



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue SE
Washington DC 20590

2011 Natural Gas State Program Evaluation

for

Puerto Rico Public Service Commission

Document Legend

PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Incident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (If Applicable)
- I -- 60106 Agreement State (If Applicable)



2011 Natural Gas State Program Evaluation -- CY 2011
Natural Gas

State Agency: Puerto Rico

Agency Status:

Date of Visit: 05/14/2012 - 05/14/2012

Agency Representative: Andres Torres Ramos, Director Pipeline Safety, Comision De Servicio Publico

PHMSA Representative: Don Martin, PHMSA State Programs Division Coordinator

Commission Chairman to whom follow up letter is to be sent:

Name/Title: Jose' H. Banuchi-Hernandez, El Presidente

Agency: Comision De Servicio Publico

Address: P. O. Box 190870

City/State/Zip: San Juan, Puerto Rico 00919-0870

Rating:

60105(a): Yes **60106(a):** No **Interstate Agent:** No

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2011 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART G):

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS

Possible Points Points Scored

A Progress Report and Program Documentation Review
B Program Inspection Procedures
C Program Performance
D Compliance Activities
E Incident Investigations
F Damage Prevention
G Field Inspections
H Interstate Agent State (If Applicable)
I 60106 Agreement State (If Applicable)

10
15
38
14
2
8
4
0
0

5.5
15
32
13
2
8
4
0
0

TOTALS

91 79.5

State Rating

87.4

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- | | | | |
|----------|---|---|---|
| 1 | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1 (A1a)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0 |
|----------|---|---|---|

Evaluator Notes:

Attachment 1 was not correct. The PRPSC entered one LNG operator with one inspection unit. The LNG facility in Puerto Rico is an import facility which is under direct jurisdictional authority of PHMSA. A gas transmission pipeline downstream of the LNG facility was put into operation during 2011. The PRPSC did not enter information into Attachment 1 for this operator. There should have been one gas transmission operator and one inspection unit. One point was deducted.

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|----------|--|---|---|
| 2 | Review of Inspection Days for accuracy - Progress Report Attachment 2 (A1b)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0 |
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Evaluator Notes:

The inspection person days for each operator type and inspection type were exactly the same as reported on the 2010 Certification. The total was 122 inspection person days which was exactly the same as reported on the 2010 Certification. The PRPSC could not provide a document or workpaper where the inspection person days were compiled from the inspection report files to back up the entries on Attachment 2 of the 2011 Progress Report. One point was deducted.

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| 3 | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 (A1c)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0 |
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Evaluator Notes:

Attachment 3 was not correct. The PRPSC entered the inspection units that were inspected during 2011 instead of all inspection units which caused an under counting of inspection units.

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| 4 | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 (A1d)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

There were no reportable incident in ODES for Puerto Rico operators during 2011. The PRPSC also reported no reportable incidents.

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| 5 | Accuracy verification of Compliance Activities - Progress Report Attachment 5 (A1e)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0 |
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Evaluator Notes:

The PRPSC reported 566 probable violations to be corrected at the end of 2010. This would indicate a carryover of 566 on Attachment 5. However, the 568 probable violations were violations of state regulations not federal. The PRPSC entered 0 for carryover probable violations which is correct since state regulation violations should not be reported on Attachment 5. The PRPSC reported zero probable violations of federal regulations found during 2011. However a review of randomly selected inspection report files probable violations of federal regulations were found. These probable violations were not reported on Attachment 5. One point was deducted.

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| 6 | Were pipeline program files well-organized and accessible? - Progress Report Attachment 6 (A1f, A4)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes. The PRPSC has a small number of operators and inspection units. The files were easily accessed. The inspection report files were readily accessible and contained all of the inspection documentation.

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| 7 | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 (A1g)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes. The listing included all staff involved in the program. The training information was entered from Training and Qualifications database.

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| 8 | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report
Attachment 8 (A1h)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

The PRPSC has automatic adoption of federal regulations authority for 191,192, 193, 195, and 199. On Attachment 8, the PRPSC entered Taking Steps To Adopt for Part 193. With automatic adoption authority the PRPSC should have entered Adopted along with the effective date of PHMSA's amendment.

