
OPS Public Meeting On Operator Qualification

DOUBLETREE - ATLANTA BUCKHEAD

ATLANTA, GEORGIA

WEDNESDAY, APRIL 23, 2003

ATTENDEES

Richard Sanders, TSI	Tom Fortner, OPS HQ	Ron Passmore, NY
Warren Miller, OPS CE Region	Paul Sanchez, OPS HQ	David Born, Texas RRC
Paul Wood, CYCLA	Bob Brown, OPS Western Region	Glen Tong, CASFM
Lynn Tessner, OPS SO Region	Corky Hanson, AZ Corp. Com.	Rick Marini, NH PUC
Mike Grubb, SGA	Gary Cowden, Columbia Gas Trans.	Rich Huhn, CMS Panhandle
John Harper, Consultant	Amy Livingston, El Paso	Dave Waters, CYCLA
Gary Ewert, Midwest Energy Assn.	Deb Haifleigh, Koch Pipeline	Mike Comstock, City of Mesa
Byron Ables, Colonial Pipeline	Vernon Gainey, SC PSC	Paul Biancardi, Duke Energy
Daron Moore, El Paso	Rita Jean Ayers, SOCAL Gas Co.	Gerald Harmon, Exxon Mobil
Michele Snider, Exxon Mobil	Mark Bowers, Zak Resources	Carl Morse, SC PSC
Linda Watley, Dixie Pipeline	Jeff Patterson, Oak Ridge	Bernie Selig, P-PIC
Debbie Ristig, CenterPoint Energy	James Kelley, Praxair	Al Welker, Infrasource, Inc.
Pete Herrera, Infrasource, Inc.	Steve Barker, L.E. Bell Construction	Jesus Ramos, Texas Gas Service
Dwayne Teschendorf, Duke Energy	Chris Ling, Welded Constr., L.P.	Tim Kasprzyk, Teco Peoples Gas
Frank Mantell, Fugro Chance, Inc.	Lori Skelly, Buckeye Pipeline	Gary McLean, Greenville Utilities
Jose Costa, Northeast Gas Assn.	Glen Boatwright, SC Pipeline	Lee O'Connor, Teco Power Svcs.
Lori Haworth, Williams Pipeline	Fred Joyner, OPS HQ	Richard Irvine, SOCAL Gas Co.
Jim Mika, Teppco	Tom Jones, Shell Pipeline Co., LP	Steve Bittel, Atmos Energy
Frank Redd, Mississippi Valley Gas	Don Griffin, Alabama Gas Corp.	Jerry Barrios, Atmos Energy
Kevin Krisko, Heath Consultants	Mike Burkhart, Nicor Gas	Kent Denny, Duke Energy
Daron Moore, El Paso		

Richard Sanders opened the meeting with a brief recap of past inspections and findings, and reported that after review of all available information, the program appears to be in great shape. OPS and industry needs to look at resolving the standard development process and discuss how to move forward into the consensus standard process. However, continued actions to address OQ issues will be necessary. New issues are expected to spring up and OPS will need to address them. Richard indicated that inspection report protocols as another area for which OPS might need additional comments and information. Points discussed during Richard's presentation are as follows:

Accomplishments to Date

- Combined a constructive working relationship based on mutual respect and shared understanding of issues.
 - Agreed on role of national consensus standard on increasing assurance of qualified pipeline personnel (it is very important that we and state reps participate). This is the next step on a complete, viable program.
 - Finalized inspection protocols and inspection approach to address major OQ issues covered in the Rule.
 - Identified need for/began work on guidelines for small operators. Those who have interest, certainly should participate. Some indicated they didn't know why this was needed. Suggest reconsidering thoughts. Guidance certainly shouldn't affect large companies, but should help the small ones.
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FAQs

Originally, many were concerned about FAQs, so they were removed. However, one of the deliverables from OPS was to provide FAQs. Many companies do not have the resources to interpret and understand regulations, and the FAQs are intended to assist them in effectively and efficiently implementing their OQ programs. FAQs are also consistent with the IMP process and OPS is trying to be unified in its efforts.

Key Definitions

Some conclusions have been reached based on industry's guidance, but others have remained as is based on directives from HQ.

Supplementary Guidance

As we move forward with inspections, if a need arises for more detailed information, best practices, etc., OPS would consider adding this information to the guidance material.

Long-term Plans

Complete supplementary guidance	– June '03 (in full-fledged inspection format)
Reset Meeting to Review Protocols & Initial Application (Will look at data and teams out there to ensure we're on target for consistency and uniformity in approach of the inspections)	– July '03
Complete CBT	– August '03
Complete National Consensus Standard (ASME B31.12) (Bernie & Daron will provide add'l information, but this is our goal date.)	– June '04

Warren Miller presented an overview of the final protocols (8 elements of the rule and 16 questions), describing what the protocols are and how inspectors will use them, and presented several examples. The 16 questions have been structured to focus on verification of rule requirements and provisions established under the verification. The introductory statement at the start of the protocols was designed to ensure consistency and clarification of expectations to inspectors using the protocols. It is a statement on the protocols use for industry and regulators so they might understand how the protocols are going to be used. Even the inspectors have not seen these before, so it involves new training and a new thought process. The role for both operator and inspector have been addressed.

Q&As

- Q. Kent Denney: Please provide overview of statement document that accompanies protocols and discuss key elements; need to clarify how they will be used and want to be sure everyone understands what it means.
- A. Warren: It's been placed there for both industry and inspectors since they've never used this type of form before unless involved with IMP. The CBT training will also be an integral part of getting state and federal inspectors on line for performing OQ inspections. They tell the inspector where to look to verify whether the questions (that are enforceable on the form) have been fulfilled.
- Richard: They're there for guidance and are not enforceable. They're for uniformity, consistency, guidance and assistance. Citations would only be issued against the regulations.
- Q. Daron: In light of the statement on use of OQ protocols, how intense is OPS intention for state inspectors to use these protocols?
- A. Richard: The states have had representatives involved in the protocol development process, and have been asked by OPS to consider using the protocols in their inspection process and report findings in a manner that

can be added to a database available to all inspectors. There will be a formal presentation at regional NAPSRS meetings on OQ and it will be used to educate on steps and processes. The CBT module will offer it up again, so we will do it 3-4 times. However, states are independent and may or may not use the protocols as defined in their intrastate inspections, but we are asking that they utilize the inspection format and use documents generated.

