



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

1200 New Jersey Avenue SE
Washington DC 20590

2009 Natural Gas State Program Evaluation

for

ARIZONA CORPORATION COMMISSION

Document Legend

PART:

- O -- Representative Date and Title Information
- A -- General Program Qualifications
- B -- Inspections and Compliance - Procedures/Records/Performance
- C -- Interstate Agent States
- D -- Incident Investigations
- E -- Damage Prevention Initiatives
- F -- Field Inspection
- G -- PHMSA Initiatives - Strategic Plan
- H -- Miscellaneous
- I -- Program Initiatives

2009 Natural Gas State Program Evaluation -- CY 2009
Natural Gas

State Agency: Arizona

Agency Status:

Date of Visit: 08/02/2010 - 08/06/2010

Agency Representative: Robert Miller, Pipeline Safety Supervisor
Corky Hanson, Assistant Pipeline Safety Supervisor

PHMSA Representative: Glynn Blanton, DOT/PHMSA State Programs
Patrick Gaume, DOT/PHMSA State Programs

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

Name/Title: Ms. Kristin K. Mayes, Chairman

Agency: Arizona Corporation Commission

Address: 1200 West Washington Street

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 2009 (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 certification/agreement attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART F):

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

Scoring Summary

PARTS

Possible Points Points Scored

A	General Program Qualifications	26	26
B	Inspections and Compliance - Procedures/Records/Performance	22.5	22.5
C	Interstate Agent States	7	7
D	Incident Investigations	7	7
E	Damage Prevention Initiatives	9	9
F	Field Inspection	12	12
G	PHMSA Initiatives - Strategic Plan	9	9
H	Miscellaneous	3	3
I	Program Initiatives	9	9

TOTALS

104.5 104.5

State Rating 100.0

PART A - General Program Qualifications

Points(MAX) Score

- | | | | |
|----------|--|-------------------------------------|---|
| 1 | Did the state submit complete and accurate information on the attachments to its most current 60105(a) Certification/60106 (a) Agreement? (NOTE: PHMSA Representative to verify certification/agreement attachments by reviewing appropriate state documentation. Score a deficiency in any one area as "needs improvement". Attachment numbers appear in parenthesis) Previous Question A.1, Items a-h worth 1 point each
Yes = 8 No = 0 Needs Minor Improvement = 3-7 Needs Major Improvement = 2 | 8 | 8 |
| a. | State Jurisdiction and agent status over gas facilities (1) | <input checked="" type="checkbox"/> | |
| b. | Total state inspection activity (2) | <input checked="" type="checkbox"/> | |
| c. | Gas facilities subject to state safety jurisdiction (3) | <input checked="" type="checkbox"/> | |
| d. | Gas pipeline incidents (4) | <input checked="" type="checkbox"/> | |
| e. | State compliance actions (5) | <input checked="" type="checkbox"/> | |
| f. | State record maintenance and reporting (6) | <input checked="" type="checkbox"/> | |
| g. | State employees directly involved in the gas pipeline safety program (7) | <input checked="" type="checkbox"/> | |
| h. | State compliance with Federal requirements (8) | <input checked="" type="checkbox"/> | |

SLR Notes:

Information reviewed in 2010 Natural Gas Certification attachments 1, 2 & 3 are correct with inspection units and activities. All incident reports were submitted and information on cause code was entered correctly. Compliance information was correct with number violations found and corrected. Training requirements for pipeline safety staff meets the requirements of the guidelines. All federal regulations have been adopted in accordance with the three year requirement.

- | | | | |
|----------|---|---|---|
| 2 | Did the state have an adequate mechanism to receive operator reporting of incidents to ensure state compliance with 60105(a) Certification/60106(a) Agreement requirements (fatality, injury requiring hospitalization, property damage exceeding \$50,000 - Mechanism should include receiving "after hours" reports)? (Chapter 6) Previous Question A.2
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, AZCC's regulations R14-5-2.0, state law and telephonic incident report form address this required information.

- | | | | |
|----------|---|---|---|
| 3 | Has the state held a pipeline safety TQ seminar(s) in the last 3 years? (NOTE: Indicate date of last seminar or if state requested seminar, but T&Q could not provide, indicate date of state request for seminar. Seminars must be held at least once every 3 calendar years.) (Chapter 8.5) Previous Question A.4
Yes = 2 No = 0 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

The last seminar was held on November 4 -5, 2009 in Phoenix, AZ. This was a LPG seminar and eighteen individuals attended the meeting.

