



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

1200 New Jersey Avenue SE
Washington DC 20590

2018 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)



2018 Gas State Program Evaluation -- CY 2018

Gas

State Agency: Arizona

Agency Status:

Date of Visit: 04/08/2019 - 04/19/2019

Agency Representative: Dennis Randolph, Program Manager

Rating:

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

Interstate Agent: Yes

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

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

PARTS

Possible Points Points Scored

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

10 8.5
13 13
45 44
15 14
11 11
8 8
12 12
7 7
0 0

TOTALS

121 117.5

State Rating

97.1

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
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.

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

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 1,332. Original submission indicated 1,125. This correction will change the progress report scoring - one point deduction.

Program Manager will make a supplemental submission to correct progress report.

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

Evaluator Notes:

Attachment 3 information is taken from the ACC's annual audit/inspection schedule. The total number of inspection units shown on Attachment 3 is slightly different than number on Attachment 1.
Attachment 1 shows 17 Private Distribution inspection units while attachment 3 reflects 16.
ACC made supplemental submission to progress report and corrected this minor discrepancy.

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

Evaluator Notes:

Yes, four reported in 2018, all of which were determined to be non-reportable. Program Manager was reminded that Attachment 4 was only for incidents defined in 49 CFR Part 191. Program Manager will make a supplemental submission to correct progress report.

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

Evaluator Notes:

Needs improvement. ACC's 2017 progress report indicated 1,482 probable violations to be corrected at end of year. Their 2018 progress report indicated 446 probable violations were carried over from previous years.
Administrative assistant made an error entering the "carried over" number (which should have been 1,482), but the "number to be corrected at end of year" was correct.

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

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|----------|---|---|---|
| 7 | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 | 1 | 1 |
|----------|---|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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

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

Evaluator Notes:

All rules have been adopted, no issues.

9	List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10	1	1
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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.

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

Evaluator Notes:

Total points scored for this section: 8.5
Total possible points for this section: 10



PART B - Program Inspection Procedures

Points(MAX) Score

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

DIMP inspections are found in 8.8.4, IMP is 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.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Operator Qualification inspections are found in 8.8.1, and references 8.2 for scheduling, 8.3 for pre-inspection activities, 8.4 for inspection activities and 8.5 for post-inspection activities.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Damage Prevention inspections are found in 8.8.7, and references 8.2 for scheduling, 8.3 for pre-inspection activities, 8.4 for inspection activities and 8.5 for post-inspection activities.

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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:

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

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Construction Inspection procedures are found in 8.8.8 and 8.8.8.1, and references 8.2 for scheduling, 8.3 for pre-inspection activities, 8.4 for inspection activities and 8.5 for post-inspection activities.

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|---|---|---|---|
| 7 | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? | 6 | 6 |
|---|---|---|---|

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

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|--|--------------------------------------|--------------------------|---|
| 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. Reflected in the procedures manual deployed in CY2018, the ACC took 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 were 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.

The Program Manager needs to ensure his updated (2019) procedures manual, section 4.7, properly addresses the Program's inspection priorities based on the elements listed in this question (State Guidelines).

8 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

PHMSA recommends the ACC's procedures identify what an inspector should do if they encounter safety threats during an inspection requiring immediate attention/intervention.

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):
1332.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 9.43 = 2073.96

Ratio: A / B
1332.00 / 2073.96 = 0.64

If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
Points = 5

Evaluator Notes:

Original progress report reflected 1,125 inspection person days. However, the inspection person days were submitted incorrectly, and after being recalculated, State actually had 1,332 inspection person days, which provides a ratio of 0.64.

- 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

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|----|--|--------------------------------------|--------------------------|---|
| 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 DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013 | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Root Cause Training by at least one inspector/program 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.

- 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:

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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| 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 | 2 | 2 |
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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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| 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 | 1 | NA |
|---|---|---|----|
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Evaluator Notes:

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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 | 1 | NA |
|---|--|---|----|
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Evaluator Notes:

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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 | 1 | 1 |
|----|---|---|---|
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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 | 1 | 1 |
|----|--|---|---|
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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 | 2 | 2 |
|----|--|---|---|
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Evaluator Notes:

The ACC uses mandatory quarterly reports for leaks and accidents/damages from operators to track this information. It gives a good real time account of the information. They also review the annual reports to track new installation of pipe and services.

