and staff of the PUC should work with the Department to improve the Program’s awareness and investigation of gas pipeline-related accidents, including incidents and events, by:
 H. Implementing any additional changes to Program processes that are needed to ensure that the Program has fully addressed the federal Program evaluation finding related to documenting investigations, on-site observations, and initiating compliance action for probable violations identified in investigations.

Current Implementation Status	Implemented
Current Implementation Date	December 2023

Status Update Narrative:

In response to this recommendation, changes were made to the revised Program Guidelines (Section (IV)(K) and Section (VI)(D)&(E)). In addition to changes in response to the OSA Audit, updates have been made to incorporate the most recent PHMSA State Guidance. With the goal of ensuring that the State Guidelines reflect current inspection practices, industry advances, regulatory updates, and updates in PHMSA’s Guidance, the Program Guidelines are now reviewed annually. The Guideline review is conducted by the PSP Chief, with the support of the Unit Leads, Inspectors, and Coordinators. The PSP Program Chief oversees identified revisions.

Additionally, and as described elsewhere in this document, the Program now undergoes quarterly Program reviews to monitor that it is fully addressing all state and federal guidelines. This new process was documented in the Program Guidelines in December 2023 and is now complete.

Recommendation 6A

The management and staff of the PUC should work with the Department to ensure that the Program complies with federal requirements for inspector training and supervision of inspections, by:
 A. Developing and implementing processes to ensure that inspectors either have completed required federal training for the types of inspections that they conduct independently or lead, or that inspectors receive active supervision or supervisory review by a supervisor or inspector who has completed the required training for the type of inspection being conducted or who is documented as being qualified to supervise that type of inspection.

Current Implementation Status	Implemented
Current Implementation Date	March 2024

Status Update Narrative:

In response to this recommendation, PUC developed and implemented a processes to ensure training has been completed. This is incorporated in the Program Guidelines (Section (I)(C)(1)(e)). This new process tracks each inspector’s “Training and Qualifications” (TQ) training to ensure that inspectors either have completed required federal training for the types of inspections they conduct independently or lead, or that inspectors receive active supervision or supervisory review by a supervisor. Per Federal requirements, comprehensive training must be completed within five years of employment after hiring. The PSP Chief or designee tracks inspector’s PHMSA TQ requirements and certifications and enrolls inspectors in PHMSA TQ classes. The PSP Chief also receives a pass/fail report for inspector’s PHMSA TQ courses.

For inspectors that have not completed all PHMSA TQ training, the PSP has implemented an Equivalent Education and Experience (EEE) Training Tracker that records previous experience, education, and training. This information documents on-the-job experience for employees that have held previous positions that provided significant in-the-field education and training. As each inspector is working towards completing the PHMSA training to perform inspections as Lead Inspectors, PSP utilizes the “EEE Training Tracker” to document supervisory review of inspector skill sets to allow for participation in inspections in the field, but not to serve as the lead inspector.

The PSP Chief or designee determines, using PHMSA TQ training history and the EEE analysis, if an inspector may perform an identified inspection. If that inspector is not adequately qualified, then a Lead Inspector (with appropriate PHMSA TQ training or EEE analysis) would oversee the inspection. The PSP Chief or designee must also check the qualifications of the Lead Inspector to make sure they are qualified to supervise.

To date, all investigators have been evaluated for equivalent education and experience and eight out of 10 inspectors have completed TQ training and are now able to serve as Lead Inspectors. This new process was finalized, implemented and documented in March 2024 and is now complete.

Recommendation 6B

The management and staff of the PUC should work with the Department to ensure that the Program complies with federal requirements for inspector training and supervision of inspections, by:

- B. Developing and implementing a process for trained/qualified staff to conduct supervisory review of inspection records to ensure that inspections are conducted in line with inspection requirements, and for documenting evidence of this supervisory review in the federal system and in the internal state Program records. This should include ensuring that a trained/qualified staff signs off as “supervisor” in the federal system.

Current Implementation Status	Implemented
Current Implementation Date	March 2024

Status Update Narrative:

In response to this recommendation, the PUC developed and implemented a process within the Program Guidelines (Section (I)(C)(2)(a)) for trained/qualified staff to conduct supervisory review of inspection records to ensure inspections are conducted in line with inspection requirements and that evidence is documented of the supervisory review in the federal system and in the internal state Program records.