- | | | | |
|----------|--|---|---|
| 4 | Were pipeline safety program files well-organized and accessible?(NOTE: This also includes electronic files) (Chapter 5) Previous Question A.5
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, a review of files indicated the information was up to date and well organized. All files are maintained in a security location adjacent to the front office of the organization.

- | | | | |
|----------|---|---|---|
| 5 | Did state records and discussions with the state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? (Chapter 4.1, Chapter 8.1) Previous Question A.6
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

Yes, Robert Miller has many years of experience in pipeline safety and understands the requirements in submitting grant application and payment agreement documents.

- | | | | |
|----------|---|---|---|
| 6 | Did the state respond in writing within 60 days to the requested items in the Chairman's letter following the Region's last program evaluation? (No response is necessary if no items are requested in letter and mark "Yes") (Chapter 8.1) Previous Question A.8
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

No response was required in letter to Chairman dated 12-21-2009.

- 7 What actions, if necessary, did the State initiate as a result of issues raised in the Chairperson's letter from the previous year? Did actions correct or address deficiencies from previous year's evaluation? (No response is necessary if no items are requested in letter and mark "Yes") (Chapter 8.1) Previous Question A.8/A.9 1 1
Yes = 1 No = 0

SLR Notes:

No response was required in letter to Chairman dated 12-21-2009.

Personnel and Qualifications

- 8 Has each inspector fulfilled the 3 year TQ training requirement? If No, has the state been granted a waiver regarding TQ courses by the Associate Administrator for Pipeline Safety? (NOTE: If the State has new inspectors who have not attended all TQ courses, but are in a program which will achieve the completion of all applicable courses within 3 years of taking first course (5 years to successfully complete), or if a waiver has been granted by the applicable Region Director for the state, please answer yes.) (Chapter 4.4) Previous Question A.10 3 3
Yes = 3 No = 0

SLR Notes:

Yes, all AZCC pipeline safety engineers except Michael Bell and Marion Garcia have completed the three year requirement courses. Mr. Bell has until 11/02/2010 to complete course PL 3257, Pipeline Regulation Application and Compliance Procedure and Mr. Garcia has until 12/19/2011 to complete course PL3293, Corrosion Control of Pipeline Systems.

- 9 Brief Description of Non-TQ training Activities: Info Only Info Only
Info Only = No Points
For State Personnel:
Within the first six months from date of employment, each new employee must successfully complete the following In-House Training courses: New Employee training, LPG Inspection, Pipeline Failure Investigation, Pipeline Welding Inspection and Underground Facilities Law.
For Operators:
Seventeen Master Meter Class Training courses were conducted during calendar 2009. These classes were held at Tucson, Phoenix, Flagstaff and Prescott, AZ.
For Non-Operator Entities/Parties, Information Dissemination, Public Meetings:
Various staff members serve on the following organization and present information on pipelines safety regulations and damage prevention. These organizations are listed below: AZ Response Commission, Phoenix Light Rail Correlating Committee, Manufacturer Housing Community and Phoenix Fire Department.

SLR Notes:

- 10 Did the lead inspectors complete all required T&Q OQ courses and Computer Based Training (CBT) before conducting OQ Inspections? (Chapter 4.4.1) Previous Question A.12 1 1
Yes = 1 No = 0

SLR Notes:

Yes. The lead inspectors for OQ are Corky Hanson, Alan Borne, Robert Hippe, Ryan Weight, and Eric Villa.

- 11 Did the lead inspectors complete all required TQ Integrity Management (IMP) Courses/Seminars and CBT before conducting IMP Inspections? (Chapter 4.4.1) Previous Question A.13 1 1
Yes = 1 No = 0

SLR Notes:

Yes, Corky Hanson and Robert Miller are the lead inspectors and have completed all IMP training courses.

- 12 Was the ratio acceptable of Total inspection Person-days to Total Person-days charged to the program by state inspectors? (Region Director may modify points for just cause) (Chapter 4.3) Previous Question B.12 5 5
Yes = 5 No = 0
A. Total Inspection Person Days (Attachment 2):
1266.00
B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 10.00 = 2200.00
Ratio: A / B
1266.00 / 2200.00 = 0.58
If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
Points = 5

SLR Notes:

Yes, A=1266 total inspection person days: B= (220 x 10=2200) A/B= 1266/2200= 0.58 meets the large amount of .38 requirement.

- 13** Have there been modifications or proposed changes to inspector-staffing levels? (If yes, describe) Previous Info Only Info Only
Question B.13
Info Only = No Points

SLR Notes:

No changes in the last year.