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| 9 | List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0.5 |
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Evaluator Notes:

The instructions for Attachment 10 states that a narrative should be provided describing the states progress in meeting the nine elements of a damage prevention program as described the PIPES Act of 2006. The PRPSC did not follow the instructions when just entering the answer of "Yes". The PRPSC should have provided a narrative describing how it performed in comparison to its Inspection Plan established for the year. One half point was deducted.

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- | | | | |
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| 10 | General Comments:
Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

Question A.1 - Attachment 1 was not correct. The PRPSC entered one LNG operator with one inspection unit. The LNG facility in Puerto Rico is an import facility which direct jurisdictional authority of PHMSA. A gas transmission pipeline downstream of the LNG facility was put into operation during 2011. The PRPSC did not enter information into Attachment 1 for this operator. There should have been one gas transmission operator and one inspection unit. One point was deducted.

Question A.2 - The inspection person days for each operator type and inspection type were exactly the same as reported on the 2010 Certification. The total was 122 inspection person days which was exactly the same as reported on the 2010 Certification. The PRPSC could not provide a document or workpaper where the inspection person days were compiled from the inspection report files to back up the entries on Attachment 2 of the 2011 Progress Report. One point was deducted.

Question A.3 - Attachment 3 was not correct. The PRPSC entered the inspection units that were inspected during 2011 instead of all inspection units which caused an under counting of inspection units. One point was deducted.

Question A.5 - The PRPSC reported 566 probable violations to be corrected at the end of 2010. This would indicate a carryover of 566 on Attachment 5. However, the 568 probable violations were violations of state regulations not federal. The PRPSC entered 0 for carryover probable violations which is correct since state regulation violations should not be reported on Attachment 5. The PRPSC reported zero probable violations of federal regulations found during 2011. However a review of randomly selected inspection report files probable violations of federal regulations were found. These probable violations were not reported on Attachment 5. One point was deducted.

Question A.8 - The PRPSC has automatic adoption of federal regulations authority for 191,192, 193, 195, and 199. On Attachment 8, the PRPSC entered Taking Steps To Adopt for Part 193. With automatic adoption authority the PRPSC should have entered Adopted along with the effective date of PHMSA's amendment.

Question A.9 - The instructions for Attachment 10 states that a narrative should be provided describing the states progress in meeting the nine elements of a damage prevention program as described the PIPES Act of 2006. The PRPSC did not follow the instructions when just entering the answer of "Yes". The PRPSC should have provided a narrative describing how it performed in comparison to its Inspection Plan established for the year. One half point was deducted.

Total points scored for this section: 5.5
Total possible points for this section: 10

PART B - Program Inspection Procedures

Points(MAX) Score

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|----------|--|---|---|
| 1 | Standard Inspections (B1a)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

The PRPSC inspection procedures state standard inspections will be scheduled based upon the risk profile of operators but should be conducted at least once every two years.

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| 2 | IMP Inspections (including DIMP) (B1b)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

The PRPSC procedures state that DIMP inspections will be scheduled in the inspection plan. The PRPSC has not completed the DIMP training course therefore no DIMP inspections were scheduled for 2011. The first intrastate gas transmission pipeline was placed into service during 2011 therefore IMP inspections was not included in the inspection procedures. The PRPSC should amend its inspection procedures to include the scheduling of Gas IMP inspections.

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| 3 | OQ Inspections (B1c)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

The PRPSC inspection procedures include OQ inspections as inspections to be scheduled.

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| 4 | Damage Prevention Inspections (B1d)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

The PRPSC performs these inspections as part of the standard inspection.

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| 5 | On-Site Operator Training (B1e)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

These inspections are scheduled on an as needed basis when operators change or significant regulation changes occur.

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| 6 | Construction Inspections (B1f)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

The PRPSC schedules construction inspections on an as needed basis based upon operator construction activity.

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| 7 | Incident/Accident Investigations (B1g)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

The PRPSC schedules incident investigations when notified of an incident by an operator.

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| 8 | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4)
Yes = 6 No = 0 Needs Improvement = 1-5 | 6 | 6 |
|----------|---|---|---|

- | | | | | |
|----|--|--------------------------------------|--------------------------|---|
| a. | Length of time since last inspection | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Type of activity being undertaken by operators (i.e. construction) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

- e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors)

Yes ☒ No ☐ Needs Improvement ☐

- f. Are inspection units broken down appropriately?

Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

The PRPSC considers all of the items above. Risk is identified by the type of system, type of pipe materials in system, possible consequences, past inspection results.