Within PHMSA’s IA audit software there are four roles required to review and approve every inspection. The roles include Inspector, Lead, Supervisor, and Director. The PSP employs PHMSA’s IA software to be in

line with the federal approach. Each IA role has been outlined and matched up to the PUC roles along with each workflow task that can be requested and approved or rejected by the various IA roles. The PHMSA TQ Training for each employee, which determines which PUC Role and IA Role is allowed for that employee, is documented. This new process was finalized, implemented and documented in March 2024 and is now complete.

Recommendation 6C

The management and staff of the PUC should work with the Department to ensure that the Program complies with federal requirements for inspector training and supervision of inspections, by:

- C. Developing and implementing a process to document Program management’s evaluation of inspector knowledge and skills to ensure that they are qualified for the types of inspections before being assigned to conduct them.

Current Implementation Status	Implemented
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Current Implementation Date	March 2024
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Status Update Narrative:

Program Guidelines (Section (I)(C)(1)(e)) includes a process to document the Program management’s evaluation of inspector knowledge and skills to ensure they are qualified for the types of inspections they would be conducting before being assigned to conduct them. As described earlier in this document, this process tracks the completion of required PHMSA TQ training as well as previous field experience (EEE). The new process was finalized, implemented, and documented in the Program guidelines in March 2024 and is now complete.

Recommendation 7A

The management and staff of the PUC should work with the Department to implement controls over the Program federal reporting by:

- A. Implementing oversight processes of the Program’s federal reporting, such as an annual quality check of the information that the Program is planning to report to the PHMSA on the Program’s grant application and progress report, and the information recorded in the federal Inspection Assistant system, along with a check of internal Program data and documentation, to verify that the Program is reporting accurate and complete information to PHMSA.

Current Implementation Status	Implemented
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Current Implementation Date	January 2024
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Status Update Narrative:

The revised Program Guidelines outline the new quality assurance/quality control process developed in response to this audit. The new PUC PSP Oversight Policy describes a quarterly process to verify that the PSP reports accurate and complete information to PHMSA through the base grant application and progress report. The policy and associated form outline all of the information reviewed quarterly, including information recorded in the federal IA system and internal Program data and documentation.

The Program will also use the quarterly reports to inform the annual review. The quarterly reports are being used to demonstrate a good faith effort of ongoing PUC and DORA oversight.

Annually, in January, the PSP Chief, Program Coordinator or designee, and Inspector Supervisors review the entries made into PHMSA’s IA software and OnBase to ensure that input data is complete and accurate

across both databases. Reviews include a check of any violations, follow up, and subsequent closure. Inspectors also check for errors and reach out to the Program Coordinator to revise, as needed. The first review was performed in January 2024. Step by step instructions for data entry of inspection records in IA and OnBase, time tracking, incident reporting and follow up, etc. are now included in the Program Guidelines.

The new procedures and guidance were finalized and documented in December 2023 and are now complete. The new process was implemented in January 2024.

Recommendation 7B

The management and staff of the PUC should work with the Department of Regulatory Agencies to implement controls over the Gas Pipeline Safety Program’s federal reporting by:

- B. Implementing procedures, including guidance for Program staff data entry, to ensure that the Program maintains accurate and complete data and documentation on its operations, in order to support the Program’s performance and information reported to PHMSA.

Current Implementation Status	Implemented
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Current Implementation Date	December 2023
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Status Update Narrative:

Response to this recommendation is fully captured above in 7A. As noted above, the Program Guidelines include a new quality assurance/quality control process and instructions for data entry.

Recommendation 8

The management and staff of the PUC should work with the Department to develop and implement written policies, procedures, and training to mitigate and/or help prevent Program inspectors from having conflicts of interest with the gas pipeline operators that they inspect. This should include written policies, and procedures or guidance, to help identify and mitigate real, potential, and perceived conflicts of interest.

Current Implementation Status	Implemented
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Current Implementation Date	March 2024
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Status Update Narrative:

The PUC worked with DORA to develop and implement written policies, procedures, and training not only for Program inspectors, but also for the entirety of the PUC which was finalized on February 21, 2024. Division-wide training occurred on March 6, 2024, and the Program Guidelines (Section (VI)) were updated with the new process in March 2024.

The new policy, 2024-01, addresses conflicts of interest by defining conflict of interest and what tasks or actions are not acceptable in the context of a conflict of interest. The new procedure addresses conflicts of interest by clearly identifying the steps that are needed to identify and mitigate a conflict of interest.

Recommendation 9

The Department should consider developing written policies and procedures to help ensure its employees who regulate entities in the state, do not having conflicts of interest due to regulating their former employers.