- 14** Part-A General Comments/Regional Observations Info Only Info Only
Info Only = No Points

SLR Notes:

No comments.

Total points scored for this section: 26
Total possible points for this section: 26



PART B - Inspections and Compliance - Procedures/Records/ Performance

Points(MAX) Score

Inspection Procedures

- 1** Does the State have a written inspection plan to complete the following? (all types of operators including LNG) 6.5 6.5
(Chapter 5.1) Previous Question B.1 + Chapter 5 Changes + Incorporate LNG
Yes = 6.5 No = 0 Needs Improvement = 50% Deduction
- | | | | | |
|---|---|--------------------------------------|--------------------------|---|
| a | Standard Inspections (Including LNG) (Max points = 2) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b | IMP Inspections (Including DIMP) (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c | OQ Inspections (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d | Damage Prevention (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| e | On-Site Operator Training (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| f | Construction Inspections (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| g | Incident/Accident Investigations (Max points = 1) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| h | Compliance Follow-up (Max points = 1) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

SLR Notes:

- a. Yes, AZ CC 2009 Policy and Procedures book: Master Meter, Section 6, pages 1,2 & 6 & Section 7 page 1; Major Operators, Section 4, pages 1 & 2, Section 5 page 1 (Intrastate) & page 2 (Interstate).
b. Yes, Major Operators, Section 4, pages 1 & 2, Section 5 page 1 (Intrastate) & page 2 (Interstate).
c. Yes, Master Meter Section 6, page 6; Major Operators, (policy) Section 4 pages 1 & 2, (Procedure) Section 5 pages 1 & 2.
d. Yes, Section 8 & 9
e. Yes, Section 7, page 6
f. Yes, Master Meter (policy) Section 6 pages 8, 9 & 10, (procedures) Section 7, page 2. Major Operators Section 5 pages 3 & 4. Construction is address in state law.
g. Yes, Section 10.
h. Yes, Master Meter (procedures) Section 7 page 4 and (policy) Section 6 page 11. Major Operators (procedures) Section 5, page 1

- 2** Did the written Procedures for selecting operators adequately address key concerns? (Chapter 5.1) Previous Question B.2, items a-d are worth .5 point each 2 2
Yes = 2 No = 0 Needs Improvement = 50% Deduction
- | | | | | |
|---|--|--------------------------------------|--------------------------|---|
| a | Length of time since last inspection | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b | History of Operator/unit and/or location (including leakage , incident and compliance history) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c | Type of activity being undertaken by operator (construction etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d | For large operators, rotation of locations inspected | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

SLR Notes:

Yes to items a thru d. A review of AZ CC 2009 Policy and Procedures Section 6, pages 1 & 2, Section 4, pages 1 & 2, Section 7, page 1, Section 5 pages 1 & 2, Section 6 & 7, Section 5 pages 3 & 4, Section 5 page 1, Section 4 page 2 confirm they have addressed these items.

Inspection Performance

- 3** Did the state inspect all types of operators and inspection units in accordance with time intervals established in its written procedures? (Chapter 5.1) Previous Question B.3 2 2
Yes = 2 No = 0

SLR Notes:

Yes, a review of 2010 Certification attachment 1 - Stats on Operators and AZ CC 2009 Policy and Procedures book confirm the time interval were met.

- 4** Did the state inspection form cover all applicable code requirements addressed on the Federal Inspection forms? (Chapter 5.1 (3)) Previous Question B.4 1 1
Yes = 1 No = 0

SLR Notes:

Yes. A review of the inspections forms contained in the 2009 Policy and Procedure document indicated all items in the federal inspection match their forms. On interstate inspections they use the PHMSA forms. Additionally, all proposed or suggested inspection forms are reviewed by the PHMSA Western prior to be implemented.

- 5** Did state complete all applicable portions of inspection forms? (Chapter 5.1 (3)) Previous Question B.5 1 1
Yes = 1 No = 0

SLR Notes:

Yes, on a review inspection documents located in their file room found this information is being completed.

6	Did the state initiate appropriate follow-up actions to Safety Related Condition Reports? (Chapter 6.3) Previous Question B.6 Yes = .5 No = 0	.5	NA
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SLR Notes:

They did not have any SRCRs in 2009.

7	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) Previous Question B.7 Yes = .5 No = 0	.5	NA
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SLR Notes:

The state does not have any cast-iron pipelines.

