

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

## 2016 Gas State Program Evaluation

for

ARIZONA CORPORATION COMMISSION, Office of Pipeline Safety

### 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)



# 2016 Gas State Program Evaluation -- CY 2016

Gas

**State Agency:** Arizona

**Agency Status:**

**Date of Visit:** 04/24/2017 - 04/28/2017

**Agency Representative:** Dennis Randolph

**PHMSA Representative:** Michael Thompson

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

**Name/Title:** Tom Forese, Chairman

**Agency:** Arizona Corporation Commission

**Address:** 1200 West Washington Street

**City/State/Zip:** Phoenix, AZ 85007

**Rating:**

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

## 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 2016 (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

<b>PARTS</b>		<b>Possible Points</b>	<b>Points Scored</b>
A	Progress Report and Program Documentation Review	10	10
B	Program Inspection Procedures	13	10
C	Program Performance	47	46.5
D	Compliance Activities	15	15
E	Incident Investigations	10	10
F	Damage Prevention	8	8
G	Field Inspections	12	12
H	Interstate Agent State (If Applicable)	7	7
I	60106 Agreement State (If Applicable)	0	0
<b>TOTALS</b>		<b>122</b>	<b>118.5</b>
<b>State Rating</b>	.....		<b>97.1</b>

# PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- |          |   |   |   |
|----------|---|---|---|
| <b>1</b> | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

No Issues; Found in the Arizona constitution under Article XV, Section 2 and Arizona Revised Statutes 40-441

- |          |  |   |   |
|----------|--|---|---|
| <b>2</b> | Review of Inspection Days for accuracy - Progress Report Attachment 2<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

No Issues; They use daily, monthly and annual activity reports for each inspector to track this data. I reviewed the records for accuracy.

- |          |  |   |   |
|----------|--|---|---|
| <b>3</b> | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

No Issues; They use their annual audit/inspection schedule for each year to track this.

- |          |  |   |   |
|----------|--|---|---|
| <b>4</b> | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

Yes, the records were reviewed and no issues found.

- |          |  |   |   |
|----------|--|---|---|
| <b>5</b> | Accuracy verification of Compliance Activities - Progress Report Attachment 5<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

No issues; they use their daily and monthly activity reports to track this information and the records were reviewed for accuracy.

- |          |   |   |   |
|----------|---|---|---|
| <b>6</b> | Were pipeline program files well-organized and accessible? - Progress Report Attachment 6<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

Yes, all files were well organized and made available for review during the evaluation. (They had just moved to a new location and were setting everything up, but still in good shape)

- |          |  |   |   |
|----------|--|---|---|
| <b>7</b> | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

Yes, this was very well documented on a spread sheet showing all employees and the training they have received since joining the AZCC.

- |          |   |   |   |
|----------|---|---|---|
| <b>8</b> | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Arizona needs to take steps to adopt the following Rules and Amendments before the time requirement of being adopted within 24 months of the effective date of the final rule or two general sessions of the State Legislature, whichever is longer. That date is rapidly approaching, so action needs to take place soon.



Rules and amendments that need adoption by state;  
119-80FR168 (3/26/15), 120-80FR12779 (10/1/15), 25-80FR168(3/6/15), and  
26-80FR168 (3/6/15)

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**9** List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. In attachment 10 of the progress report, the state has provided a description of their planned annual and long term goals, along with their accomplishments.

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

Evaluator Notes:

A8 - Arizona needs to take steps to adopt the following Rules and Amendments before the time requirement of being adopted within 24 months of the effective date of the final rule or two general sessions of the State Legislature, whichever is longer. That date is rapidly approaching, so action needs to take place soon.  
Rules and amendments that need adoption by state;  
119-80FR168 (3/26/15), 120-80FR12779 (10/1/15), 25-80FR168(3/6/15), and  
26-80FR168 (3/6/15)

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



## PART B - Program Inspection Procedures

Points(MAX) Score

- 
- |   |  |   |   |
|---|--|---|---|
| 1 | Standard Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 2 | 1 |
|---|--|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The AZCC needs to provide greater detail in their Standard inspection procedures for Post Inspection activities. (Master Meters) Needs clarification of what takes place after a Probable Violation is found.

