

# Report Highlights



## Gas Pipeline Safety Program

Department of Regulatory Agencies • Public Utilities Commission  
Performance Audit • May 2023 • 2256P

OFFICE OF THE STATE AUDITOR  
C O L O R A D O

### Key Concern

In Calendar Years 2017 to 2022, the Gas Pipeline Safety Program (Program) administered by the Public Utilities Commission (PUC), within the Department of Regulatory Agencies (Department), did not sufficiently follow federal and state requirements, or legislative intent, to help ensure gas pipeline safety in Colorado. This audit identified pervasive problems in each area of Program operations reviewed, signifying the need for improved processes, systems, management, and oversight.

### Key Findings

- The Program did not inspect operators or have records to show it inspected in line with required 1- to 5-year timeframes in 2017 to 2022, did not meet federal inspection metrics, and had missing or incomplete inspection records. 13 of 15 Program inspectors lacked required training and supervision, and 3 of them inspected their most recent former operator employers immediately after being hired at the PUC.
- The Program did not enforce safety requirements for 5,280 of 5,643 (94 percent) instances of operator noncompliance that inspectors identified in 2017 to 2022. The Program gave some verbal warnings to operators, including for accidents resulting in casualties, and did not always follow up to ensure that operators fixed safety issues.
- In 2017 to 2022, the Program assessed only 23 penalties for operator noncompliance—most to small private operators—and collected only 4 penalties. The PUC has not updated state regulations to implement the penalty amounts required by federal regulations and state statute.
- The Program lacked evidence that operators reported gas pipeline safety accidents as required, and that the Program investigated 75 accidents occurring in 2017 to 2021. The Program had incomplete records for 219 accident investigations in 2021 and 2022, with 84 percent lacking evidence of an on-scene accident investigation.
- The Program misreported key information to PHMSA for 2019 to 2022, such as the number of gas pipeline accidents in Colorado, compliance actions taken against operators, and untrained inspectors who lacked supervision.
- The Program has not tracked complaints received about gas pipeline safety and operators, and did not appear to resolve complaints or consider them when planning inspections or approving operator rate increases.

### Background

- Natural gas and propane (gas) are used for heating homes/businesses, cooking, and industry. Gas is highly combustible and transported to consumers through pipelines.
- The federal Pipeline and Hazardous Materials Safety Administration (PHMSA) sets safety requirements for gas pipelines, approves states to administer gas pipeline safety programs, and awards federal grants to state programs as long as they enforce and comply with federal requirements.
- Colorado's Gas Pipeline Safety Program regulates intrastate operators of gas pipelines, facilities, and storage. Program duties include inspecting operators, issuing compliance actions and penalties for operator noncompliance with safety requirements, investigating safety accidents, and reviewing public complaints.
- In 2022, the Program had 14 management and staff, and received about \$1.6 million in federal grants and State funds. That year, the Program inspected 43 public operators, which serve more than 100 customers, such as Colorado Springs Utilities and Xcel Energy, and inspected 18 private operators, which serve fewer than 100 customers and are often apartment complexes and mobile home parks.

### Audit Recommendations Made

**39**

### PUC/Department Responses

Agree: **38**

Partially Agree: **1**

Disagree: **0**