- Q. Daron: Can you differentiate statements with the word “verify” in more detail (in #3.02, the 1st word is verify. In #1.04, the question does not use the word verify.) They seem to be linked to enforceable and non-enforceable. Please describe why.
- A. Warren: The verify statements are used to verify that enforceable requirements of the OQ rule have been met by the operator during the conduct of the inspection.
- A. Wood: One of the themes has been differentiating between requirements of the OQ rule and information that we believe necessary for inspectors to understand whether the prescriptive requirements of the rule are being met. Through this mechanism, we’re ensuring inspectors have covered enforceable requirements of the rule.
- Q. John Harper, UTI: 2nd Par, opening sentence says there are 9 element including field verification. On the handout there are only 8.
- A. Warren: Field verification questions (Element 9) have not received as much attention as the other eight elements to date, and the question set has not been employed in any field inspections to date. Now that the final protocols are established, Element 9 will be revisited and adjusted as necessary to reflect the final protocols and to focus on those things that are necessary to verify in the field. For example, it is anticipated that field verifications would concentrate on questionable issues identified during headquarters inspections that need follow-up by observing field activities and posing questions to individuals performing covered tasks (e.g., those AOCs that are expected to be encountered during performance of a task), plus verifications of individual qualifications for performance of a task. The field verifications will not deal with philosophical (why’s) questions, but rather will focus on factual information to discern the adequacies or inadequacies of the OQ program as it is applied to individuals and covered tasks. Inspectors will verify who that person is and will want some form of I.D. on persons performing the job to see what job they’re performing, if they’re doing it to the operator’s procedures, and whether they can prove the person is qualified to be working on the facility. The timing of the inspections could vary. For feds, a great deal will be tied into a standard inspection with the OQ Team doing inspections. Field verification have not yet been done.
- Q. John Harper: Will field verifications occur prior to HQ inspection?
- A. Warren: Yes.
- Q. Paul Biancardi: Smells like certification...Paul gave hypothetical example on maintaining a valve - Person at site is supposed to be doing it that day. Does he need something in his possession while on the site? Will you check his training records in the office and then see if he knows how to do it, or are you suggesting having information on the site vs. diversity in methods of maintaining qualification records?
- A. Warren: We’ve never told operators how they need to maintain qualification records. The inspector will have to complete the inspection trail to see and verify whether that person is qualified, but they will verify that person. A person would not necessarily need a card with him. It depends on how a company does business.

Richard: We just need to verify, and the sooner an operator can make that determination, the better. Our needs are to substantiate whether individuals are qualified to do the task.

Q. Ables: Field verification will begin next month?

A. Warren: Yes.

Q. Ables: Are you developing guidelines for Elements 1-8 and will you provide access before field verification?

A. Warren: Yes. Element 9 will be completed and placed on the Web. There 1 or 2 field verifications planned for next month as follow-up for previous inspections.

Richard: In a discussion with the RDs, we will have other inspectors doing standard inspections. If we get indicators of possible problems, contractor qualification requirements, etc., we can provide that bulleted info off the inspection form to the region where the work is going on and ask them to look at those issues and see how this is done.

Q. Kasprzyk: Element 9 Field Verification – Under 9, are the protocol questions enforceable?

A. Paul: We had not intended to distribute that info now. Element 9 will find its way into an appropriate form and will be restated and restructured. This is a zero draft and has not received a great deal of attention.

Q. Comstock: As you go through guidance for Field Verification, people in the field are nervous and their approach to communication may not be at same level necessary to explain sufficiently what they know. As guidance is developed, take into consideration that their communication level needs to be considered.

Q. Daron: It would be useful to focus on facts rather than philosophy regarding field verification (i.e., where they go for information, who is covered and what tasks do you need to be qualified for) rather than discussion around why did you do this, etc.

A. Warren: We will be talking to them about AOCs.

Q. Mike Burkhart: Do you see industry playing a role in developing training for inspectors?

A. Richard: The info is before us; we just need to put it into CBT template and get it out there. Down the road, there is an opportunity for PEPG to reconvene and work on training type issues. Neither side should work in a vacuum; we all need access and need to train accordingly.

Paul: There are many continuing discussion topics, including supplemental guidance because we *do* expect to use it for training material and it will be an integral part of the training package. The nature of the OQ rule is performance-based and there is a need for management practices and a measurement of effectiveness for programs to operate. Inspectors will evaluate for compliance with the prescriptive provisions of the OQ rule and will ask if training is tied into OQ programs because NTSB feels that training is an integral part of a program for qualification, and the specifics are not included in the Rule nor is it a required action under the provisions of the OQ rule. The protocols themselves are guidance and not enforceable; citations will only be issued against the regulations.

Richard Sanders presented an overview on regulatory observations on the early application of protocols, based on the four inspections conducted in April 2003 that employed the final protocol set. Following are key points including Q&As:

Regulatory Observations on Early Application of Protocols

- Inspections to Date: 2 Large Gas Transmission Operators & 2 Large Liquid Pipeline Operators

These four and the three conducted in December 2002 are just the beginning of approximately 3,000 operators that will require inspection prior to December 2005.

Inspection Approach Used

- Both state and federal inspectors (open door policy - have asked if the state wants to accompany to let us know for scheduling with the operators.)
- No field verifications conducted by team to date yet

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- Operators submitted programs and covered task lists prior to the inspections
 - An inspection typically began with operator position on its OQ program
 - Regulators worked through inspection protocols and follow-up questions as indicated by the inspection form we presently have

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- Regulators caucused to identify further questions and findings
 - Operators provided responses to additional questions
 - Regulators compiled final data and led exit discussion on findings and needs; exit interview should give operator an indicator of what to expect to be looked at in the field.