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- |   |  |   |     |
|---|--|---|-----|
| 2 | IMP and DIMP Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|---|--|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The AZCC needs to provide greater clarification to its IMP and DIMP inspection procedures in the Pre - Active and Post inspection processes. Inspection forms were not easily found so clear instructions on all steps are needed. (Example; where inspection forms are stored)

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- |   |  |   |     |
|---|--|---|-----|
| 3 | OQ Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|---|--|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The AZCC needs to provide greater clarification to its OQ inspection procedures in the Pre, Active and Post inspection processes. (more specific steps)

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- |   |   |   |     |
|---|---|---|-----|
| 4 | Damage Prevention Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|---|---|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The AZCC needs to provide greater clarification to its Damage Prevention inspection procedures in the Pre, Active and Post inspection processes. Steps for notifying operator of probable violations found during inspection and how to do the follow up afterwards are one need.

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- |   |  |   |   |
|---|--|---|---|
| 5 | Any operator training conducted should be outlined and appropriately documented as needed. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. Section 5, page 3 of the inspection procedures manual.

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- |   |  |   |     |
|---|--|---|-----|
| 6 | Construction Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 0.5 |
|---|--|---|-----|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The AZCC needs to provide greater clarification to its Construction inspection procedures in the Pre, Active and Post inspection processes. Steps for notifying operator of probable violations found during inspection and how to do the follow up afterwards are one need.

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- |    |   |                                      |  |
|----|---|--------------------------------------|--|
| 7  | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements?<br>Yes = 6 No = 0 Needs Improvement = 1-5                               | 6                                    | 6  |
| a. | Length of time since last inspection (Within five year interval)  | 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 <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| f. | Are inspection units broken down appropriately?   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes. Arizona takes all of the above items into consideration when scheduling and conducting inspections. All operators; Gas, LPG, LNG, and hazardous liquid operators with the exception of Priority 2 master meter operators are inspected every year. Priority 2 master meter operators are described in Arizona policies and procedures and are inspected once every two years. If the inspector feels that there is an increased risk based on leaks or other risk factors such as increased number of violations, the procedure allows the inspector to reclassify the inspection to a higher risk priority 1 status requiring annual inspections.

8 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

B1 ? (1 point) The AZCC needs to provide greater detail in their Standard inspection procedures for Post Inspection activities. (Master Meters) Needs clarification of what takes place after a Probable Violation is found.

B2 ? (.5 points) The AZCC needs to provide greater clarification to its IMP and DIMP inspection procedures in the Pre - Active and Post inspection processes. Inspection forms were not easily found so clear instructions on all steps are needed. (Example; where inspection forms are stored)

B3 ? (.5 points) The AZCC needs to provide greater clarification to its OQ inspection procedures in the Pre, Active and Post inspection processes. (more specific steps)

B4 ? (.5 points) The AZCC needs to provide greater clarification to its Damage Prevention inspection procedures in the Pre, Active and Post inspection processes. Steps for notifying operator of probable violations found during inspection and how to do the follow up afterwards are one need.

B6 ? (.5 points) The AZCC needs to provide greater clarification to its Construction inspection procedures in the Pre, Active and Post inspection processes. Steps for notifying operator of probable violations found during inspection and how to do the follow up afterwards are one need.

Total points scored for this section: 10  
Total possible points for this section: 13



# 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 5 5  
 Yes = 5 No = 0  
 A. Total Inspection Person Days (Attachment 2):  
 1251.50  
 B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):  
 220 X 10.35 = 2276.08  
 Ratio: A / B  
 1251.50 / 2276.08 = 0.55  
 If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0  
 Points = 5

**Evaluator Notes:**

Yes the ration was acceptable. The Arizona CC had a .55 ratio for the 2016 inspection cycle. 0.08 percent of the 2016 inspections were Construction Inspections. They have a plan in place and are increasing the number now.