9 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

The PRPSC has generally complied with the requirements of Part B of this evaluation. The first intrastate gas transmission pipeline was placed into service during 2011 therefore IMP inspections was not included in the inspection procedures. The PRPSC should amend its inspection procedures to include the scheduling of Gas IMP inspections.

Total points scored for this section: 15
Total possible points for this section: 15



PART C - Program Performance

Points(MAX) Score

- 1 Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 (A12) 5 5
Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):
122.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 0.90 = 198.00

Ratio: A / B
122.00 / 198.00 = 0.62

If Ratio \geq 0.38 Then Points = 5, If Ratio $<$ 0.38 Then Points = 0
Points = 5

Evaluator Notes:

The PRPSC achieved 122 inspection person days during 2011. Based upon .90 person years on Attachment 7 the PRPSC's ratio $122/(220 \times .9) = .61$ which exceeded 0.38.

- 2 Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) 5 5
Yes = 5 No = 0 Needs Improvement = 1-4

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|---|--------------------------------------|-------------------------------------|---|
| a. Completion of Required OQ Training before conducting inspection as lead? | Yes <input type="radio"/> | No <input checked="" type="radio"/> | Needs Improvement <input type="radio"/> |
| b. Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013 | Yes <input type="radio"/> | No <input checked="" type="radio"/> | Needs Improvement <input type="radio"/> |
| c. Root Cause Training by at least one inspector/program manager | Yes <input type="radio"/> | No <input checked="" type="radio"/> | Needs Improvement <input type="radio"/> |
| d. Note any outside training completed | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

On Attachment 7 Andres Torres spends 70% as Program Manager. Andres Torres attended the first TQ training course in 2006. Mr. Torres became the program manager in March, 2010. As program manager Mr. Torres will need to complete the mandatory courses by 2015. Carlos Gonzales attended the first mandatory course in December, 2010. Mr. Gonzales will need to attend all mandatory courses by the end of CY2013. Root cause training for at least one staff member became a requirement in 2009. No staff member has completed the root cause training. The PRPSC must have one staff member complete the root cause training by 2014.

- 3 Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (A5) 2 0
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

As noted in the CY2010 evaluation comments future errors on program documents could result in point reductions on this requirement. Three attachments in the 2011 Progress Report received point reductions due to errors. Two points are deducted as a result.

- 4 Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 (A6-7) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The PRPSC was required to respond by 9/13/2011. The PRPSC requested an extension of time which was granted. The PRPSC response was dated 11/4/2011.

- 5 Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 (A3) 2 0
Yes = 2 No = 0

Evaluator Notes:

The last safety seminar was held in April, 2008. The PRPSC has a seminar scheduled for September, 2012. The PRPSC should have held a seminar no later than 2011 to receive points for this requirement. Two points were deducted.

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| 6 | Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 (B3)
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
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Evaluator Notes:

The PRPSC conducted at least one inspection on all operators during 2011.

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| 7 | Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1 (B4-5)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

The PRPSC utilizes the federal inspection forms. Upon a review of randomly selected inspection files the federal forms were completed.

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| 8 | Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1 (B7)
Yes = 1 No = 0 | 1 | NA |
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Evaluator Notes:

There is no cast iron pipe in gas systems in Puerto Rico.

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| 9 | Did the state review operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance) (NTSB) Chapter 5.1 (B8)
Yes = 1 No = 0 | 1 | NA |
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Evaluator Notes:

There is no cast iron pipe in gas systems in Puerto Rico.

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- | | | | |
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| 10 | Did the state review operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21? (NTSB) Chapter 5.1 (B9)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

The PRPSC utilizes the federal inspection form during its inspections. This requirement is covered on the form.

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| 11 | Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 192.617? Chapter 5.1 (B10,E5)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

Yes. The PRPSC covers this requirement on the federal inspection form when reviewing requirements of 192.617 on the form.

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| 12 | Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 1 |
|-----------|---|---|---|

Evaluator Notes:

There have not been any incidents reported by operators in several years. One operator in Puerto Rico is required to file an annual report. The PRPSC was not aware that the operator had not filed an annual report for CY2010 which is evidence that the PRPSC has not reviewed Operator Annual Reports. One point was deducted.