Field Verification

- Field verifications will be carried out in light of HQ program inspection findings
- Depending on findings, regulators plan more or less extensive field verifications

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- Field verifications will be focused on:
 - o Reviewing documentation (certainly you want to determine whether persons are qualified)
 - o Observing performance of covered tasks (we have seen in the past, whether an OQ issue or other, many have spent hours and \$ developing detailed specific inspection processes and procedures to get job done, but it is circumvented in the field. One of the tasks we must determine is whether it's due to qualification.)
 - Field verification may be integrated with standard inspections and may be performed by inspectors in other regions for large, multi-region operators.

Anticipated Formal Communication from Regulators

- OPS intends to share inspection results with states through a database system intended to focus on findings and not on individual operators. The legal constraints to sharing findings developed during a federal inspection process with non-
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interstate agents is being investigated by OPS Legal Office. The intention is to minimize multiple inspection impact on operator and state resources by using the federal inspections to satisfy interstate agent inspection requirements, and to share enough information in order to provide guidance on where weaknesses in OQ programs have been occurring

- Q. Paul Biancardi: With Federal inspections, are we mixing the two? Because historically, OPS limits access files until they reach an understanding. Federal inspections won't be turned over to a state unless it is its agent.
- A. Richard: Yes, but interstate agents do inspections for us. We're trying to do it one time and be done. We're talking about sharing info with states for consistency. There is a question on the table for legal. We felt in order to do the database tracking, there was a need for access to findings. On the federal side, we need to know what states are finding. The issue is how to handle documents. Paul Sanchez will investigate and report. We haven't tracked or linked yet, but NAPSRS meetings are coming up and we will need to bring information to the states
- Q. Paul Biancardi. I'm concerned about investigatory information being distributed beyond the investigative team before a decision has been made. If it's given to states, it's like giving it out to the public.
- A. Tom Fortner: The main purpose is so the state will hopefully adopt our review to eliminate multiple looks at that plan.
- Q. Paul Biancardi: I'm just concerned about due process in distributing certain information.
- A. Paul Sanchez: I will look into it further and study the issue where intrastate lines are involved. There may be some potential difficulty with that sharing, but I will look into it.
- Q. Corky Hanson to Paul Biancardi: Are you (Biancardi) concerned that states will give out the information?
- A. Paul Biancardi: Yes. We still have grievances with accusatory documents going on the Web. Given the political realities, if a state agency has information about a federal facility, and it chooses to use that in the public, it disrupts the process that OPS has built into Part 190.

Corky: We already have an agreement with the Federal Government on intrastate pipelines.

- A. Richard: The information will be gleaned and sanitized to just report areas of concern with the regulations; no operators or identifying info would be included (25 NOPVs under §xxx) so people can measure what their work is vs. others. A prime example on the distribution side is the database maintained by AGA and the Plastic Pipe Database Committee (PPDC); it's generic but proactive in finding areas before they get out of hand. Also, OPS must generate a report to Congress and NTSB to show we are involved in OQ as an industry. Three years out, we will need to generate an extensive report detailing that we've inspected all 3,000 operators so they're aware of the money and effort.

- Formal communication may follow both program inspection and field verification (we have reached agreement within OPS that we will not use NARIs – rather we will use NOAs and NOPVs. On a state level, discussion with state program person was suggested on the process that follow Part 190 for intrastate).
- Communications may include inspection follow-up requests or enforcement action
- “Progress Assessment Letter” (PAL) – used on the IMP side.

Q. Deb: NARIs are used in liquid IMP, and there have been some questions on that.

- A. Richard: - NARIs are gone in dealing with OQ. However, on the liquid side, they have been used in the past, and are still being looked at and revisited. The PAL is another attempt to get the job done while in a non-adversarial role. In talking to legal, it may not be something that works well on the operator side. Stay tuned for further developments in this area.

<ul style="list-style-type: none"> - Initial and thorough presentations of operator program helps to focus inspection (if your act is together, you should be able to orchestrate your program). - Use of flow diagrams depicting how OQ processes work contributes to inspection process (helps understand who's responsible in an OQ program to facilitate regulators through your program and out the door).
<ul style="list-style-type: none"> - Easy access to supporting documentation and evidence of program implementation expedite inspections; operator presentations of their OQ program, ready availability of supporting documentation, evidence of program implementation, professionalism and positive attitude of operator representatives work together to provide an effective and efficient inspection process.

Federal and state inspectors presented more detailed categories of initial inspection findings. Key points and Q&As were as follows:

<p>SLIDE #11 Finding #1 Lynn Tessner</p>	<p>Observations From Initial Inspections</p> <ul style="list-style-type: none"> - Programs varied considerably in maturity - Significant differences in number of covered tasks (use of sub tasks) - Of the 4 companies we've inspected, all were in Houston. They varied from excellent to very good. Duke had an excellent program. - For subtask and task, they ranged from less than 50 to more than 100. Generally, we didn't find anything that was overlooked. <p>Paul Wood: The programs were all good quality programs, but even in the best there were some that the operators believed they needed add'l improvement. Things were identified that looked like candidates for maturing of the program. It shouldn't be expected that a program is fully mature; we're looking for strength and progress in areas provided in the Rule.</p>
<p>SLIDE #12 Finding #2 Warren-1 Miller</p>	<ul style="list-style-type: none"> - Significant differences in degree of integration of OQ with other management systems - Program "performance measures" were typically immature <p>Warren: We had sign differences with the degree of integration and management systems which included OQ programs. There were some with very involved management systems already enveloping OQ yet some were still trying to grasp how to support the OQ program with their management system still working on exactly how to manage it. On the performance measures, they were typically immature [non-enforceable protocols], but we're trying to see where operators are going and how they will rate their program.</p> <p>Kasprzyk: What do you mean other management systems?</p> <p>Warren: In this format, talking about how they're handling program managing with rest of their operations, some had put it into their database training, in all aspects of their program, some had it as stand alone, just depending on how the co is set up. These were large companies with a number of assets, employees, and contract employees. Management of how programs are integrated is difficult.</p> <p>Paul Wood: Examples of integration with other aspects of the management system included "change</p>

management”. Some operators lack a process for managing change, but it is a requirement of the rule. Programs should utilize cross referencing.