- 2** Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines Appendix C for requirements) Chapter 4.4 5 5  
 Yes = 5 No = 0 Needs Improvement = 1-4
- a. Completion of Required OQ Training before conducting inspection as lead? Yes  No  Needs Improvement
  - b. Completion of Required DIMP\*/IMP Training before conducting inspection as lead? \*Effective Evaluation CY2013 Yes  No  Needs Improvement
  - c. Root Cause Training by at least one inspector/program manager Yes  No  Needs Improvement
  - d. Note any outside training completed Yes  No  Needs Improvement
  - e. Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector. Yes  No  Needs Improvement

**Evaluator Notes:**

Yes, Reviewed the Arizona CC training records and SABA records to verify the information.

- 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 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

The AZCC Program Manager is new to the position, but has prior program and industry experience. He is becoming more familiar with the PHMSA state guidelines and has a pretty good handle on the state's own processes and record keeping. He has completed all TQ courses for Standard inspections and needs only a few to cover IMP, DIMP and OQ.

- 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 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

Yes, the AZCC response letter was received on September 16, 2016.

- 5** Did State conduct or participate in pipeline safety training session or seminar in Past 3 Years? Chapter 8.5 1 1  
 Yes = 1 No = 0

**Evaluator Notes:**

Yes, the seminar was held on 2/15/2015. (Need to conduct seminar by 2/11/2018)

- 6** Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 5 5



Yes = 5 No = 0 Needs Improvement = 1-4

Evaluator Notes:

Reviewed completed inspections and found no issues.

Language for the procedure setting time intervals for Master Meter operators should be reviewed to insure clarity.

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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  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, No issues

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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  
Yes = 1 No = 0

Evaluator Notes:

No cast iron

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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  
Yes = 1 No = 0

Evaluator Notes:

No cast iron

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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  
Yes = 1 No = 0

Evaluator Notes:

Yes, it is on the state inspection form under 614.(c).(6).(i)

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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  
Yes = 1 No = 0

Evaluator Notes:

Yes. This is reviewed and addressed on Arizona's inspection report. All state reportable damages track notification to company time vs gas off times. Arizona also collects and tracks pipeline damage information including number of locate tickets, damages per thousand tickets and by type of damage; no ticket, mis-marked locate, 1st 2nd and 3rd party damages.

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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?  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The Arizona CC uses mandatory quarterly reports for leaks and accidents/damages from operators to track this information. It give a good real time account of the information .

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13 Did state input all applicable OQ, DIMP/IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, reviewed the data base and state records. They have an inspector tasked with this responsibility.

<b>14</b>	Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Yes, this information is reviewed by inspectors prior to conducting inspections and is found in question 191.22 on their form.

<b>15</b>	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 Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Yes, No issues

<b>16</b>	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 Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Yes, this is verified during all annual inspections, incident/accident inspection and verified while in the field.

<b>17</b>	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). (Are the State's largest operators programs being contacted or reviewed annually?). 49 CFR 192 Subpart 0 Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Yes, completed during annual inspections and can be found in box 1 of audit procedures for intrastate standard. (Gas. LNG or Liquid)

<b>18</b>	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). (Are the State's largest operators programs being contacted or reviewed annually?). 49 CFR 192 Subpart P DIMP ? First round of program inspections should have been complete by December 2014 Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Yes. Arizona completed all inspections by December 2014. They are also conducting reviews of their operator's DIMP plans.

<b>19</b>	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. PAPEI Effectiveness Inspections should have been completed by December 2013. PAPEI Effectiveness Inspections should be conducted every four years by operators. 49 CFR 192.616 Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Yes, No issues



**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). 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, Arizona maintains a public website, (it has been redone for improved ease of use) maintains a working relationship and meets with the Arizona Utility Group. Arizona is a member of; the AZ National Utility Contractors Association, One call ticket resolution committee, Arizona Emergency Response Committee Advisory Board, the Arizona and National Common Ground Alliance. Arizona participates as a sponsoring member of the AZ 811 Alliance. Arizona meets quarterly with their largest LDC, Southwest Gas Corporation to discuss possible safety issues, ongoing maintenance, operational issues and vintage pipe replacement projects or other issues relevant to the safe operation of pipelines in Arizona.

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

Evaluator Notes:

No Issues

**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? 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, they did a survey of all their operators in 2014 and have disallowed the use of certain plastic pipe through rule making. They have added this as a question to their inspection form to follow up with each operator.