- 13 Did state input all applicable OQ, IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 (G10-12) 2 1
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The first intrastate gas transmission pipeline was placed in service during 2011. There have not been any IMP inspections conducted as of this date.

The PRPSC has completed OQ Plan inspections in the past and the results were uploaded to the OQ database. The PRPSC has not entered any OQ inspection results since 2009. The PRPSC reported 19 inspection person days for OQ inspections in 2010 and 19 inspection person days for OQ in 2011. One point was deducted for the extended length of time that OQ inspection results have not been entered into the OQ database.

- 14 Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? (G14) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The first intrastate gas transmission pipeline was placed in service during 2011. The PRPSC has not inspected the operator of this pipeline to this date. The PRPSC should confirm with the operator that it has submitted its information to the NPMS.

- 15 Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 (I1-3) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, the PR PSC staff members review operators' drug and alcohol program records when they perform a standard inspection. During the standard inspections staff members verify whether or not the operator has made revisions to their plans to comply with Part 199.

- 16 Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N (I4-7) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, during the field inspection they review the company program and records to ensure the individual's in the covered task has been re-qualified at the intervals described in the operator's program.

- 17 Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart O (I8-12) 2 NA
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The first intrastate gas transmission pipeline was placed in service during 2011. The PRPSC should schedule an inspection of the operator's IMP program in the near future. The PRPSC should consider requesting assistance from PHMSA's Southern Region Office to complete this inspection since the PRPSC does not have any staff members that have completed the Gas IMP training courses.

- 18 Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P Info Only Info Only
Info Only = No Points

Evaluator Notes:

The PRPSC has not initiated any DIMP inspections as of this date.

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| 19 | Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 192.616 (I13-16)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes. The PR PSC staff members verified all operators have a public awareness plan to comply with 192.616. The agency did not use the Clearinghouse to conduct the reviews. The PRPSC has not conducted any Public Awareness Effectiveness reviews as of this date. The PRPSC should schedule the effectiveness reviews as soon as practicable.

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| 20 | Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). (G20-21)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes. The PRPSC has a web page on pipeline safety on the Commission's website. The Commission provides the public with access to its docket system through its website. The public can view compliance cases that have been show caused before the Commission.

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| 21 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
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Evaluator Notes:

There were no Safety Related Condition Reports filed by any operators during 2011.

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| 22 | Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns? (G13)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes. This item is discussed with operators during standard inspections. The PR PSC staff members indicated they have not observed or found from the review of operator records any issues pertaining to plastic pipe or components.

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| 23 | Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA? (H4)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

No instances have been identified where the PRPSC did not respond to surveys or information requests.

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| 24 | General Comments:
Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

Question C.3 - As noted in the CY2010 evaluation comments future errors on program documents could result in point reductions on this requirement. Three attachments in the 2011 Progress Report received point reductions due to errors. Two points are deducted as a result.

Question C.5 - The last safety seminar was held in April, 2008. The PRPSC has a seminar scheduled for September, 2012. The PRPSC should have held a seminar no later than 2011 to receive points for this requirement. Two points were deducted.

Question C.12 - There have not been any incidents reported by operators in several years. One operator in Puerto Rico is required to file an annual report. The PRPSC was not aware that the operator had not filed an annual report for CY2010 which is evidence that the PRPSC has not reviewed Operator Annual Reports. One point was deducted.

Question C.13 - The PRPSC has completed OQ Plan inspections in the past and the results were uploaded to the OQ database. The PRPSC has not entered any OQ inspection results since 2009. The PRPSC reported 19 inspection person days for OQ inspections in 2010 and 19 inspection person days for OQ in 2011. One point was deducted for the extended length

of time that OQ inspection results have not been entered into the OQ database.

No point reductions but improvement needed:

Question C.2 - On Attachment 7 Andres Torres spends 70% as Program Manager. Andres Torres attended the first TQ training course in 2006. Mr. Torres became the program manager in March, 2010. As program manager Mr. Torres will need to complete the mandatory courses by 2015. Carlos Gonzales attended the first mandatory course in December, 2010. Mr. Gonzales will need to attend all mandatory courses by the end of CY2013. Root cause training for at least one staff member became a requirement in 2009. No staff member has completed the root cause training. The PRPSC must have one staff member complete the root cause training by 2014.

The PRPSC was required to respond by 9/13/2011. The PRPSC requested an extension of time which was granted. The PRPSC response was dated 11/4/2011.

