



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

1200 New Jersey Avenue SE  
Washington DC 20590

## 2018 Hazardous Liquid 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 -- Accident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (if applicable)
- I -- 60106 Agreement State (if applicable)



2018 Hazardous Liquid State Program Evaluation -- CY 2018  
Hazardous Liquid

**State Agency:** Arizona  
**Agency Status:**  
**Date of Visit:** 04/08/2019 - 04/19/2019  
**Agency Representative:** Dennis Randolph, Program Manager  
**PHMSA Representative:** David Appelbaum, State Evaluator  
**Commission Chairman to whom follow up letter is to be sent:**  
**Name/Title:** Bob Burns, Chairman  
**Agency:** Arizona Corporation Commission  
**Address:** 1200 West Washington Street - Second Floor  
**City/State/Zip:** Phoenix, Arizona 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 2018 (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.

**Scoring Summary**

| <b>PARTS</b>                                       | <b>Possible Points</b> | <b>Points Scored</b> |
|--|------------------------|----------------------|
| A Progress Report and Program Documentation Review | 10                     | 8                    |
| B Program Inspection Procedures                    | 13                     | 13                   |
| C Program Performance                              | 43                     | 43                   |
| D Compliance Activities                            | 15                     | 15                   |
| E Accident Investigations                          | 6                      | 6                    |
| 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>114</b>             | <b>112</b>           |
| <b>State Rating</b> .....                          |                        | <b>98.2</b>          |



# 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<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

The ACC's inspection database contained the information used to complete Attachment 1. The number of operators and inspection units in the database matched Attachment 1 entries. Jurisdictional authority is found in the Arizona Constitution Article XV, Volume 12, Title 40, and Arizona Administrative Code 14.

- |   |  |   |     |
|---|--|---|-----|
| 2 | Review of Inspection Days for accuracy - Progress Report Attachment 2<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0.5 |
|---|--|---|-----|

Evaluator Notes:

Reviewed inspection-person day activity results to individual time sheets. Inspection days were not calculated correctly. Program staff reconciled inspection days during evaluation and determined the correct number should be 57. Original submission indicated 50. This correction does not change the progress report scoring - one half point deduction. Program Manager made a supplemental submission to correct progress report.

- |   |  |   |   |
|---|--|---|---|
| 3 | 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 (only 4 operators)

- |   |  |   |   |
|---|--|---|---|
| 4 | 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:

- |   |  |   |     |
|---|--|---|-----|
| 5 | Accuracy verification of Compliance Activities - Progress Report Attachment 5<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0.5 |
|---|--|---|-----|

Evaluator Notes:

Needs improvement. ACC's 2017 progress report indicated 85 probable violations to be corrected at end of year. Their 2018 progress report indicated 57 probable violations were carried over from previous years. Administrative assistant made an error entering the "carried over" number (which should have been 85), but the "number to be corrected at end of year" was correct.

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

Evaluator Notes:

Files appear to be sufficiently organized. Program Manager and other staff were capable of readily accessing requested documents. The Program is continues to migrate to electronic database and filing, which would improve efficiencies.

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

Evaluator Notes:

Supplemental entry made August 8, 2019. In response to PHMSA's Chairman letter, the ACC advised they misrepresented the person-years reflected on Attachment 7. They had reflected .78, but after further review, determined the number should have been .52. With this recalculation, the ratio, relevant to question C-1 becomes .498, which is greater than the .38 threshold. Full credit was given to C-1, but since the error made on Attachment 7 will need to be corrected in a supplemental submission, one point taken.



Reviewed information on each inspector and compared completion courses to TQ records. All employees participating in the pipeline safety program were listed properly.

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**8** Verification of Part 195,198,199 Rules and Amendments - Progress Report Attachment 8 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

All rules have been adopted, no issues.

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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, a thorough list of detailed information regarding ongoing accomplishments and future activities was provided. PHMSA recommended the ACC develop some simple, specific, timed and measurable goals that will improve identified gaps in the Arizona damage prevention mission.