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| 13 | 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:

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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| 14 | 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 |
|----|---|---|---|

Evaluator Notes:

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

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|----|---|---|---|
| 15 | 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 |
|----|---|---|---|

Evaluator Notes:

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

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|----|---|---|---|
| 16 | 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? Are replies to Operator IM notifications addressed? (formerly part of Question C-13)). 49 CFR 192 Subpart 0
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----|---|---|---|

Evaluator Notes:

Yes, this completed during annual inspections and can be found in box 1 of audit procedures for intrastate transmission standard. Once every three years a specialized inspection is conducted to cover plan activities and is done in addition to the annual inspection. (Gas. LNG or Liquid)

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|----|--|---|---|
| 17 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, the DIMP plans are being reviewed every three years, and the activities are being looked at during the annual standard inspections using a recap sheet.

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|----|---|---|---|
| 18 | 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 192.616
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----|---|---|---|

Evaluator Notes:

Yes, the PA inspections are conducted at the same time the operator is having a Standard Inspection.

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|----|---|---|---|
| 19 | 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 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. 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. They are also working with the Pipeline Safety Trust to update their website to have better out reach.

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

Evaluator Notes:

None in 2018

21	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
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Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The ACC covers this issue when conducting DIMP and IMP inspections.

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

Evaluator Notes:

Yes

23	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	0
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No = 0 Needs Improvement = .5 Yes = 1

Evaluator Notes:

ACC has several waivers in place and actively reviews most of them.

Evaluation found some waivers have not been followed up on. One in particular is Graham County Utilities (GCU). A waiver was requested in October 1999 after a survey found seven areas within their system having a gas line located under a building. GCU indicated these seven lines would be relocated no later than July 30, 2001.

ACC provided no evidence that they have followed-up to verify GCU has come into compliance. One point deducted.

24	Did the state attend the NAPSRS National Meeting in CY being evaluated?	1	1
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No = 0 Needs Improvement = .5 Yes = 1

Evaluator Notes:

ACC was represented at the National NAPSRS meeting.

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

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|----|---|--------------------------------------|--------------------------|---|
| a. | Discussion of Potential Accelerated Actions (AA's) based on any negative trends | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | NTSB P-11-20 Meaningful Metrics | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

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.

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| 26 | Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool (SICT) Has the State updated SICT data?
No = 0 Yes = 1 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

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

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| 27 | Did the State verify Operators took appropriate action regarding Pipeline Flow Reversals, Product Changes and Conversions to Service? See ADP-2014-04
Needs Improvement = .5 No = 0 Yes = 1 | 1 | NA |
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Evaluator Notes:

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- | | | | |
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| 28 | General Comments:
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

Total points scored for this section: 44
Total possible points for this section: 45



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
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.

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|----------|--|--------------------------------------|---|
| 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
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 3 |
| a. | Were compliance actions sent to company officer or manager/board member if municipal/government system? | Yes <input type="radio"/> | No <input checked="" 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:

Item #A: A review of several inspections/incidents where violations of the pipeline safety requirements were discovered, found that the associated probable violations were not sent to company officers. One point deduction.

ACC should provide clarity regarding their process for reviewing progress of probable violations in chapter 9 of their procedures.

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

Evaluator Notes:

State has done an exceptional job identifying matters of non-compliance. Attachment 5 shows that the issuance of compliance actions have increased significantly over the last couple of years.

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

Evaluator Notes:

Yes, no issues found.

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

Evaluator Notes:

Yes, Program Manager 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? Yes = 1 No = 0 Needs Improvement = .5	1	1
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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.

7	General Comments: Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

Total points scored for this section: 14
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 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 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 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 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, the Program conducts onsite investigations almost all reportable incidents and when onsite investigation is not made, they collect the requisite documentation to support decision to not go on site.

- 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, no issues found.

- 5 Did the state initiate compliance action for violations found during any incident/accident investigation? 1 1

Yes = 1 No = 0

Evaluator Notes:

Yes. State has done well issuing compliance actions for violations discovered. The quantity of compliance actions have increased significantly over the last couple of years.

- 6 Did the state assist Region Office or Accident Investigation Division (AID) 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, 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

8 General Comments:
Info Only = No Points
Evaluator Notes:

Info OnlyInfo Only

Total points scored for this section: 11
Total possible points for this section: 11



PART F - Damage Prevention

Points(MAX) Score

- | | | | |
|---|--|---|---|
| 1 | Has the state reviewed directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies? NTSB
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.