**23** Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA? 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, they provided records of their response to NAPSRS surveys.

**24** If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate. 1 .5  
 No = 0 Needs Improvement = .5 Yes = 1

Evaluator Notes:

The AZCC needs to improve this by verifying the condition of their waivers. There are at least 8 waivers that exist and some have been on the books for many years.

**25** Did the state attend the National NAPSRS Board of Directors Meeting in CY being evaluated? 1 1  
 No = 0 Needs Improvement = .5 Yes = 1

Evaluator Notes:

Yes

**26** Discussion on State Program Performance Metrics found on Stakeholder Communication site - <http://primis.phmsa.dot.gov/comm/states.htm> 2 2  
 No = 0 Needs Improvement = 1 Yes = 2

- a. Discussion of Potential Accelerated Actions (AA's) based on any negative trends Yes  No  Needs Improvement
- b. NTSB P-11-20 Meaningful Metrics Yes  No  Needs Improvement

Evaluator Notes:

The states excavation damages have lowered steadily from 2013 to 2015 from 1.7 to 1.4 damages per 1000 locate requests.

Inspection days for gas pipelines has decreased from 2013 and 2014 at 13 days per 1000 miles to 11 days in 2015.

Inspection days for MMO/LPG also dropped from a high of 1.1 days in 2013 to .8 in 2014 and .820 in 2015. Hazardous Liquid inspection days are down from 110 days in 2012, 60 in 2013 and 65 in 2014.

The percentages for Inspector qualifications has stayed basically the same for both Gas and Hazardous Liquids in 2014 and 2015.

Enforcement for Gas has come up from 2013 to 100 percent then same as in 2012 and 2011. Enforcement for Hazardous Liquids has dropped from 100 percent in 2012 right at 88 percent in 2013 and 2014.

Incident Investigation is steady at 100 percent for both Gas and HL.

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- 27** Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool. (No points) Info Only|Info Only  
Info Only = No Points

Evaluator Notes:

Had discussion and AZCC will verify its numbers again.

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- 28** Did the State verify Operators took appropriate action regarding Pipeline Flow Reversals, Product Changes and Conversions to Service? See ADP-2014-04 (No Points) Info Only|Info Only  
Info Only = No Points

Evaluator Notes:

The AZCC covered these topics at their quarterly meetings with operators.

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- 29** General Comments: Info Only|Info Only  
Info Only = No Points

Evaluator Notes:

C24 ? (.5 points) The AZCC needs to improve this by verifying the condition of their waivers. There are at least 8 waivers that exist and some have been on the books for many years.

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Total points scored for this section: 46.5  
Total possible points for this section: 47



# 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<br>Yes = 4 No = 0 Needs Improvement = 1-3 | 4                                    | 4  |
| a. | Procedures to notify an operator (company officer) when a noncompliance is identified  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Procedures to routinely review progress of compliance actions to prevent delays or breakdowns  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Procedures regarding closing outstanding probable violations   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes, Section 5, Page 1 for Compliance Officer and Section 5, Page 5 for Compliance Actions in their policy and procedures manual.

- |    |  |                                      |  |
|----|--|--------------------------------------|--|
| 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<br>Yes = 4 No = 0 Needs Improvement = 1-3 | 4                                    | 4  |
| a. | Were compliance actions sent to company officer or manager/board member if municipal/government system?  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Document probable violations   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Resolve probable violations  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| d. | Routinely review progress of probable violations   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| e. | Were applicable civil penalties outlined in correspondence with operator(s)  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes, all compliance actions reviewed showed that the AZCC did follow their compliance procedures and were adequately documented.

- |   |  |   |   |
|---|--|---|---|
| 3 | Did the state issue compliance actions for all probable violations discovered?<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes, 362 compliance actions were initiated in 2016 and the records were reviewed to verify the count.

- |   |   |   |   |
|---|---|---|---|
| 4 | Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary.<br>Yes = 2 No = 0 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

Yes

- |   |   |   |   |
|---|---|---|---|
| 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)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

Yes, Dennis has familiarized himself with the states process for imposing civil penalties.

- |   |   |   |   |
|---|---|---|---|
| 6 | Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

They issued one civil penalty in 2016, but it wasn't collected till after the new year.