Bernie: We seem to be using 2 terms (performance measures & performance monitoring); are they the same?

Paul Wood: No. They are clear and distinct. You can monitor performance of a management process in ways that don't require quantifiable measures, but do require structured processes. Measures themselves are difficult and complimentary to the monitoring process, but measures themselves are immature at this stage and, in most cases, processes for monitoring are immature (but developed).

SLIDE #13
Finding #3
Bob
Brown-1

Operators differed in Treatment of Some “Outstanding Issues”

- O&M vs. New Construction
 - o Some operators have chosen to tailor definitions of these and other items to reflect their desire to exclude as many activities as possible from their list of covered tasks. In doing so, some have ignored definitions already provided within Parts 192 and 195, such as the one for “pipeline facility.”
 - o Some have staked out positions under which they consider an O&M task to be “construction,” such as taking a pipeline segment or component “out of service.” Such constructs typically include physically separating a segment or component from the remainder of the pipeline, with or without purging. Once separated, all modifications become “construction” and normal “O&M” activities are not resumed until the tie-in of the segment or component to the remainder of the pipeline.
 - o Other operators have established positions that closely resemble that of OPS and do not try to create a set of contrived or artificial conditions under which the task may be considered “not covered.”
 - o Some (primarily LDCs) don't even distinguish between “new construction” and “O&M” activities, since all of this type of work is performed by the same individuals.
 - o There are only 3 ways to remove a regulated pipeline from coverage under the O&M portion of the regulations:
 1. abandonment (*the “permanent” way*);
 2. conversion to service of another type (*when converting coverage from Part 192 to 192 or vice versa*); and
 3. replacement of pipeline segments or components – not for repair or maintenance purposes, but in order to increase throughput capacity (*in order to meet increased load requirements*).
- Excavation Tasks
 - o This area also receives a wide variety of treatment. Some operators believe that no excavation activities are “covered” tasks. Others say that the only excavation activity that should be covered is backfilling – that is, avoiding large rocks in the backfill material and preventing damage to the pipeline coating. Still others include the uncovering of pipelines, but are divided over “who” the qualified individual should be – the equipment operator, or the person who “spots” or indicates where the equipment operator should dig.

- There is no argument over whether the equipment operator should be proficient in the operation of the excavation equipment; that is implicitly understood to be a prerequisite and is not a part of this qualification process.
- Some operators have trouble coming to grips with 3rd party crossings, as these regulatory requirements are not applicable to non-covered entities.
- OPS believes all excavation activities within a pipeline facility (whether by the operator’s employees, contractors or 3rd parties) has to be addressed within the operator’s covered task list, or it will not be able to pass the now famous “red face” test.
- §§192.614 and 195.442 provide that the operator’s “damage prevention program” must “prevent damage to (buried pipelines) from excavation activities” and goes on to describe what is meant by “excavation activities.” When performed within the pipeline ROW near high pressure pipelines, excavation activities clearly pass the four-part test.
- Risks associated with not providing qualified individuals to perform, or at least direct and control, such activities far outweigh any perceived technical or practical difficulties.
- Must also recognize difficulties faced by operators of low pressure distribution systems where there may be a great many 3rd party crossings or other nearby excavations at any point in time. Operators of these systems must have adequate leeway to assess the risks posed by such activities and address the problem in an appropriate manner.

Bob Brown: If you have an observer watch a 3rd party, it’s their responsibility to follow his direction as to how close he can excavate close to your line. Don’t leave responsibility up to the 3rd party operator. We have a responsibility to protect our pipelines; if you have an observer watching that process, it’s his responsibility to protect the pipeline.

Deb Haifleigh: Industry and regulators agree that the whole issue around excavation is an item addressed in the consensus standard and will take time on where it needs to go to best provide pipeline safety in a realistic perspective.

Richard: Operators have certain obligations that place a burden to make safe (3rd party people are not within that purview). Some state laws cover encroachment, and you would want to make sure they stay within those lines. Nothing we’ve said says you need to qualify that 3rd party person. This is going to be a lengthy discussion down the road for the consensus standard and we will go into detail in those areas.

SLIDE #14
Finding #4
Warren-2
Miller

- AOCs
- Integration of training (extent varied)
 - Under AOCs we have wide variance on the way they’re being treated by operators. Many have gotten either generic or specific to each task. One had integrated their task-specific AOCs into their evaluation for the task. One of our concerns was that they were using a written performance of that task, and that was how they were evaluating AOCs.
 - Without weighted questions on the AOCs, we had to determine whether they were knowledgeable in all the AOCs for that task. Operators (with contractors coming on board) had a written test for each contract employee and tested yearly on those.
 - We also discussed integration of training to the OQ programs. That extent varied from some

companies who didn't include training (felt once qualification was met, they would continue to re-evaluate and had no tie-ins to their training program even though they had one) to one company who had a training program specifically tied to OQ and other parts of their program into one tight circle.

SLIDE #15
Finding #5
Corky-1
Hanson

- Guidance on span of control
- Identifying persons contributing to accident/incident
 - Immediate contribution
 - Delayed contribution (need record systems up to date)

- o Operators differ in the treatment of some issues. One is span of control for non-qualified individuals. There's a large span among operators. The plan is a roadmap that people in field should use with clear directions for personnel to follow. This could vary from task to task.
- o Another issue was identifying persons contributing to accidents/incidents. Tracking immediate contribution wasn't a problem in that the incident probably just occurred and the person is usually easy to identify. Problem was in tracking delayed contribution. In these cases, what happened may be well known, but not who did it or caused it. A method is needed to track and pass on to qualified persons.

Q. On delayed contribution, how far back are you tracking?

Corky: There's no given time. Some operators may have that info, and it may be something done 5-15 years ago.

Q. Please give examples?

Dave: It could be method of applying a coating that wasn't done correctly. You may want to go back and see if the problem has been eliminated.

Richard: Specific requirements apply to application of the coating – stirring, mixing, etc. Often they will pick the bucket up and apply...or, for example, on an LDC, if an individual came up with a cold joint, was the person incorrectly trained and not applying proper pressure? It would give an indicator whether it was specific to an individual rather than the operation's entire program.