Current Implementation Status	Implemented
Current Implementation Date	December 2023
Status Update Narrative:	
<p>The Department updated the DORA Conflict of Interest Policy to strengthen language regarding former employment relationships of DORA employees in December 2023 and is now complete. The Department policy describes an employee’s responsibility to disclose any real or perceived conflicts of interest, including personal relationships, financial interests, former and outside employment, and gifts. The policy includes the statutory requirements as well. The Department procedure describes the steps an employee must take to disclose and resolve any real or perceived conflicts of interest. Annually, DORA employees receive compliance training and submit the following forms:</p> <ul style="list-style-type: none"> • “Affidavit of Independence” which confirms that an employee has read this policy, • “Conflict of Interest Disclosure” form to define, mitigate, and resolve any real or perceived conflict of interest, and • “Outside Employment” form to identify potentially conflicting employment. 	

Recommendation 10A	
<p>The management and staff of the PUC should work with the Department to ensure that the Program improves its management of complaints by:</p> <p>A. Developing and implementing written Program procedures for consistently maintaining information on the complaints received, and for reviewing, investigating, and resolving them. This should include implementing reasonable timeframes for addressing complaints, communicating the resolution to complainants when appropriate, and overseeing staffs’ complaint handling to ensure that they take sufficient action to follow up on and resolve complaints.</p>	

Current Implementation Status	Implemented
Current Implementation Date	December 2023
Status Update Narrative:	
<p>In response to this recommendation, the Pipeline Safety Program developed and implemented revised Program Guidelines (Section (III)(F)) that include reasonable timeframes for addressing complaints, communicating the resolution to complainants when appropriate, and processes to oversee complaint handling and resolution. Complaints are collected from 7 identified sources and are reviewed by the Pipeline Safety Program Chief for appropriate response. The PSP Chief assigns PSP staff to particular complaints. PSP Staff will determine if the issue falls under PSP jurisdiction based on a description from the complainant. PSP staff contact the complainant and discuss the issue. If necessary, staff will follow up with the operator until a final determination can be reached. The appropriate response ranges from a follow up phone call or email, to a full scale investigation. If the complaint is non-jurisdictional, PSP staff try to determine the appropriate person or group to forward the complaint. To date, the PSP has received and handled 2 complaints in 2024 using the new Program Guidelines.</p>	

Recommendation 10B	
<p>The management and staff of the PUC should work with the Department to ensure that the Program improves its management of complaints by:</p> <p>B. Developing and implementing a tool, such as a spreadsheet or database, for the Program to consistently track the complaints received, and action taken to address them, in a central location.</p>	

Current Implementation Status	Implemented
Current Implementation Date	December 2023
<p>Status Update Narrative:</p> <p>In response to this recommendation, the Pipeline Safety Program developed and implemented revised Program Guidelines (Section (III)(F)). Once a complaint or inquiry is received from the public and determined to be jurisdictional, it is now put into incident tracking in OnBase, which is administered by the PSP Chief or designee. OnBase data includes information gathered from the complainant to:</p> <ul style="list-style-type: none"> • Establish contact with the complainant • Describe the issue or event and collect information regarding the alleged party/defendant • Establish the location of the event or issue • Gather supporting information <p>The collected information is stored in OnBase and is documented via a fillable form tool. PUC staff follow up with complainants regarding their issues or inquiries under the direction of the PSP Chief by responding via phone call or email. For complaints that are determined to require ongoing investigation, the staff member to which the complaint is assigned follows the process detailed in PSP’s Incident Investigation Procedures and makes periodic status update notes in the complaint file. Once every two weeks, during the Incident/Event/Investigation meeting discussed in Recommendation 5F, the Pipeline Safety Program Chief or designee reviews all open complaints and follows up on anything still open by reaching out to any parties who have not responded. Once all actions have been taken, the PSP Chief or designee change the complaint status to Closed. The complaint is closed by checking the “Event Closed” box.</p>	

Recommendation 10C	
<p>The management and staff of the PUC should work with the Department to ensure that the Program improves its management of complaints by:</p> <p>C. Training appropriate Program management and staff on the written policies and procedures and tracking tool developed in Parts A and B above.</p>	
Current Implementation Status	Implemented
Current Implementation Date	February 2024
<p>Status Update Narrative:</p> <p>In response to this recommendation, the Pipeline Safety Program implemented a training program and implemented a fillable complaint form in the OnBase data management system on December 28, 2023. Training on how to use the complaint form was provided to program management and staff in February 2024 and is now complete.</p> <p>Consistent and ongoing training for the Pipeline Safety Program Team takes place at the bi-weekly team meetings. A different subject from the guidelines is covered multiple times throughout the year.</p>	