7 General Comments:

Info Only = No Points

Evaluator Notes:

Info OnlyInfo Only

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



# PART E - Incident Investigations

Points(MAX) Score

- 1 Does the state have written procedures to address state actions in the event of an incident/accident? 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, They can be found in Section 10 of their policies and procedures manual, and in their training manual.  
 AZCC should make contact with all operators to refresh what their expectations are and update contact names and numbers.

- 2 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 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes  No  Needs Improvement   
 b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes  No  Needs Improvement

Evaluator Notes:

Yes, they have a dedicated phone number (602-252-4449) that is forwarded to the on call inspector after hour for response.  
 AZCC should make contact with all operators to refresh what their expectations are and update contact names and numbers.

- 3 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 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, they investigate and document all reportable incidents.

- 4 Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? 3 3  
 Yes = 3 No = 0 Needs Improvement = 1-2

- a. Observations and document review Yes  No  Needs Improvement   
 b. Contributing Factors Yes  No  Needs Improvement   
 c. Recommendations to prevent recurrences when appropriate Yes  No  Needs Improvement

Evaluator Notes:

Yes, Reviewed all reportable incidents.

- 5 Did the state initiate compliance action for violations found during any incident/accident investigation? 1 NA  
 Yes = 1 No = 0

Evaluator Notes:

No violations found.

- 6 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 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes

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



Evaluator Notes:

Yes, Information on all reportable incidents was shared at the 2015 NAPS Western Region meeting, and can also be found on the NAPS website.

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**8** General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

E1 &2 (comment) AZCC should make contact with all operators to refresh what their expectations are and update contact names and numbers.

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



**PART F - Damage Prevention**

**Points(MAX) Score**

- |          |  |   |   |
|----------|--|---|---|
| <b>1</b> | 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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes. This is found on the standard inspection form, page 2, and is also addressed during the in-house training course for master meters and with major operators during inspections.

- |          |   |   |   |
|----------|---|---|---|
| <b>2</b> | 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?<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

Yes. This is on the standard inspection check list on page 2 questions c1 to C5 and is reviewed during each standard inspection.

- |          |  |   |   |
|----------|--|---|---|
| <b>3</b> | 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.)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, They do Damage Prevention seminars that reach approximately 3000 plus people per year. They participate in stakeholder meeting around the state, have information on the AZCC website and provide a learning DVD as part of their enforcement process.

- |          |  |   |   |
|----------|--|---|---|
| <b>4</b> | 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)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, The AZCC collects quarterly damage reports on damages from all operators (except master meter) the information provided includes the number of tickets, number of damages and the cause of damages. This information is reviewed by the AZCC.

- |          |  |           |           |
|----------|--|-----------|-----------|
| <b>5</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

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:  
 1- Ameresco Biogas Inc. 2- Country Village Apts. 3- ISAAC ESD 4- Glendale ISD  
 Name of State Inspector(s) Observed:  
 Ryan Weight, Lead Inspector  
 Location of Inspection:  
 Phoenix, AZ  
 Date of Inspection:  
 June 14-16, 2017  
 Name of PHMSA Representative:  
 Agustin Lopez, State Programs

Evaluator Notes:  
 1. Observed Ryan Weight conduct a construction inspection of Ameresco's 4" pipeline. He reviewed welding records, Welder qualifications, welding procedures, and hydrotests. Pipeline construction has been put on hold until permits are approved.  
 2. Observed Ryan Weight conduct a follow-up inspection on Country Village Apartments. He reviewed previous inspection and verified issues have been corrected.  
 3. Observed Ryan Weight conduct an inspection of the ISAAS Elementary School District master meters. He did a field inspection on Zito Elementary and reviewed records for all 5 elementary schools.  
 4. Observed Ryan Weight conduct an inspection on Glendale Independent School District's building master meter. He conducted a records review and performed a field inspection of the piping.

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

Evaluator Notes:  
 Yes, all operators were notified in advance to give the operator's representative to be present at the inspections.

**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) 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:  
 Yes, the inspector utilized a state form while conducting the inspections. The operator is asked to sign the form after performing an exit interview with the operator.