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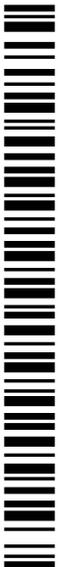
**10** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

PHMSA encouraged ACC to pay closer attention to the accounting of inspection days.

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Total points scored for this section: 8  
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 | 2 |
|---|--|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The ACC's Pipeline Safety Procedure Manual has been improved since last year and now provides guidelines for Standard Inspections to be conducted on all relevant assets every three years. This is found in sections 8.1, 8.2, 8.3, 8.4 and 8.5.

- |   |   |   |   |
|---|---|---|---|
| 2 | IMP 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 | 1 |
|---|---|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

IMP inspections are found in 8.8.5, and both reference 8.2 for scheduling, 8.3 for pre-inspection activities, 8.4 for inspection activities and 8.5 for post-inspection activities. Though these sections are written specific to gas assets, the same process is deployed for hazardous liquid. Program Manager will appropriately amend procedures to ensure hazardous liquid is covered in their scope.

- |   |  |   |   |
|---|--|---|---|
| 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 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Operator Qualification inspections are found in 8.8.1, and both reference 8.2 for scheduling, 8.3 for pre-inspection activities, 8.4 for inspection activities and 8.5 for post-inspection activities. Though these sections are written specific to gas assets, the same process is deployed for hazardous liquid. Program Manager will appropriately amend procedures to ensure hazardous liquid is covered in their scope.

- |   |   |   |   |
|---|---|---|---|
| 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 | 1 |
|---|---|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Damage Prevention inspections are found in 8.8.7, and both reference 8.2 for scheduling, 8.3 for pre-inspection activities, 8.4 for inspection activities and 8.5 for post-inspection activities. Though these sections are written specific to gas assets, the same process is deployed for hazardous liquid. Program Manager will appropriately amend procedures to ensure hazardous liquid is covered in their scope.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Operator Training is found in 5.5, and references 8.2 for scheduling.

- |   |  |   |   |
|---|--|---|---|
| 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 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:



Construction inspections are found in 8.8.8 and 8.8.8.1., and both reference 8.2 for scheduling, 8.3 for pre-inspection activities, 8.4 for inspection activities and 8.5 for post-inspection activities. Though these sections are written specific to gas assets, the same process is deployed for hazardous liquid. Program Manager will appropriately amend procedures to ensure hazardous liquid is covered in their scope.

|          |   |                                      |  |
|----------|---|--------------------------------------|--|
| <b>7</b> | 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 area, 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:**

As reflected in the procedures manual deployed in CY2018, the ACC took all of the above items into consideration when scheduling and conducting inspections. Though the procedure are specific for Gas assets, the same principles are applied to Hazardous Liquid assets.  
The Program Manager needs to ensure his updated (2019) procedures manual identifies these elements specific to hazardous liquid.

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

Info Only|Info Only

**Evaluator Notes:**

The ACC's procedures manual, deployed in CY2018, addressed all of the required elements specified in the PHMSA's State Guidelines, but was written with a bias towards natural gas facilities. Though section 3 of their procedures speaks to hazardous liquid at a high level, section 8 (Compliance Activities) and section 9 (Enforcement Activities) are written specific to gas. Notwithstanding, the ACC does deploy the same principles in sections 8 and 9 to hazardous liquid assets.  
The Program Manager needs to ensure the scope of the ACC's updated (2019) procedures manual sufficiently includes (identifies) hazardous liquid. No point deduction this year, but Program Manager was advised that appropriate amendments need to be made to the manual to avoid potential point loss in the future.