The first intrastate gas transmission pipeline was placed in service during 2011. The PRPSC has not inspected the operator of this pipeline to this date. The PRPSC should confirm with the operator that it has submitted its information to the NPMS.

The first intrastate gas transmission pipeline was placed in service during 2011. The PRPSC should schedule an inspection of the operator's IMP program in the near future. The PRPSC should consider requesting assistance from PHMSA's Southern Region Office to complete this inspection since the PRPSC does not have any staff members that have completed the Gas IMP training courses.

The PR PSC staff members verified all operators have a public awareness plan to comply with 192.616. The agency did not use the Clearinghouse to conduct the reviews. The PRPSC has not conducted any Public Awareness Effectiveness reviews as of this date. The PRPSC should schedule the effectiveness reviews as soon as practicable.

Total points scored for this section: 32
Total possible points for this section: 38



PART D - Compliance Activities**Points(MAX) Score**

- 1** Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h) 4 4
Yes = 4 No = 0 Needs Improvement = 1-3
- a. Procedures to notify an operator (company officer) when a noncompliance is identified Yes ☒ No ☐ Needs Improvement ☐
- b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

The PR PSC procedures require that a letter be sent to the operator. The written notification states the operator has sixty days to either correct the violation or respond in writing to the agency. The operator may request additional time to correct the violation if justification is provided in the letter. Show cause hearings will be initiated by PR PSC if the operator does not take action to correct the violation.

- 2** Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1 (B11,B18,B19) 4 3
Yes = 4 No = 0 Needs Improvement = 1-3
- a. Were compliance actions sent to company officer or manager/board member if municipal/government system? Yes ☐ No ☐ Needs Improvement ☒

Evaluator Notes:

Probable violations were followed through to verifying corrective actions were completed. Upon a review of randomly selected inspection reports instances where the compliance letter was not addressed to an officer of the company were found. One point was deducted for not sending compliance letters to an officer of a company.

- 3** Did the state issue compliance actions for all probable violations discovered? (B15) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Upon a review of randomly selected inspection report files the PRPSC sent written notification to operators who were found to have probable violations resulting from the inspection.

- 4** Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary. (B17, B20) 2 2
Yes = 2 No = 0

Evaluator Notes:

PR PSC rules and regulations allow the operator to respond to probable violation(s) requesting additional time to correct the violation or ask for a show cause hearing before the Commission.

- 5** Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken) (B27) 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. The program manager was able to explain the process for seeking civil penalties. The program manager provided a list of criteria considered serious enough to impose civil penalties. Repeat violations was one of the criteria.

- 6** Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? (new question) Info Only Info Only
Info Only = No Points

Evaluator Notes:

The PRPSC has issued civil penalties in the past but on a limited frequency.

- 7** General Comments: Info Only Info Only

Info Only = No Points

Evaluator Notes:

Question D.2 - Upon a review of randomly selected inspection reports instances where the compliance letter was not addressed to an officer of the company were found. One point was deducted for not sending compliance letters to an officer of a company.

Total points scored for this section: 13
Total possible points for this section: 14



PART E - Incident Investigations

Points(MAX) Score

- | | | | |
|----------|---|---|---|
| 1 | Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 (A2,D1-3)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
| a. | Acknowledgement of MOU between NTSB and PHMSA (Appendix D) | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes, the Director is aware of the the cooperation language in the Memorandum of Understanding as to who would be the lead investigator in the accident investigation. He is also knowledgeable of the cooperative agreement between PHMSA and his agency on incident response and investigation. In calendar year 2011 no incidents occurred that would require cooperation between the PRPSC and PHMSA.

- | | | | |
|----------|---|---|----|
| 2 | If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (D4)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

There were no incidents reported by an operator during 2011.

- | | | | |
|----------|--|--|---|
| 3 | Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5)
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | NA |
| a. | Observations and document review | Yes <input type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Contributing Factors | Yes <input type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Recommendations to prevent recurrences when appropriate | Yes <input type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

There were no incidents reported by an operator during 2011.

- | | | | |
|----------|--|---|----|
| 4 | Did the state initiate compliance action for violations found during any incident/accident investigation? (D6)
Yes = 1 No = 0 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

There were no incidents reported by an operator during 2011.

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|----------|--|---|----|
| 5 | Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 (D7)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

There were no incidents reported by an operator during 2011. There have not been any incidents reported by an operator since the last report some years ago was closed.