Paul Wood: Don't infer we're requiring operators to create management systems to track back decades for situations. The rule wants you to be able to identify individuals who may have contributed to an accident/incident. It's easier to get at an event caused immediately (who, how and why). It's more difficult to figure this out in the past.

Cowden: This 15 years makes me nervous. Which qualification are we challenging? The one last year or the one just prior to doing whatever work was done because it causes a dilemma. Most of these occur 10-15 years later. The person will already have requalified on the issue that has shown up late. I don't want to be in another long-term process where the end result is not what we want.

Paul Wood: We're saying maybe it's the procedure and not the person. You need to go back to the problem that caused the event, look at it's implications, and assure it's been corrected. We're looking at how you're doing that.

Richard: My concern is that we've seen plans and procedures where those things necessary to review and measure (who, what, when, where, why, how, etc.) haven't even been considered. We will be looking at non-qualified individuals in the field. During RegNeg, it was a key area of concern.

	<p>From a regulatory standpoint, we realize everyone can't be qualified. Some tasks are done by summer hires and if appropriately guided, they can be done safely. Some concern are about critical tasks such as welding or hot tapping, depending on knowledge, skills and abilities requirements. The process (data collection, verification of information, etc.) will make us better assured of safety down the road. Some of this data will require a good deal of time to collect and validate the decisions made.</p>
<p>SLIDE #16 Finding #6 David Born - 1</p>	<ul style="list-style-type: none"> - KSAs addressed either in evaluation or in “pre-qualification” for evaluation <ul style="list-style-type: none"> o Warren: At one company, before they have the opportunity to qualify by being given the written exam, they already knew they could perform the task. They verified ability up front and then verified qualification at the end. o Paul: It was a skill verification process and referenced in their OQ program. o David noted it was a process outside of OQ. <hr/> <ul style="list-style-type: none"> o David: Through audits to date, KSAs have been dealt with. <ul style="list-style-type: none"> o One fashion was where an operator had the process of supervisors pre-qualifying employees by req. and observing employees to demonstrate KSAs necessary to perform a covered task before allowed in the process of testing for qualification for a spec covered task. o In another case, an operator had an existing pre-OQ training program they used to provide knowledge necessary to conduct business. That knowledge was used prior to an employee pursuing evaluation for qualification for a covered task. The KSAs, in that case, were then evaluated along with the performance components to their qualification. o In several cases, operators had processes in place prior to OQ; they just needed to take credit for those processes and incorporate into their OQ.
<p>SLIDE #17 Finding #7 Lynn Tessner-2</p>	<ul style="list-style-type: none"> - Justification of re-evaluation intervals was subjective (no evidence of quantitative performance measurement tied to intervals) - Emergency Response <ul style="list-style-type: none"> o Richard: Emergency Response falls under the operating section. In looking at the scope of the regulations, it was covered there. HQ, based on directions from NTSB, felt it was ludicrous to have non-qualified people responding to emergencies, and should be on plans and procedures and addressed by the operator. It will be more detailed in the consensus standard. It is a hot issue for NTSB and others, just like the training issue. <p style="margin-left: 40px;">Based on guidance (§192.17) from Stacey Gerard, Associate Administrator for Pipeline Safety, we would expect qualified people going out on emergencies.</p> <hr/> <ul style="list-style-type: none"> - Re-eval varied slightly. Many chose 3 years. Some gave it more thought (risk, complexity were considered)
<p>SLIDE #18 Finding #8 Paul-1 Wood</p>	<ul style="list-style-type: none"> - Discomforting use of WPHR to “pre-qualify” individuals – “Evaluation Light” (Will assess impact in field verification) <ul style="list-style-type: none"> o Paul: This is more than just checking qualification records in the field. We will be watching them

do the task (i.e., hot tapping).

One of the areas where we saw variation among operators was in use of WPHR. In no case did we find people relying solely on WPHR as a basis for qualification. In some cases we saw reliance on light version of WPHR which, for various reasons, covered oral review of supervisor, or record search for one year of records. This pre-evaluation was used in conjunction with modified evaluation method following the mini WPHR. In one case it was an oral discussion which was used to qualify the people. We characterize this as an area of discomfort. It's not a violation and the only way we can determine whether it's justified is through field verification, where we look at the ability of the people to perform the tasks.

Kent: Would you consider an evaluation conducted solely by oral exam as "eval light?"

Paul: Some tasks require only a knowledge test. Some really do need a knowledge and skill test, and characterization of ability as well. This is a task by task determination. So yes, there are some where we think it's fine.

SLIDE #19
Finding #9
David-2

Rigor of contractor qualification varied considerably leading to strong concern about qualification (Will assess impact on OQ)

- In terms of contractor qualification, this was an area in audits where we found wide range of methods.
- On each end of spectrum, we had one operator whose contractor qualification processes was very structured and required all contractors to use a specific database to record qualifications and data necessary to determine qualification.
- There were strong controls through this process and specifics on allowed training contractors (NCCER, MEA, and those that could be used). These included complete analysis or covered tasks defined by company and those defined by contractor.
- On other end of scale, there were processes where a company would review required contractors to provide qualification programs, review the minimum terms of approved contractor list, and at that point, approve it.
- Once contractor approved, basically the controls over that qualification went to the field level whereby the contractor was required to provide qualification without general overall controls process.
- This variation in processes causes us concern in some cases, not in terms of violations, but in terms of field audits. We believe contractor qualification may represent a soft spot in overall qualification program. Some form of audit by operator or contractor program is being done by some companies.