Total points scored for this section: 13  
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):  
 57.00
- B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):  
 220 X 0.78 = 171.88
- Ratio: A / B  
 57.00 / 171.88 = 0.33
- If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0  
 Points = 0

**Evaluator Notes:**

Supplemental entry made August 8, 2019. In response to PHMSA's Chairman letter, the ACC advised they misrepresented the person-years reflected on Attachment 7. They had reflected .78, but after further review, determined the number should have been .52. With this recalculation, the ratio becomes .498, which is greater than the .38 threshold. Full credit issued for this question. However, the error made on Attachment 7 will need to be corrected in a supplemental submission - point taken on that question (A-7).

Ratio 0.33, loss of five points

Original progress report reflected 50 inspection person days. However, the inspection person days were submitted incorrectly, and after being recalculated, State actually had 57 inspection person days, which provides a ratio of 0.33.

- 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 <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. Completion of Required IMP Training before conducting inspection as lead   | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. Root Cause Training by at least one inspector/prgram manager   | Yes <input checked="" type="radio"/> | No <input 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"/> |
| e. Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector. | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

**Evaluator Notes:**

All lead inspectors in 2018 have met the TQ requirements.

- 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:**

Program Manager displayed a proficient understanding of the pipeline safety program.

- 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, Chairman Tom Forese's response letter to Zach Barrett was received on August 23, 2018. PHMSA's outbound letter was dated August 1, 2018, thus the State responded within the 60-day time requirement.

- 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:**

Last seminar was held in June 11 and 12, 2018. Next seminar is not yet schedule.

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|          |  |   |   |
|----------|--|---|---|
| <b>6</b> | Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1<br>Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
|----------|--|---|---|

Evaluator Notes:

Yes. The ACC is on a three year schedule to complete all inspection types. After a thorough review, which was complicated by the absence of a spreadsheet, there was no evidence of the ACC not meeting this schedule. PHMSA recommends the ACC develop a spreadsheet or database to more easily ensure inspections are conducted within specified time intervals.

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|          |  |   |   |
|----------|--|---|---|
| <b>7</b> | 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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

The ACC uses the federal inspection forms for its inspections. Upon a review of randomly selected 2018 inspection files all applicable portions of the forms were completed appropriately. Program is currently using IA for Interstate inspections.

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|          |  |   |   |
|----------|--|---|---|
| <b>8</b> | 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 195.402(c)(5)?<br>Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

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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|          |  |   |   |
|----------|--|---|---|
| <b>9</b> | Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues?<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes, no issues noted

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|           |  |   |   |
|-----------|--|---|---|
| <b>10</b> | Has state confirmed intrastate operators have submitted information into NPMS database along with changes made after original submission?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

The ACC covers operators' NPMS submissions while utilizing PHMSA's inspection form. For the most part, ACC has met this requirement with only a couple minor discrepancies - no point deduction. PHMSA recommended OCC revisit the "NPMS vs. Annual Report" report and reconcile any differences in stated mileage.

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|           |   |   |   |
|-----------|---|---|---|
| <b>11</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<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:

Yes, Drug and alcohol plans are reviewed at the same time the standard inspection is being conducted.

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|           |   |   |   |
|-----------|---|---|---|
| <b>12</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 195 Part G<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:

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



|           |   |   |   |
|-----------|---|---|---|
| <b>13</b> | Is state verifying operator's hazardous liquid integrity management (L IMP) Programs are up to date? This should include a previous review of LIMP 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? Are replies to Operator IM notifications addressed? (formerly part of Question C-10)). 49 CFR 195.452 Appendix C<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:  
Yes, this is completed during the annual inspections. A specialized inspection is conducted once ever three years to cover plan activities.

|           |   |   |   |
|-----------|---|---|---|
| <b>14</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 be conducted every four years by operators. 49 CFR 195.440<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|-----------|---|---|---|

Evaluator Notes:  
Yes, ACC have found deficiencies during their inspections and took appropriate actions (compliance activities) to address.

|           |  |   |   |
|-----------|--|---|---|
| <b>15</b> | 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).<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:  
Yes, Arizona maintains a public website and 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. They are also working with the Pipeline Safety Trust to update their website to have better out reach.

