



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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A handwritten signature in black ink that reads "Jacqueline M. Rowland".

## 21-01 Colorado Springs Utilities Gas Process Improvements

January 2021

### **Purpose**

The purpose of this audit was to review Colorado Springs Utilities (Utilities) natural gas services pipeline safety compliance efforts related to the 2018 Public Utilities Commission (PUC) Notice of Probable Violation (NPV) recommendations.

### **Highlights**

We conclude Utilities adequately progressed, according to the agreed upon schedule, addressing the findings in the 2018 PUC NPV and related gas safety issues. Utilities Gas Process Improvements Program (GPIP) provided resources to address the NPV, as well as, required communications and documentation per the implementation plan.

### **Background**

Following a PUC led Corrosion Program Audit and a Request for Information in the second half of 2017, the Utilities Board received NPV in April 2018 that described probable violations of 49 CFR Part 192-*Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards*. The NPV noted that data acquisition, management, and integration issues affected Utilities overall compliance with federal regulations. Utilities manuals, policies, procedures, as-built drawings, and program records were not sufficient to evidence compliance.

In response, a multi-year GPIP endeavor began in 2019 which includes a 10-year capital program and various operations and maintenance (O&M) expenditures. Budgets have been appropriated, personnel have been assigned, and new software has been purchased to resolve the data acquisition problems. Further, a strengths, weaknesses, opportunities and threats (SWOT) analysis of Utilities natural gas processes and procedures was completed. Among other items, the SWOT identified needed revisions of manuals, policies, and procedures complying with federal regulations. Many updated processes and procedures were in process as of December 2020; however this will be a multi-year program to fully implement the necessary changes.

The Program Chief of the Colorado PUC Pipeline Safety Program (PSP), who issued the NPV provided the following response to our audit request, *"Given the progress demonstrated on the complex, multi-year GPIP, the PSP does not currently have any concerns. However, the April 2018 NPV was based on pipeline safety code violations that spanned years. The PSP Chief ultimately concluded that this was the result of fragmentation and erosion of CSU's pipeline safety culture. A meaningful and useful safety culture depends on the successful vertical integration of safety concepts, goals, procedures, processes, and personnel within an organization. The GPIP is driven by an expanding team of experienced individuals supported and empowered by CSU management. Without the explicit support of CSU management, the PSP would have concerns."*

Utilities Chief Executive Officer provided a statement of his GPIP program support, *"The GPIP program has been my top priority from day one. I have authorized the needed resources and dedicated funds to make sure the program is well organized and supported. I have assigned the Regulatory and Compliance General Manager to coordinate all the efforts of the organization to make sure we have consistency and focus. My commitment is to see this program all the way to the end and make sure we are never in the situation we were in a few years back."*

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.