<p>SLIDE #20 Finding #10 Paul-2 Wood</p>	<p>Rigor of evaluator credentialing a selection varied considerably (Significant when evaluation depended on expertise of evaluator, e.g., evaluation of performance).</p> <ul style="list-style-type: none"> ○ Paul: Credentialing is not a requirement of rule; we're trying to understand how operators conduct evaluations. Rigor of credentialing varies considerably. Operators had some set of credentials they were looking for. Again, if we find areas of concern on the quality of credentialing, we'll look more carefully in the field to see if people are performing tasks as they should. Early draft of small operator guidance lacked the importance of credentialing in areas where evaluation was by performance. Even for small operators, there is concern over this issue. It's not a requirement, but will raise a red flag for us and heighten awareness in field verifications. ○ Comstock: We discussed credentialing issues but it must be known that in small operator groups (where only 1-2 people are running system) credentialing will be limited. We're aware of that, but if it's throwing up a flag on individuals today, it may raise more flags later on. ○ Richard: Those small operators don't have the KSAs in making decisions, and your efforts can give them guidance to make sure they have the right people doing those evaluations.
<p>SLIDE #21 Finding #11 Warren-3</p>	<p>Management of Change</p> <ul style="list-style-type: none"> - Guidance needed on: <ul style="list-style-type: none"> ○ Significance of Change ○ Corresponding impact on qualification ○ Required action to retain qualification <p>In most cases, management of change was addressed. There were a few who designed a 3-tier level of change (insignificant, moderate, significant).</p> <p>Ensuring communication of any change to the field and evaluation to see if there's any requalification needed are largest issues with whole program.</p>
<p>SLIDE #22 Finding #12 Bob-2</p>	<p>Large variations in plans to evaluation program effectiveness, ranging from:</p> <ul style="list-style-type: none"> - No specific plan to review program (to) ○ Bob: As with most new regulatory programs, there is a period of time over which an operator has the opportunity to review how its program is working, identify how the program should be modified to improve the results obtained, and to incorporate these changes into the operator's procedures and processes. It would be a most unique program that was deemed by anyone to be perfect from the start and, therefore, not in need of review and/or change. Although not a specific requirement of the OQ Rule, OPS contends that each operator's program should anticipate its evolutionary nature and make provisions for at least a periodic review, if the review is not part of a continuing

improvement process.

We fully anticipate that the OQ programs currently in place will undergo the same sort of evolutionary process before compliance with the provisions of this rule also become “second nature.”

Operators who currently have few or no suitable measures of safety performance must make the effort to identify and track such indicators.

As an industry, we must strive to enhance the safety of pipeline operations by verifying the qualifications of our operating and maintenance personnel, whether employees or contractors.

- Formal review plan and assignment of responsibility for periodic program review

- Bob: Some operators are leading the way in this area. They view the OQ program as a natural extension of their existing practices to improve operational safety. These operators can take credit for these existing practices and procedures by making reference to them within their written OQ program.

By doing so, today’s administration of these plans prepare a roadmap for use by those who follow them in overseeing these plans.

The corporate culture of these operators actively seeks to receive feedback from all sources to identify how existing programs and procedures are functioning in practice, and where improvements can be made.

Q Bernie: Do I now have a 3rd term (program effectiveness evaluation)? What’s the difference?

A. Paul: Program evaluation is one way of looking or monitoring the effectiveness. We’re probably not using crisp, clear definitions, but we’re talking about looking at how well a program is working. Performance Monitoring is actually the same.

John Harper: Finding #9 – On contractor qualification, many were involved earlier. Anyone doing a procedure had to do it exactly as the operator stated in his procedures. Now, am I reading a change in the new protocols where it just has to coincide? We need clarification on direction requirements of multiple people doing a task for an operator and multiple ways of performing the task.

Richard: We’ve never said it had to be only 1 way. We’ve said there’s an opportunity for consortiums to be available and have other ways of doing a specific task, but it should be incorporated into the operator’s program so we’re prepared when we go into the field.

Corky: Companies will have SMEs go through contractor consortium plans and determine whether they meet with their expectations, and either accept or reject it.

Cowden: Finding #12 – My concern is what is the goal? We all understand the goal of OQ itself – to improve/verify systems for safety, but under the evaluation of program effectiveness, I’m lost. When you break it down by individual companies, do we all need the same goal? For a company who’s had no accident/incident in the last 3 years, what are they reviewing for?

Sanders: Are you as the operator, setting performance measures?

Wood: We’re looking for how the operator will determine if \$ was an investment or waste and how are

you doing it.

Warren: One incident may be waste if you have qualified people doing the job, you'll have less waste and use of materials because they're following procedures closer. It could be used as an indicator.

Wood: If the evaluator is observing performance and judging appropriateness of performance, the evaluator must have the capability to know what the performance is and capability of performing the task. This is not a requirement of rule, but something we need to pay attention to. It will raise a flag in the field. Someone who has performed the task can recognize adequate performance.

Michelle Snyder, Exxon Mobil Pipeline Co., provided presentation discussing industry's view of how the inspections were conducted and how the protocols were used.

- There were 6-8 inspectors involved in each audit consisting of regional office staff, state agency staff, and OPS contractor support.
- Inspections generally lasted 1-1.5 days
- Inspectors/OPS HQ stated NARIs would not be used for any OQ findings
- Operators began inspections with discussion/presentation of their OQ processes/approaches
- In-depth discussion of protocols & operator's plan followed
- OPS usually asked for a demonstration of internal recordkeeping and OQ processes
- Regulators caucused for 1-2 hours to compile findings/additional questions
- OPS then conducted close-out discussion
- Generally 1 inspector led protocol discussion
- Each inspector present had opportunity to question/comment
- Attending state agencies indicated separate OPS HQ inspection would not be conducted for that state
- Overall, industry was pleased with constructive & professional manner inspectors displayed during inspections
- Industry recognizes that demeanor of both inspectors and operators can influence inspection tone
- Industry believed protocols discussed/used in way they were intended
- Industry felt regulators were clear regarding the enforceable/not enforceable protocols
- Regulators indicated field verifications will be conducted and are anticipated for mid-June
- Regulators encouraged operators to submit correspondence identifying any actions based on inspection feedback
- Regulators focused on supporting documentation/flowcharts/roles and responsibilities
- Regulators were very careful not to discuss best practices or make operator comparisons

Daron Moore stated that the term "PALs" (PROGRESS ASSESSMENT LETTERS) discouraged him. He suggested that a possible solution for an informal communication tool would be to take advantage of the closeout discussion or exit interview. If the regulatory community could be very specific in that discussion about their disappointments and positive comments, it would solve the problem of creating the paper trail discussed in the past over lack of due process and risk for pipeline operators. He suggested it be conducted in a discussion environment with a positive approach in an exit interview. He also encouraged OPS not to use an enforcement/compliance communication tool outside Part 190 because it creates very real problems for industry. Richard replied that we have had guidance from OPS HQ to discuss the PAL and would pass on suggestions.