|           |   |   |   |
|-----------|---|---|---|
| <b>16</b> | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|---|---|---|

Evaluator Notes:  
No issues found.

|           |  |   |   |
|-----------|--|---|---|
| <b>17</b> | Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:  
Yes

|           |  |   |   |
|-----------|--|---|---|
| <b>18</b> | 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.<br>Needs Improvement = .5 No = 0 Yes = 1 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:  
No issues found with HL waivers/special permits.

|           |  |   |   |
|-----------|--|---|---|
| <b>19</b> | Did the state attend the NAPSRS National Meeting in CY being evaluated?<br>Needs Improvement = .5 No = 0 Yes = 1 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:  
ACC was represented at the National NAPSRS meeting.



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

All of the metrics are trending in the direction of improvement. It was clear from the discussion with the Program Manager and staff that the drivers of the trends are understood.

- 21** Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool (SICT) Has the State updated SICT data? 1 1  
No = 0 Yes = 1

Evaluator Notes:

Topic was discussed with Program Manager and State appears to be providing appropriate input and using the Tool properly.

- 22** Did the State verify Operators took appropriate action regarding Pipeline Flow Reversals, Product Changes and Conversions to Service? See ADP-2014-04 1 1  
Needs Improvement = .5 No = 0 Yes = 1

Evaluator Notes:

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

- 23** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

Total points scored for this section: 43  
Total possible points for this section: 43



## 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:

Procedures addressing this question are found in chapter 9 and sufficiently address steps required when non-compliance is identified.

- |    |  |                                      |  |
|----|--|--------------------------------------|--|
| 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? (Incident Investigations do not need to meet 30/90 day requirement) 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 director 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. | Within 30 days, conduct a post-inspection briefing with the owner or operator of the gas or hazardous liquid pipeline facility inspected outlining any concerns; and   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| f. | Within 90 days, to the extent practicable, provide the owner or operator with written preliminary findings of the inspection.  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

ACC appears to be generally following relevant procedures.

One record PHMSA reviewed (Arizona Public Service - APS) found that probable violations were found during the ACC's June 12-15, 2018 inspection. An email from the inspector to APS plant personnel (post-inspection briefing identifying preliminary findings) was provided immediately after the inspection (June 15, 2018). If ACC is going to use an email to satisfy the 30/90 day notification rule set forth in State Guidelines 5.1.5. they need to ensure that these communications are sent to an appropriate company officer.

- |   |  |   |   |
|---|--|---|---|
| 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, the ACC has done an exceptional job finding probable violations, and, at the Program level, done well holding operators accountable.

- |   |   |   |   |
|---|---|---|---|
| 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, no issues found.

A review of operator ACC (OPID 31312) found that compliance actions were appropriately sent to a corporate official. The written response from ACC came from their plant engineer. PHMSA recommended that ACC have operators cc their vice president on responses to ensure corporate officer are kept in the communication loop.

- 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) 2 2  
 Yes = 2 No = 0

Evaluator Notes:

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

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

Evaluator Notes:

Yes, the last civil penalty issued was in 2016 and collected in 2017 (Desert Gas LNG for 192.605). The program has developed a penalty matrix but has not yet deployed. Program has committed to deploy matrix in CY2019.

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

Evaluator Notes:

The ACC has generally complied with the requirements of Part D of this evaluation.

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



# PART E - Accident 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 12 of their policies and procedures manual, and in their training manual.

**2** Does state have adequate mechanism to receive and respond to operator reports of accidents, 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 can be found in Section 12.2 of their policies and procedures manual, and in their training manual.

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

Evaluator Notes:

There were no HL Federally-reportable incidents in 2018.

**4** Were all accidents investigated, thoroughly documented, and with conclusions and recommendations? 3 NA  
 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 where appropriate Yes  No  Needs Improvement

Evaluator Notes:

There were no HL Federally-reportable incidents in 2018.