- | | | | |
|----------|--|---|----|
| 6 | Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPSR Region meetings, state seminars, etc) (G15)
Yes = 1 No = 0 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

There have not been any reportable incidents for several years therefore the PRPSC has not had the opportunity to share lessons learned from incidents.

7 General Comments:

Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

There were no incidents reported by an operator during 2011.

Total points scored for this section: 2
Total possible points for this section: 2



PART F - Damage Prevention

Points(MAX) Score

- | | | | |
|---|---|---|---|
| 1 | Has the state reviewed directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies? NTSB (E1)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

PR PSC staff members during the standard inspection check the operator's procedures to determine if directional drilling/boring procedures are provided in the document to protect their facilities.

- | | | | |
|---|--|---|---|
| 2 | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (E2)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

The One Call Center is located within the commission and information about damage prevention and reporting is available to their staff members daily. The One Call Center has several inspectors who randomly check construction sites to verify the facilities have been marked correctly and cite contractors for not complying with their regulations. The inspectors can issue a fine up to \$3,000 for any violation found pertaining to the state damage prevention law.

- | | | | |
|---|---|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.) (E3)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

The PRPSC reviews damage prevention practices while going over the list of items attached to the federal inspection form.

- | | | | |
|---|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program) (E4,G5)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

PR PSC One Call Center collects damage prevention data from operators and develops a report of their findings. This information is published and available on their website. All damage prevention data is shared with the Director Pipeline Safety and his staff members.

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|---|--|--|--------------------|
| 5 | General Comments:
Info Only = No Points | | Info OnlyInfo Only |
|---|--|--|--------------------|

Evaluator Notes:

The PRPSC has generally complied with the requirements of Part F of this evaluation.

Total points scored for this section: 8
Total possible points for this section: 8

PART G - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only
Info Only = No Points

Name of Operator Inspected:

EcoElectrica

Name of State Inspector(s) Observed:

Andres Torres Ramos

Location of Inspection:

EcoElectrica's LNG and Power Plant Facility near Ponce, PR

Date of Inspection:

05/15/2012

Name of PHMSA Representative:

Don Martin

Evaluator Notes:

The PRPSC visited the operator of an intrastate natural gas transmission pipeline that was placed into service during 2011. The visit was scheduled to provide the operator with information about inspections that will be conducted by the PRPSC in the future after PHMSA's Southern Region completes its inspection that was conducted two weeks prior.

- 2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (F2) 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes. The operator was notified the day before the visit. Oscar Cedeno, LNG Terminal Manager, represented the operator.

- 3 Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) (F3) 2 NA
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

An inspection form was not required for this operator training session.

- 4 Did the inspector thoroughly document results of the inspection? (F4) 2 NA
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Documentation was not required for operator training.

- 5 Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps,pyrometer,soap spray,CGI,etc.) (F5) 1 1
Yes = 1 No = 0

Evaluator Notes:

No test equipment was required.

- 6 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) 2 NA
Yes = 2 No = 0 Needs Improvement = 1

a. Procedures ☐

b. Records ☐

c. Field Activities ☐

d. Other (please comment) ☒

Evaluator Notes:

The inspection visit was information sharing between the PRPSC and the operator.

- | | | | |
|---|--|---|---|
| 7 | Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Mr. Torres provided correct information to the operator on the jurisdiction of the PRPSC and a description of the PRPSC pipeline safety inspection program.

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|---|--|---|----|
| 8 | Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (F9)
Yes = 1 No = 0 | 1 | NA |
|---|--|---|----|

Evaluator Notes:

There was no need to conduct an exit interview since this was operator training.

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|---|---|---|----|
| 9 | During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10)
Yes = 1 No = 0 | 1 | NA |
|---|---|---|----|

Evaluator Notes:

There was no need to discuss probable violations.