**4** Did the inspector thoroughly document results of the inspection? 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:  
 Yes, Mr. Ryan Weight documented all the inspection results on the inspection forms.

**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.) 1 1  
 Yes = 1 No = 0

Evaluator Notes:  
 Yes, the inspector checked the operator's maps and any other equipment needed to conduct the inspection. Most Master Meter operators are on the loaner program with the state which is about to be phased out. In the near future the MM operators will have to use other means to get the equipment to perform required maintenance tasks.

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



- b. Records
- c. Field Activities
- d. Other (please comment)

Evaluator Notes:

- 1- Reviewed Ameresco's procedures and records of their 4" pipeline construction.
- 2- Reviewed Country Village Apartment's records and performed a field inspection.
- 3- Reviewed ISAAC ESD's procedures and records. Performed a field inspection of Zito Elementary School.
- 4 - Reviewed Glendale ISD procedures and records and performed a field inspection of their district building.

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

Evaluator Notes:

Yes, Mr. Ryan Weight has been with the ACC for many years and is very knowledgeable of the pipeline safety program rules and regulations.

**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) 1 1  
 Yes = 1 No = 0

Evaluator Notes:

Yes, the inspector conducted an exit interview after completing each inspection. Their inspection process requires the operator representative's signature on the inspection form after completing the exit interview.

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

Evaluator Notes:

Yes, the inspector documented any findings on the inspection forms. During Ameresco's inspection he identified a couple of issues with the welding qualifications and welder qualifications.

**10** General Comments: 1) What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) 2) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) 3) Other. Info Only Info Only

Info Only = No Points

- a. Abandonment
- b. Abnormal Operations
- c. Break-Out Tanks
- d. Compressor or Pump Stations
- e. Change in Class Location
- f. Casings
- g. Cathodic Protection
- h. Cast-iron Replacement
- i. Damage Prevention
- j. Deactivation
- k. Emergency Procedures
- l. Inspection of Right-of-Way
- m. Line Markers
- n. Liaison with Public Officials
- o. Leak Surveys
- p. MOP
- q. MAOP
- r. Moving Pipe
- s. New Construction



- t. Navigable Waterway Crossings
- u. Odorization
- v. Overpressure Safety Devices
- w. Plastic Pipe Installation
- x. Public Education
- y. Purging
- z. Prevention of Accidental Ignition
- A. Repairs
- B. Signs
- C. Tapping
- D. Valve Maintenance
- E. Vault Maintenance
- F. Welding
- G. OQ - Operator Qualification
- H. Compliance Follow-up
- I. Atmospheric Corrosion
- J. Other

Evaluator Notes:

- 1- During the Ameresco inspection the inspector performed a new construction records review.
- 2- During the Country Village Apts. inspection the inspector performed a follow-up inspection.
- 3- During the ISAAC ESD inspection, the inspector performed a field inspection of Zito Elementary School which included the review of atmospheric corrosion, signs, line markers, inspection of ROW.
- 4- During the Glendale ISD inspection, the inspector reviewed records and performed a field inspection which included; atmospheric corrosion, ROW condition, signs and line markers.

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Total points scored for this section: 12  
Total possible points for this section: 12



**PART H - Interstate Agent State (If Applicable)**

**Points(MAX) Score**

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

Evaluator Notes:  
Yes

**2** Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:  
Yes

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

Evaluator Notes:  
Yes

**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.) 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:  
Yes

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

Evaluator Notes:  
Yes

**6** Did the state give written notice to PHMSA within 60 days of all probable violations found? 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:  
Yes

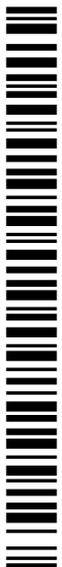
**7** Did the state initially submit documentation to support compliance action by PHMSA on probable violations? 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:  
Yes

**8** General Comments: Info OnlyInfo Only  
Info Only = No Points

Evaluator Notes:  
All questions in this section were reviewed with the Western Region Director for PHMSA.

Total points scored for this section: 7  
Total possible points for this section: 7



**PART I - 60106 Agreement State (If Applicable)**

**Points(MAX) Score**

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

**7** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

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