8	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) Previous Question B.8 Yes = .5 No = 0	.5	NA
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SLR Notes:

The state does not have any cast-iron pipelines.

9	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) Previous Question B.9 Yes = .5 No = 0	.5	.5
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SLR Notes:

Yes, this is a requirement by Arizona Corporation Commission's administrative law R14-5-202, Section R.

10	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? (NTSB) Previous Question B.10 Yes = 1 No = 0	1	1
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SLR Notes:

Yes, this information is located in the check list of their inspection document and Arizona Corporation Commission's Administrative rule R14-5-202, Section S.

Compliance - 60105(a) States

11	Did the state adequately document sufficient information on probable violations? (Chapter 5.2) Previous Question B.14 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Yes, information located in the file folder indicates documentation which includes photo and other relative information is being used.

12	Does the state have written procedures to identify the steps to be taken from the discovery to the resolution of a probable violation as specified in the "Guidelines for State Participating in the Pipeline Safety Program"? (Chapter 5.1) Previous Question D(1).1 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Yes, Major Operator Section 5, page 5: Master Meter Section 7, page 3.

13	Does the state have written procedures to notify an operator when a noncompliance is identified as specified in the "Guidelines for States Participating in the Pipeline Safety Program"? (Chapter 5.1(4)) Previous Question D(1).2 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Yes, Major Operator Section 5, page 1: Master Meter Section 6, page 6.

14	Does the state have a written procedure for routinely reviewing the progress of compliance actions to prevent delays or breakdowns of the enforcement process, as required by the "Guidelines for States Participating in the Pipeline Safety Program"? (Chapter 5.1(5)) Previous Question D(1).3 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Yes, Major Operators Section 5, page 5: Master Meter Operators Section 7, page 4.

15	Has the State issued compliance actions for all probable violations discovered? (Note : PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation) Previous Question D(1).4 Yes = 1 No = 0	1	1
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SLR Notes:

Yes, a review of the tracking board and an electronic spreadsheet indicate all probable violations are issued a compliance action and monitored until the violations have been corrected.

16	Did the state follow its written procedures for reviewing compliance actions and follow-up to determine that prompt corrective actions were taken by operators, within the time frames established by the procedures and compliance correspondence, as required by the "Guidelines for States Participating in the Pipeline Safety Program"? Previous Question D(1).5 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Yes.

17	If compliance could not be established by other means, did state pipeline safety program staff request formal action, such as a "Show Cause Hearing" to correct pipeline safety violations? (check each states enforcement procedures) Previous Question D(1).6 No = 0 Yes = 1	1	NA
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SLR Notes:

No Show Cause Hearings were held in 2009.

18	Did the state adequately document the resolution of probable violations? (Chapter 5.1 (6)) Previous Question D(1).7 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Yes, their written procedures and files indicate they adequately documented all probable violations.

19	Were compliance actions sent to a company officer? (manager or board member if municipal/government system) (Chapter 5.1(4)) Previous Question D(1).8 Yes = .5 No = 0	.5	.5
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SLR Notes:

Yes, Section 5 page 1 o the policy and procedures manual requires all correspondence be sent to the company officer or manager/board member if the operator is a municipality or governmental agency.

20	Did the compliance proceedings give reasonable due process to all parties? (check each states enforcement procedures) Previous Question D(1).9 Yes = 1 No = 0 Needs Improvement = .5	1	1
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SLR Notes:

Yes, Major Operators: Section 5 page 5 and Master Meter, Section 7 page 3 of their 2009 Policy and Procedures manual address these items.

Compliance - 60106(a) States

21	Did the state use the current federal inspection form(s)? Previous Question D(2).1 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

22	Are results adequately documented demonstrating inspection units were reviewed in accordance with state inspection plan? Previous Question D(2).2	1	NA
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Yes = 1 No = 0 Needs Improvement = .5

SLR Notes:

23	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.) Previous Question D(2).3 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

24	Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? Previous Question D(2).4 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

25	Did the state give written notice to PHMSA within 60 days of all probable violations found? Previous Question D(2).5 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

26	Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? Previous Question D(2).6 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

27	Part B: General Comments/Regional Observations Info Only = No Points	Info Only	Info Only
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SLR Notes:

No comments.

Total points scored for this section: 22.5
Total possible points for this section: 22.5



PART C - Interstate Agent States

Points(MAX) Score

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|----------|---|---|---|
| 1 | Did the state use the current federal inspection form(s)? Previous Question D(3).1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, they are using the federal documents.