- | | | | |
|---|--|---|---|
| 2 | 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?
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.

- | | | | |
|---|--|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.)
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.

- | | | | |
|---|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program)
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.

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

Graham County Electric Co-Op, Inc (OPID 6484)

Name of State Inspector(s) Observed:

John Caughlin, Senior Pipeline Inspector and Luis Guzman, Pipeline Inspector II

Location of Inspection:

Pima, AZ

Date of Inspection:

4/17/2019 - 4/18/2019

Name of PHMSA Representative:

David Appelbaum, State Evaluator

Evaluator Notes:

Graham County Electric's representatives included: Wes Reidhead, Gas/Water Superintendent and Rusty Sherman, Operations Manager.

AZZ conducted a standard inspection with special attention to compliance follow-up and follow-up on legacy special permits/waivers.

Also, as a result of an excavation damage that occurred in Safford, AZ, an annual inspection of a master meter (Silver Creek Mobile Home Park) was conducted on 4/18/2019. This was in addition to the standard inspection of Graham County Electric.

- 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,pyrometer,soap spray,CGI,etc.) 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, while looking to test an emergency valve, inspector was able to determine operator did not have the proper tool to shut off the valve. Operator took immediate corrective steps and the ACC inspector identified and discussed the appropriate probable violation/s.

- 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:

ACC resolved several legacy waivers involving encroachments that were never closed. They also followed up on waivers for idle risers that still remain. ACC and the operator will develop a plan to adequately address.

- | | | | |
|---|---|---|---|
| 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:

Inspectors appeared very competent in conducting this inspection, and displayed sufficient knowledge of the pipeline safety program and regulations.

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|---|---|---|---|
| 8 | Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) | 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, probable violations from the last inspection were evaluated for compliance and new discoveries were properly identified and discussed.

- | | | | |
|----|--|-----------|-----------|
| 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 | <input checked="" type="checkbox"/> |
| b. | Abnormal Operations | <input checked="" type="checkbox"/> |
| c. | Break-Out Tanks | <input type="checkbox"/> |
| d. | Compressor or Pump Stations | <input type="checkbox"/> |
| e. | Change in Class Location | <input type="checkbox"/> |
| f. | Casings | <input type="checkbox"/> |
| g. | Cathodic Protection | <input checked="" type="checkbox"/> |
| h. | Cast-iron Replacement | <input type="checkbox"/> |
| i. | Damage Prevention | <input checked="" type="checkbox"/> |
| j. | Deactivation | <input checked="" type="checkbox"/> |
| k. | Emergency Procedures | <input checked="" type="checkbox"/> |
| l. | Inspection of Right-of-Way | <input type="checkbox"/> |
| m. | Line Markers | <input checked="" type="checkbox"/> |
| n. | Liaison with Public Officials | <input type="checkbox"/> |
| o. | Leak Surveys | <input type="checkbox"/> |
| p. | MOP | <input type="checkbox"/> |
| q. | MAOP | <input type="checkbox"/> |
| r. | Moving Pipe | <input checked="" type="checkbox"/> |
| s. | New Construction | <input type="checkbox"/> |
| t. | Navigable Waterway Crossings | <input type="checkbox"/> |
| u. | Odorization | <input type="checkbox"/> |

- | | | |
|----|-----------------------------------|-------------------------------------|
| v. | Overpressure Safety Devices | <input type="checkbox"/> |
| w. | Plastic Pipe Installation | <input type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |
| A. | Repairs | <input checked="" type="checkbox"/> |
| B. | Signs | <input checked="" type="checkbox"/> |
| C. | Tapping | <input type="checkbox"/> |
| D. | Valve Maintenance | <input checked="" type="checkbox"/> |
| E. | Vault Maintenance | <input type="checkbox"/> |
| F. | Welding | <input type="checkbox"/> |
| G. | OQ - Operator Qualification | <input type="checkbox"/> |
| H. | Compliance Follow-up | <input checked="" type="checkbox"/> |
| I. | Atmospheric Corrosion | <input checked="" type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

Special attention was given to a master meter operator who had an excavation damage the day prior to this inspection.

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)?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

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"?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

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?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

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.)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

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?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Yes, this is part of the IA process.

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

Evaluator Notes:

Yes, this is part of the IA process.

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

Evaluator Notes:

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

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

Evaluator Notes:

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)?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

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

Evaluator Notes:

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

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?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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