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

Evaluator Notes:

There were no HL Federally-reportable incidents in 2018.

**6** Did the state assist Region Office or Accident Investigation Division (AID) by taking appropriate follow-up actions related to the operator accident 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, the ACC works with the Accident Investigation Division to ensure the reports are accurate and finals have been received.

**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

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

Info Only|Info Only

Evaluator Notes:

The ACC has generally complied with the requirements of Part E of this evaluation.

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Total points scored for this section: 6  
Total possible points for this section: 6



# 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?<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.

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- |          |  |   |   |
|----------|--|---|---|
| <b>2</b> | Did the state inspector verify pipeline operators are following their 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 2 192.605(b)(1) 192.614 questions C1 to C5 and is reviewed during each standard inspection.

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- |          |  |   |   |
|----------|--|---|---|
| <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 conduct Damage Prevention seminars that cover Phoenix, Tucson, Prescott, Flagstaff and individual facilities as needed. The seminars reach approximately 3000 plus people per year. They participate in stakeholder meetings around the state and have achieved exceptional scores on their annual PHMSA excavation enforcement evaluations.

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- |          |  |   |   |
|----------|--|---|---|
| <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 ACC 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 compiled by an assigned inspector and reviewed by the Program Manager.

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

Evaluator Notes:

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

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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:  
 APS (OPID 31312)  
 Name of State Inspector(s) Observed:  
 Brady Sargent - Lead Inspector; Rober Rodriguez - Inspector  
 Location of Inspection:  
 Phoenix, AZ  
 Date of Inspection:  
 April 15-16, 2019  
 Name of PHMSA Representative:  
 David Appelbaum

Evaluator Notes:  
 This was an office and field inspection of APS. Jurisdictional assets include a 20" 1.6 mile diesel pipeline. Brady Sargent was the lead inspector.

**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, sufficient notice to the operator was provided.

**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 inspectors were utilizing a PHMSA equivalent form to conduct the inspection. They documented the results and used it as a guide to complete inspection.

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

Evaluator Notes:  
 Yes, inspectors took thorough notes during evaluation.

**5** Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps, valve keys, half cells, etc) 1 1  
 Yes = 1 No = 0

Evaluator Notes:  
 Inspector did a good job verifying operator had appropriate tooling to perform covered tasks.  
  
 Inspector did find that operator had not calibrated pipeline locating equipment. In fact, inspector found that operator was not "operator qualified," per their procedures, to perform locating tasks, yet has been doing so for years. ACC took appropriate, and immediate, corrective steps to address this deficiency.

**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:



Inspectors reviewed procedures and records for the pipeline system. He concluded with a field inspection of the pipeline facilities.

**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. Sargent has been with the ACC for nine years and is very knowledgeable of the pipeline safety program 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, inspectors did an outstanding job describing what they found, what the relevant application of code was, and what the ACC's expectations were for correcting deficiencies. Inspectors displayed a good command presence, while communicating in a courteous and professional manner.

**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, see questions G.5 and G.8.

**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:

Special attention was given to operator qualifications when conducting line locates.

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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, ACC uses the IA process and forms to conduct inspections.

**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, no issues.

**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, no issues found.

**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, they are identified in the IA inspection process/form and are submitted as soon as the inspection is completed.

**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, this is part of the IA process.

**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, this is part of the IA process.

**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, the evidence and documentation is attached to the IA inspection plan/form.

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

Evaluator Notes:  
The OCC has generally complied with the requirements of Part H of this evaluation.

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:  
Arizona does not have a 60106 agreement.

**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:  
Arizona does not have a 60106 agreement.

**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:  
Arizona does not have a 60106 agreement.

**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:  
Arizona does not have a 60106 agreement.

**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:  
Arizona does not have a 60106 agreement.

**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:  
Arizona does not have a 60106 agreement.

**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