Recommendation 10D	
<p>The management and staff of the PUC should work with the Department to ensure that the Program improves its management of complaints by:</p> <p>D. Implementing Program processes to periodically review complaint data to identify operator or other safety trends that may need to be addressed, and taking action as needed.</p>	
Current Implementation Status	Partially Implemented

Current Implementation Date	December 2024
Status Update Narrative: In response to this recommendation, the PSP team developed a requirement and process to conduct an annual team meeting to review past complaints by Operator ID to identify possible trends with specific operators. The annual meeting will occur in December 2024. The results of this review will be input into the risk analysis performed in accordance with the revised Program Guidelines. If issues or trends with specific operators are identified, the Pipeline Safety Program Chief may choose to open an investigation or inspection. Also, as part of the annual programmatic review and QA/QC procedures, discussed in Recommendations 2D and 11A, the PUC staff will review the complaints to identify possible trends with specific operators.	

Recommendation 11A	
The management and staff of the PUC should work with the Department to improve the State’s administration of the Program by: A. Establishing and implementing processes that provide ongoing oversight and monitoring of the Program’s operations and performance to help ensure it is administered in line with applicable federal and state laws and regulations, federal and Program Guidelines, and any applicable Department and PUC policies. This should include a process for PUC management to ensure it has a sufficient understanding of how this federal-state program should operate.	
Current Implementation Status	Implemented
Current Implementation Date	April 2024
Status Update Narrative: The response to this recommendation has been provided in several previous answers. The two primary review processes newly developed in response to this audit’s findings include: <ul style="list-style-type: none"> • A quarterly review (required by PUC Policy 2024-02 described in the Program Guidelines (Section (VI)) which is conducted jointly by PUC and DORA management. This new process provides improved oversight of the Gas Pipeline Safety Program by DORA and the PUC. The first quarterly review was conducted by PUC Management on March 28, 2024 and reviewed by DORA on April 3, 2024. • An annual review of the Program Guidelines in order to ensure they continue to reflect current inspection practices, industry advances, regulatory updates, and updates in PHMSA’s guidance. The Guideline review is conducted by the Pipeline Safety Program Chief, with the support of the Unit Leads, Inspectors, and Coordinators. The Pipeline Safety Program Chief oversees identified revisions. A listing of changes made to the State Guidelines is maintained in the Google doc Version Log. 	

Recommendation 11B	
The management and staff of the PUC should work with the Department to improve the State’s administration of the Program by: B. Establishing and implementing a plan to monitor the Program’s progress in implementing federal evaluation findings, and the Office of the State Auditor’s audit recommendations, to ensure the findings are fully addressed and any recommendations are implemented timely and effectively.	
Current Implementation Status	Implemented
Current Implementation Date	March 2024
Status Update Narrative:	

A quarterly review (required by PUC Policy 2024-02 described in the Program Guidelines) is conducted jointly by PUC and DORA management. This new process provides improved oversight of the Gas Pipeline Safety Program by DORA and the PUC. This review includes follow up on federal evaluation findings status. The first quarterly review was conducted by PUC Management on March 28, 2024 and approved by DORA on April 3, 2024. The second quarterly review was conducted by PUC Management on June 14, 2024 and approved by DORA on August 7, 2024.

Recommendation 12

The Department should improve its oversight of the PUC staff to help ensure they administer the State’s Gas Pipeline Safety Program to regulate and enforce pipeline safety in line with applicable laws, regulations, policies, and guidance. This should include, but need not be limited to, establishing processes to obtain PUC updates on Program performance, and hold PUC management accountable for adhering to the federal grant requirements that the State must follow.

Current Implementation Status	Implemented
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Current Implementation Date	April 2024
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Status Update Narrative:

As described above, the Pipeline Safety Program implemented a new process that provides improved oversight of the Gas Pipeline Safety Program by DORA. The new process and oversight review form lists all of the OSA recommendations and the Program is reviewed once per quarter to determine if the recommendations have been met and are still being used. PUC management completes the review and then provides the review form and notes to DORA management for review and sign-off that the process was completed as developed and designed. This new process and form was finalized and added to the Program Guidelines in March 2024, and were complete and fully implemented in April 2024.