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|----------|--|---|---|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? Previous Question D(3).2
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes these results are documented that they inspected units in accordance with our PHMSA directed inspection work plan.

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|----------|--|---|---|
| 3 | Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? Previous Question D(3).3
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes they did submit documentation of the inspections within 60 days. In the 2009 Policy and Procedure Manual they require the documentation to be submitted within 30 days.

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|----------|---|---|---|
| 4 | 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.) Previous Question D(3).4
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, Arizona Corporation Commission identified a probable violation on Trans Canada and referred the matter to the PHMSA Western Region on May 22, 2009.

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|----------|--|---|---|
| 5 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? Previous Question D(3).5
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, they have always been pro active and have immediately provided to PHMSA Western Region with reports of this nature.

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| 6 | Did the state give written notice to PHMSA within 60 days of all probable violations found? Previous Question D(3).6
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes they provide information to PHMSA Western Region within 30 days but definitely within 60 days.

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|----------|--|---|---|
| 7 | Did the state initially submit documentation to support compliance action by PHMSA on probable violations? Previous Question D(3).7
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes their documentation as initially submitted was adequate to support compliance actions by us concerning probable violation.

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|----------|---|-----------|-----------|
| 8 | Part C: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|----------|---|-----------|-----------|

SLR Notes:

No Comments.

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

PART D - Incident Investigations

Points(MAX) Score

- | | | | |
|----------|--|---|---|
| 1 | Are state personnel following the procedures for Federal/State cooperation in case of an incident? (See Appendix in "Guidelines for States Participating in the Pipeline Safety Program") (Chapter 6.1) Previous Question E.1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Per our Accident Incident Coordinator Peter Katchmar - "I would answer a resounding yes for both questions".

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|----------|---|----|----|
| 2 | Are state personnel familiar with the jurisdictional authority and Memorandum of Understanding between NTSB and PHMSA? (See Appendix in "Guidelines for States Participating in the Pipeline Safety Program") (Chapter 6 ? Appendix D) Previous Question E.2
Yes = .5 No = 0 | .5 | .5 |
|----------|---|----|----|

SLR Notes:

Yes, Section 19 of Training and Investigation Manual and Section 10, page 3 of Policy and Procedures Manual.

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|----------|--|---|---|
| 3 | Did the state keep adequate records of incident notifications received? Previous Question E.3
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, Arizona Corporation Commission keeps telephonic incident reports by year in a binder and in an electronic data base program located on the commission's computer.

- | | | | |
|----------|--|---|---|
| 4 | If an onsite investigation of an incident was not made, did the state obtain sufficient information by other means to determine the facts and support the decision not to go on-site? Previous Question E.4
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, Policy and Procedures Manual, Section 1, page 16 and Telephonic Incident sheet.

- | | | | |
|----------|---|--------------------------------------|--|
| 5 | Were investigations thorough and conclusions and recommendations documented in an acceptable manner? Previous Question E.5, comprehensive question worth 2 points total
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
| a. | Observations and Document Review | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Contributing Factors | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Recommendations to prevent recurrences where appropriate | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

SLR Notes:

Yes, a review of three incident investigations, Southwest Gas Corporation at 907 Poppey Street in Wickenburg, AZ, Southwest Gas Corporation at 10600 North 32nd Street, Phoenix, AZ and Southwest Gas Corporation at 2818 South Signal Butte Road in Mesa, AZ indicate the investigations were thorough and conclusions were made in an acceptable manner.

- | | | | |
|----------|---|---|---|
| 6 | Did the state initiate enforcement action for violations found during any incident investigation(s)? Previous Question E.6 Variation
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, a review of UniSource Energy incident that occurred at 3350 West Iron Springs Road in Prescott, AZ on June 24, 2009 indicated action was taken by Arizona Corporation Commission to meet this requirement.

- | | | | |
|----------|--|----|-----|
| 7 | Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate annual report data from operators concerning incidents/accidents and investigate discrepancies) (Chapter 6) Previous Question E.7/E.8
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes, (Information provided by PHMSA Western Region office) Per our Accident Incident Coordinator Peter Katchmar - "I would answer a resounding yes for both questions D.6 & D.7".

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|----------|---|-----------|-----------|
| 8 | Part D: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|----------|---|-----------|-----------|

SLR Notes:

No comments.

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



PART E - Damage Prevention Initiatives

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? Previous Question B.11
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

Yes, during their standard inspection this item is reviewed. In the Arizona Corporation Commission's in-house training course manual Section13, Major Code Compliance Audit this item is also addressed under the Damage Prevention check list.