Byron Ables stated that earlier today in the 1st part of his presentation, Richard mentioned NTSB still had issues on requalification frequency. Richard provided the audience background on issues.

- NTSB said regulations need to get control on OQ and need a training rule. We went thru several iterations and came up with RegNeg and wrote a rule that has transitioned into OQ 1 and 2. NTSB felt we were short on data to substantiate the frequencies.

- We have been in contact with NTSB and they were given the protocols and were satisfied with what they saw. The re-evaluation interval issue was raised and the in-house processes are underway to generate matrices to evaluate those tasks. Time to accumulate that data was discussed, along with analyzing and making right decisions. We want the re-evaluation time to be appropriate.

Daron emphasized the importance of attitude in interaction and working toward issues, and not bringing personalities into the discussion. He noted that he was impressed with both sides of the room. It is clear that when some personalities are not as positive as others, it will impact that inspection in the sense that it's a dialog, not a document review. If one or more parties chooses to disengage, it will make the inspection much more difficult.

Bernie Selig presented the results of the study on re-evaluation intervals for pipeline personnel as follows:

The Commission requested a comparison among different industries (report will be on SGA's Web Site). Some of that data is applied in the following material.

Re-evaluation Intervals for Pipeline Personnel

Safety Comparison (averages over a 4 year period up to 2001 – including Carlsbad and Bellingham)

Industry	Fatalities/Yr
Merchant Fleet (under DOT)	53
Railroads (under DOT) most due to trespassers in unauthorized manner (similar to true 3 rd party incursions) – OQ can help in 1 st & 2 nd party hits	>900
Nuclear Power (regulated by Nuclear Regulatory Commission)	0
Petrochemical (regulated by OSHA)	6 - refining/36.5 -n chemical
Pipelines	18

Pipeline Industry Operator Error Incidents

Industry Group	# Incidents 1996-1999	% of Total	Average # Per Year
	Reported due to incorrect oper.		
Gas transmission	21	6.9	5.4
Gas distribution	44	9.4	11
Hazardous Liquids	61	8.9	16.3

Requalification Intervals

Tier	USCG	FRA	NRC	OSHA
1	5 yrs	3 yrs	2 yrs	3 yrs
2.3	5 yrs	None Required	As Needed	As Needed

- Requalification and Reevaluation do not equate to training.
- Most intervals for lesser tier jobs have no requirements, other than for licensed locomotive engineers.
- That doesn't mean they don't train people on regular basis. They just don't requalify.

Pipeline Industry Intervals

- 6 Months to 5 Years
Based on difficulty, importance, frequency (DIF) analysis
(structured methodologies to differentiate those people who can be qualified more frequently, etc.)
- 5 Years & Less, 5 Years or Less, 5 Years or More
Based on developed algorithm
- 3 Years - Based on PSM Requirements

Possible Tiered Intervals

Tier 1	3 years
Tier 2	5 Years or >
Tier 3	As Needed

- Bernie suggested these on a risk basis – not arbitrary – based on risk in jobs being done by unqualified public and what risks they pose to public and themselves.
- 3 years is sufficient based on evaluation and history.
- Concern is for restructuring, layoff, post Enron environment, regulatory process in RM, security, OQ, we're asking an awful lot of these industries. If OQ becomes very onerous and we try to cover it by being unnecessarily, we're focusing industry's limited resources that will not reduce incidents or operator errors. We need balance.

Tiered Intervals Example

Tier 1

SCADA operator 3 years

Tier 2

Valve Maintenance 5 Years (maybe refresher training)

Tier 3

Apply pipe coating As needed

Q. Richard: On "as needed," what about where you find it needs to be done 6 months? Would you elevate?

A. Bernie: I would put it in Tier 1 as a critical task.

Q. Paul: What you're suggesting is a framework for moving ahead which integrates training and qualification to ensure those doing critical jobs are qualified.

A. Bernie: That is correct. This isn't something I'm suggesting you implement today. Some should clearly consider it, but I'm saying to keep all this data I've presented. While we must meet requirements of the rule, I want OPS and

states to remember what this industry is and the safety record, along with what they should be doing, but we need balance.

Mike Comstock presented the status of the preparation of small operator guidance material as follows:

Preparation of Small Operator Guidance

Mike noted that their purpose was to develop a partnership between industry and regulators, to develop guidance material for small system operators to meet the requirements of the OQ Rule. A guiding principal has been to maintain a constant and underlying goal to ensure that the level of safety provided by OPS OQ process is maintained and the effectiveness of the rule is not compromised.

The well rounded task force was comprised of the following hardworking dedicated individuals:

- o Rick Marini, Co-chair
- o Don Stursma
- o Daren Gilbert
- o Jim Anderson
- o Jim Hotinger
- o Massoud Tahamtani
- o Lane Miller
- o Stan Kastanas
- o John Gawronski

Industry individuals are:

- o Mike Comstock, Co-chair
- o Mike Bostic
- o Ken Taylor
- o Rudy Parcel
- o Phil Bennett
- o Bert Kalisch
- o Bob Cave
- o John Erickson

Three steps to completion:

- Completion of protocols & Initial audits
- Development of characteristics of a small system operator
 - # of employees performing CTs
 - Miles of Pipeline – liquids – transmission
 - # of customers/meters
- Create Small System Operator OQ Criteria Matrix
 - John Erickson provided baseline for today's discussions

Matrix for Small Operators

The Protocol	What the operator should be expected to provide	Commentary to explain how this can be accomplished	How to Comply (4 part test?)
o June 30 th , 2003		Completion date for the characteristics of a small system operator definition	
o December 1, 2003		Completion date for guidance material (need to have OQ plan in place – can't wait for this doc to come out)	

This effort has been done through conference calls — the next call is April 29, 2003, 1:00 pm EST.