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|----|--|-----------|-----------|
| 10 | General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other.
Info Only = No Points | Info Only | Info Only |
|----|--|-----------|-----------|

- | | | |
|----|-----------------------------------|--------------------------|
| a. | Abandonment | <input type="checkbox"/> |
| b. | Abnormal Operations | <input type="checkbox"/> |
| c. | Break-Out Tanks | <input type="checkbox"/> |
| d. | Compressor or Pump Stations | <input type="checkbox"/> |
| e. | Change in Class Location | <input type="checkbox"/> |
| f. | Casings | <input type="checkbox"/> |
| g. | Cathodic Protection | <input type="checkbox"/> |
| h. | Cast-iron Replacement | <input type="checkbox"/> |
| i. | Damage Prevention | <input type="checkbox"/> |
| j. | Deactivation | <input type="checkbox"/> |
| k. | Emergency Procedures | <input type="checkbox"/> |
| l. | Inspection of Right-of-Way | <input type="checkbox"/> |
| m. | Line Markers | <input type="checkbox"/> |
| n. | Liaison with Public Officials | <input type="checkbox"/> |
| o. | Leak Surveys | <input type="checkbox"/> |
| p. | MOP | <input type="checkbox"/> |
| q. | MAOP | <input type="checkbox"/> |
| r. | Moving Pipe | <input type="checkbox"/> |
| s. | New Construction | <input type="checkbox"/> |
| t. | Navigable Waterway Crossings | <input type="checkbox"/> |
| u. | Odorization | <input type="checkbox"/> |
| v. | Overpressure Safety Devices | <input type="checkbox"/> |
| w. | Plastic Pipe Installation | <input type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |
| A. | Repairs | <input type="checkbox"/> |
| B. | Signs | <input type="checkbox"/> |
| C. | Tapping | <input type="checkbox"/> |
| D. | Valve Maintenance | <input type="checkbox"/> |

- | | | |
|----|-----------------------------|-------------------------------------|
| E. | Vault Maintenance | <input type="checkbox"/> |
| F. | Welding | <input type="checkbox"/> |
| G. | OQ - Operator Qualification | <input type="checkbox"/> |
| H. | Compliance Follow-up | <input type="checkbox"/> |
| I. | Atmospheric Corrosion | <input type="checkbox"/> |
| J. | Other | <input checked="" type="checkbox"/> |

Evaluator Notes:

This was not an official inspection. The PRPSC provided operator training on its jurisdiction and pipeline safety program.

Total points scored for this section: 4
Total possible points for this section: 4



PART H - Interstate Agent State (If Applicable)**Points(MAX) Score**

- | | | | |
|----------|---|---|----|
| 1 | Did the state use the current federal inspection form(s)? (C1)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

The PRPSC is not an interstate agent.

- | | | | |
|----------|--|---|----|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? (C2)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC is not an interstate agent.

- | | | | |
|----------|---|---|----|
| 3 | Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? (C3)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

The PRPSC is not an interstate agent.

- | | | | |
|----------|--|---|----|
| 4 | Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (C4)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC is not an interstate agent.

- | | | | |
|----------|--|---|----|
| 5 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (C5)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC is not an interstate agent.

- | | | | |
|----------|---|---|----|
| 6 | Did the state give written notice to PHMSA within 60 days of all probable violations found? (C6)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

The PRPSC is not an interstate agent.

- | | | | |
|----------|--|---|----|
| 7 | Did the state initially submit documentation to support compliance action by PHMSA on probable violations? (C7)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC is not an interstate agent.

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|----------|--|-----------|-----------|
| 8 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

The PRPSC is not an interstate agent.

Total points scored for this section: 0
Total possible points for this section: 0

PART I - 60106 Agreement State (If Applicable)**Points(MAX) Score**

- | | | | |
|----------|--|---|----|
| 1 | Did the state use the current federal inspection form(s)? (B21)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC does not have a 60106 agreement with PHMSA.

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|----------|--|---|----|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan? (B22)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC does not have a 60106 agreement with PHMSA.

- | | | | |
|----------|---|---|----|
| 3 | Were any probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (B23)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

The PRPSC does not have a 60106 agreement with PHMSA.

- | | | | |
|----------|---|---|----|
| 4 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (B24)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
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Evaluator Notes:

The PRPSC does not have a 60106 agreement with PHMSA.

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|----------|--|---|----|
| 5 | Did the state give written notice to PHMSA within 60 days of all probable violations found? (B25)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC does not have a 60106 agreement with PHMSA.

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|----------|--|---|----|
| 6 | Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? (B26)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The PRPSC does not have a 60106 agreement with PHMSA.

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|----------|--|-----------|-----------|
| 7 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

The PRPSC does not have a 60106 agreement with PHMSA.

Total points scored for this section: 0
Total possible points for this section: 0