MINUTES OF INDEPENDENT INSPECTION AGENCY MEETING HELD ON NOVEMBER 14, 2017

PHMSA's 2017 Independent Inspection Agencies (IIA) meeting was used as a means of conveying the agency's focus and priorities, as it pertains to the involvement of our third party Independent Inspection Agencies (IIAs) in the cylinder manufacturing process. The meeting also focused on how best to enhance an already improving working relationship with the IIAs that will ultimately result in a decrease in the length of time approval holders are waiting their competent authority approvals. The meeting discussed the roles and increased responsibilities of Approved Independent Inspection Agencies (IIAs), increasing oversight and inspection on all approval holders, and PHMSA's expectations of the IIAs when submitting renewal applications and modification applications (design changes).

Introductory / welcome remarks

I. Introductory and welcome remarks were given by **Mr. Ryan Paquet**, Director, Approvals and Permits Division and **Mr. Duane Cassidy**, Chief of the Pressure Vessels Branch (PHH 33). Participants and guests were welcomed and given an overview of the cylinder manufacturing approval process and informed that the overall aim was to improve the communication process with our stakeholders and in so doing, make our internal processes more streamlined and efficient, helping to reduce bottlenecks and processing times. Participants were informed that PHH 33 is in the preliminary phase of wanting to implement some form of internal grading of our third part IIAs, which would determine how they are performing with regards to their oversight of the manufacturers they oversee. One idea discussed was that a color-coated system (Green – Yellow – Red), that would be used to show IIAs how they were performing based on certain metrics data that would be disclosed. Both individuals mentioned the value that the IIAs bring to the table and urged stakeholders to strive towards exceeding the communicative standards that currently exist. The IIAs were reminded that to some extent they were an extension of approvals eyes, as they were the individuals directly working with the manufacturing applicants. They were urged to not become complacent, but rather to come up with any suggestions, ideas, concerns they may see ore project that may ultimately affect the approval process. Upon conclusion of the remarks all participants and guests were afforded the ability to introduce themselves.

II. Remarks by **Rachel Meidl,** Deputy Associate Administrator for Policies and Programs**.** Ms. Meidl's remarks highlighted the continued need to improve the collaborative effort between PHMSA and our third-party stakeholders, (local, state) while enhancing PHMSAs overall aim of safety during the transportation of hazardous materials. She reiterated the importance of letting decisions be based on sound science and driven by risk-based data collection. Focus was placed on the need to embrace emerging technologies and innovations that can guide improvements in our transportations systems with the ultimate goal of enhanced safety and more cost-effective ways of doing business here at PHMSA. Ms. Meidl also reiterated that PHMSA, while lagging behind private industry in the implementation of the Safety Management System (SMS), is on track to have such a system in the future, utilizing risk-based modelling in making key decisions. This SMS is seen as being complimentary to our current Systems Integrity Safety Program (SISP) and would in more ways promote voluntary compliance and a proactive stance by all.

III. Transportation Specialist Diane Jones kicked off PHH33 presentations by giving participants an overview of the different provisions in the IIA approval letters. She spoke briefly on approval letter expiration dates and how applicants should proceed to come in for renewals and modifications. Applicants were reminded that it was a requirement to include the method of manufacturing in their application / cover letter, as this is one of the criteria, if changed, constitutes the applicant having to come in for a modification to their approval letter. Applicants were informed that PHH33 was actively reviewing the pertinence f some of the information that is currently in approval letters. Also, that if information sought was not of benefit to either PHMSA or the applicant, then this would be removed in order to make the approval letter more relevant and purposeful. Some of the new provisions discussed were design change provisions, UN ISO provisions, Transport Canada provisions. Participants were also asked to verify the expiration dates of their approval and at a minimum submit for renewal at least 60 days prior to the expiration, in accordance with 49 CFR § 107.705(c), which would allow them to operate under their existing competent authority approval until PHMSA has had the chance to properly review their renewal application. Participants were reminded that an application review process in certain instances can be a lengthy process and by adhering to §107.705(c), it would eliminate any interruptions in their operations as well as the manufacturers they represent (an IIA's approval is directly tied to the manufactures' approval, with the expiration of one affecting the other).

IV. Following Ms. Jones, Transportation Specialist, Neil Benninghoven presented on what it is hoped will be PHMSAs stance as it comes to the approval process. He presented a White Paper, of which applicants were reminded that this is a "draft" policy document, not yet vetted by PHMSA's legal, Technical or Filed Operations department. Mr. Benninghoven' s mentioned that currently, for new manufacturers, the system does not allow the IIA to select and submit samples to the United States without a PHMSA representative being present. He proposed modifying that process to allow IIAs to submit the samples with the initial application, which would allow for all testing to be completed prior to the arrival of Field Operations staff. One advantage of this would be that Field staff would only travel to the site of manufacturers that have passed the verification testing. In the interim, if the samples sent pass the testing and the design specifications and SOPs are approved by PHMSA's Engineering Division, PHMSA would issue a conditional two (2) year approval to the IIA and the manufacturer. During that 2-year time frame, the Field Operations division would have ample time to schedule an on-site inspection of the manufacturer and the IIA and if found FIT, then they would be issued a 5-year approval letter.

The value of this approach is that it eliminates the back log experienced by having too few engineers who review these applications and a limited number of Field Operations staff inspect the vast amount of manufacturing approvals, which in the past saw applicants waiting for sometimes, 12 months to 2 years from the time they submitted their application, to the time the

Field Operations Division could carry out onsite inspections, at no fault of either the Engineers or the Inspectors.