Names for contact are:

Rick Marini	rmarini@puc.state.nh.us
Lane Miller	lmiller@tsi.jccbi.gov
John Erickson	jerickson@sandce.com
Bert Kalisch	bkalisch@apga.org
Mike Comstock	michael.comstock@cityofmesa.org

Rick Marini: Definition of Small Operator – It will be program manager’s decision as to whether he will designate a small operator or large operator.

WI PSC Rep: Wanted to commend efforts to date. Committee is well organized and he is encouraged by work so far. There is a manual that exists today for small operators. Will this material be imbedded in that document or will it be stand alone?

Rick Marini: We haven’t decided yet; will discuss further. There is a Small Operator’s Guide and a Training Guide for Operators of Small LP Gas Systems.

Kent Denney: Will the training address how or whether inspections will be conducted for small operators?

Richard Sanders: At the present time, I don’t know of anything that would change the CBT or training approach. Once this document is compiled, there may be some issues for which we will want to provide additional guidance.

Rick Marini: Many program managers will be looking to utilize this, but it’s at their discretion as to how far they will go and how much they will use. If issues arise, we’ll be in touch with Richard to help the organization.

Deb Haifleigh: Question for Rick – You made comment that the regulators may or may not accept this criteria on small operators.

Rick Marini: Yes, I think there’s a possibility that could happen. There are some operators who, even though it’s less than 3-500 million, there are only several people who perform covered tasks. Others might have people in upward numbers of 30 or more. In the complexity of the system and operations, that’s where someone has to make a decision on where we go...the regular or large version.

Richard Sanders: This is supplemental guidance for operators and that could weigh into it heavily as to whether they want to use it or not. The other discussion is whether it should be segregated; hopefully, we’ll get sufficient comments to help grasp this issue. There are 2 manuals to consider as NAPSRS standalone programs.

Daron Moore provided an overview of the status of the National Consensus Standard process (now known as B31.Q), and suggested we consider calling the standard “the personnel qualification for pipeline operator” standard. It has passed B31 Main Committee, which was a critical step. It is currently being balloted, closing for BPTCS Committee on May 7, 2003. The next item on the agenda is the letter from Stacey, particularly to turn one negative vote. The first meeting of the B31.Q Committee is projected to be in late June. There are membership issues, but meetings can begin without formalization. Twenty individuals from industry have signed up; along with commitments from Stacey Gerard and 5 state representatives.

Daron noted that they are cognizant and interested in a broad constituency for success; however, representatives will not be representing their agency. They will be representing technical interests as they best understand them. ASME decides on membership; applications for ASME must be completed, after which the Main and Standards Committees will vote on membership (not politically based). A national consensus based standard is a technical rather than a regulatory document. Daron emphasized that we will set ourselves up for failure if we don't take care of what this is designed to be. We need a technical standard that regulators must fold into rulemaking; thus, the goals of the regulatory community differ greatly from the standard community.

If anyone is interested in participating on this committee, please contact Daron Moore or Bernie Selig (assistant for writing the standard). Daron explained that a standard is a technical document addressing issue(s); it is consensus-based with a wide constituency which is key to success due to varying viewpoints brought to the table and consideration of others opinions. The agency will craft the standard into the regulation. Our final product will be voted on by Committee members and, once out of our group, it goes to Standards Committee, Main Committee and the Board. This is the consensus-based process and exactly what makes it successful and credible. As a last note, Daron volunteered to be Interim Chair of the Committee.

Richard: You indicated those on committee will vote first. In that process, a negative vote that is technical in nature would have to be addressed before the process could be moved forward.

Daron: If you have a vote that is not technically founded, it can be overridden. If a vote has a technical reason, but you have other solutions and the individual won't accept, you can override.

Rick: Does it ever go back to Subcommittee?

Daron: If Main Committee votes no, and you change the language substantively to reflect negative ballot, you need to go back to Base Committee to vote again (15 day ballot to speed process up).

Richard: Can this group send in comments? Will they have access to documents?

Daron: Yes. All can comment and bring technical data to the table.

Paul Biancardi: The announcement for this public meeting noted the 13 issues and that seems to be the world's vision of the controversy between OPS and industry. Much has been resolved and is being reconciled. Before termination of these public meetings, will OPS be in a position to show where we are as we come to a conclusion? Maybe provide a summary to show which have been reconciled and those that haven't?

Richard: I don't know if I could cover the 13 issues and provide you with an all encompassing answer.

Paul Wood: We sent out our last round of resolutions which was not explicit in assigning issues to the standards development activity. We wanted a last round of input to April 4th draft before we made that disposition.

Kent Denney: I agree and think industry needs to acknowledge the regulatory community for giving us an opportunity to provide input into that process. I think we've agreed in principle on almost all; we haven't formalized it in writing, but such issues as emergency response and new construction vs. maintenance have been agreed upon. Others will be addressed in the standard.

Richard: We will try to pull something together and put it on the Web Site. We plan to go forward with plans and procedures. We've told you how we're going to do it as far as OPS HQ is concerned and field verifications. Depending on complexity and size of the operator, there may be some variances. We will glean information for trends to assure we're on target and report the information to those who need access (NTSB & Congress).

Closing Comments from Audience:

Mike Comstock: In initial audits, you went to transmission and liquid companies of large scale and chose some of them. From an LDC perspective, do you think you would be going out with state representatives in the same type of format and look for volunteers to go through the same type of audit with the state level approaching the LDCs and having federal people as observers to see how process works?

Rick Marini: There is a consortium inspection to be made and we were discussing whether it could be made as a combination consortium and operator inspection.

Richard: We're eager to participate and help if a state asks. But it's their program and we would only do so if asked to participate. Major consortiums and LDCs who operate in several states might be joint audits to take care of several issues in one fell swoop.

Mike Comstock: If an operator wanted this participation, what process would they use to petition this to happen?

Richard: In your case, they would contact the Arizona Corporation Commission and discuss their willingness to let state and federal inspectors perform an audit on them. Then, if the state wanted to, we would assist them. We're already inviting states to come on inspections for uniformity and consistency.

No further questions or comments. Meeting adjourned at 2:40 pm.