With the new system, participants were reminded that if in the process, Field Operations staff found the applicant UNFIT, the 2-year conditional approval would be terminated forthwith and a recall initiated by both the IIA and manufacturer would begin. The applicant would then need to resubmit all over again if they had performed the necessary corrective action warranting the recall. With this system, there would be the need for increased Field Oversight and an update of the SOPs for the Duties of the Inspector. Participants were reminded that if this new system was implemented, audit reports will weigh heavily in the granting of provisional approvals to manufacturers. If during the Field Operations staff visit, what they observed was not in accordance with the conditional approval, then that would be grounds for termination of the approval.

An advantage of this system would be that manufacturers would be able to have a history of manufacturing before an on-site inspection. By them being allowed to manufacture, it would reduce the economic impact (hardship) on companies as they would now be actively engaged in cylinder production. By sample collection being on the front end of the process, the IIAs would now have the opportunity to rectify any discrepancies found during the verification testing.

Mr. Benninghoven stated that there were certain areas that needed more discussion and pointed to one as what would happen to the conditional-approval holder, if for some reason the Field Operations Division was unable to perform an on-site inspection during the 2-year allotted time frame? This was left open and he stated that this would be considered as it required input from various stakeholders and departments. Mr. Benninghoven concluded with reiterating the importance of the IIAs and the role they have in the manufacturing approval process. He mentioned that this new role in some ways gives enhanced authority to the IIAs and demonstrates the confidence that now exists here at PHMSA with the way the IIAs conduct business. While there is room for improvement, he noted that in his tenure here he has seen a shift from the status quo to one where IIAs are now more proactive and actively reach out to the department to improve the overall process.

In addition, Mr. Benninghoven highlighted other aspects of the approval process that required improvement. He mentioned the need that detailed SOPS needed to be submitted for each unique location. That IIAs should review the manufacturers application prior to their submittal and that a cover page should be submitted explaining what is being sought by the applicant. IIAs were reminded that they are not required to submit an application when the manufacturer is requesting an additional design approval under a current competent authority approval. Participants were then reminded to take advantage of the 60 days rule IAW 49 CFR § 107.705(c); also, that Domestic IIA approvals expire in 2018 and that Field Operations would be a critical part in the review of all such operations.

On another note the IIAs were reminded that for RINs, they should be as detailed as possible, listing all discrepancies and corrective actions undertaken by the applicant. They were reminded that this does not count against the applicant but rather demonstrates the ability of the IIA to perform their job as independently as possible. ***UN ISO additions to a RIN holder's approval letter DO require an IIA's endorsement/audit as there are different requirements for the UN ISO***

specification cylinders that all RIN holders may not be equipped to do even with like-minded specifications.

V. PHH22, Engineering and Research Division presented to participants, their technical review process. They highlighted some of the more common errors affecting the timely review and transfer of applications back to the approvals division. Missing information (test results, drawing calculations, and incomplete drawings) were among the more common ones. Participants were reminded that the result of these errors was a delay in the issuance of the approvals.
The legibility of information was also touched upon by the engineering staff. They were reminded that the calculations and numbers on the calculations sheets needed to correspond with the calculations on the drawings. They were also reminded that whenever they respond to a request for additional information, it is imperative that they highlight the new information submitted as well as provide an explanation outlining the submittal of this information. All in all, the review of all applications for correctness was one of the key points passed and this was aligned with what Rachel Meidl, Deputy Associate Administrator for Policies and Programs, spoke about in her opening remarks, regarding quality management and the safety management system. Applicants were reminded to limit their applications to two (2) or three (3) designs per application.

VI. The afternoon session began with a discussion by Ms. Lindsey Constantino, International Transportation Specialist, who works on PHMSA's bilateral programs, one of which is US-China Transportation forum and the RCC with Canada. Ms. Constantino provided a breakdown on how the RCC can impact the functions of the IIA and its implications for future business with our neighbors to the north, namely Canada and the South (Mexico). A correlation was shown to participants that reciprocity with Canada can have direct impacts on their business especially now that NAFTAQ is being renegotiated among the participating countries. Participants were however, reassured that all indications are that Canada is inclined to continue cylinder reciprocity discussions with the United States as there is a vested interest by Transport Canada and PHMSA as it pertains to the hazardous material transportation.

VII. The final presentation of the day culminated with the Field Operations Division, April Charnota giving a presentation of the inspection process involved with cylinder manufacturers. Ms. Charnota began her presentation by outlining the Office of Hazardous Materials and Safety Region Offices, while providing statistical data showing the economic impact of domestic hazmat shipments. She went on to explain the difference between inspections and fitness inspections. The major difference being inspections are unannounced and fitness inspections are scheduled. She went on to talk about the pros and cons of the previously discussed IIA White paper. One of the CONS she mentioned was the implications for manufacturers if they were given a 2-year conditional approval, and following an on-site inspection had to recall the cylinders that were

already out in service. A detailed explanation was given about the risk matrix that Field Operations utilizes in assigning risk to applicants. She explained that numbers are assigned from 1 to 5, with the likelihood that an applicant receives an on-site inspection being greatly increased the closer the number to 1. She mentioned that if an incident / possible violation is reported outside of the application renewal process, this takes precedence and necessitates a visit by Field operations. This is one of the factors that affects the scheduling of regular renewal applications as there is a 90-day mandated timeframe that the Field Inspectors must respond to.
This represented the conclusion

New PHMSA web page:
https://www.phmsa.dot.gov/approvals-and-permits/phmsa-approvals-and-permits