- | | | | |
|----------|--|---|---|
| 2 | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? New 2008
Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

Yes, this was checked during the standard inspections performed by all staff members. This is required by state law and covered in the Arizona Corporation Commission's in-house operator training course.

- | | | | |
|----------|---|---|---|
| 3 | Did the state encourage and promote the adoption of the Common Ground Alliance Best Practices document to its regulated companies as a means of reducing damages to all underground facilities? Previous Question A.7
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

Yes, the Arizona Corporation Commission has been working with other organizations in promoting best practices and the adoption of the Common Ground Alliance Best Practices Version 7 document. This information is discussed at meetings and during inspections performed on all operators.

- | | | | |
|----------|---|---|---|
| 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? New 2008
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, this information is provided to Robert Miller from the three major gas pipeline companies, UniSource, Southwest Gas and City of Mesa. Arizona One Call Center collects information from all utility companies and provides to Robert Miller a report of the damages per 1,000 locate request.

- | | | | |
|----------|--|---|---|
| 5 | Did the state review operators' records of accidents and failures due to excavation damage to ensure causes of failure are addressed to minimize the possibility of recurrence as required by 192.617?
Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

Yes, this item is reviewed on their standard inspection form entitled, "Gas Distribution Inspection Report", page 3.

- | | | | |
|----------|---|-----------|-----------|
| 6 | Part E: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|----------|---|-----------|-----------|

SLR Notes:

Arizona Corporation Commission participates annually in the State Damage Prevention Seminars sponsored by the Arizona One Call Center. They present a power point presentation on current changes in the state law and explain their policies on equal enforcement pertaining to the state underground damage prevention law. Each year they host a master meter training program which addresses the changes in their state law on damage prevention. These programs represent approximately three thousand individuals and fifteen hundred stakeholder companies.

Total points scored for this section: 9
Total possible points for this section: 9

PART F - Field Inspection

Points(MAX) Score

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

Name of Operator Inspected:
West Phoenix Power Plant, opid 31312, (owned by Arizona Public service)
Name of State Inspector(s) Observed:
Ryan Weight
Location of Inspection:
West Phoenix Power Plant, 4606 West Hadley Road, Phoenix, AZ 85043
Date of Inspection:
4/27-30/2010
Name of PHMSA Representative:
Patrick Gaume

SLR Notes:

F.1. West Phoenix Power Plant, opid 31312, (owned by Arizona Public service)
Ryan Weight
West Phoenix Power Plant, 4606 West Hadley Road, Phoenix, AZ 85043
4/27-30/2010
Patrick Gaume

2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? New 2008 1 1
Yes = 1 No = 0

SLR Notes:

F.2. yes, and the inspection was held in the Operator's office.

3 Did the inspector use an acceptable inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) Previous Question F.2 2 2
Yes = 2 No = 0

SLR Notes:

F.3. yes, use a State Form that includes State & Fed requirements but omits many records prompts that are typically NA for Master Meter Operators or Power Plants. AZ is well familiar with the Federal Form and will use it if the inspection reveals a need to use it.

4 Did the inspector thoroughly document results of the inspection? Previous Question F.3 2 2
Yes = 2 No = 0

SLR Notes:

F.4. yes, he completed the entire State Form and asked enough other questions to determine that the Federal Form was not required. (no AOC, no incidents, no construction, no pipe exposures, etc, since the last inspection.)

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.) New 2008 1 1
Yes = 1 No = 0

SLR Notes:

F.5. Yes, he had system maps, and the inst tech had all field required tools.

6 What type of inspection(s) did the state inspector conduct during the field portion of the state evaluation? (i.e. Standard, Construction, IMP, etc) New 2008 Info Only Info Only
Info Only = No Points

SLR Notes:

F.6. Yes, a Field inspection and a OQ Field review for a valve actuation.

7 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) New 2008, comprehensive question worth 2 points total 2 2
Yes = 2 No = 0 Needs Improvement = 1

a. Procedures ☒

- | | | |
|----|-----------------------------|-------------------------------------|
| b. | Records | <input checked="" type="checkbox"/> |
| c. | Field Activities/Facilities | <input checked="" type="checkbox"/> |
| d. | Other (Please Comment) | <input type="checkbox"/> |

SLR Notes:

F.7. Yes, for Procedures, Records, and Field.

- | | | | |
|----------|---|---|---|
| 8 | Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Liaison will document reasons if unacceptable) Previous Question F.8 | 2 | 2 |
| | Yes = 2 No = 0 | | |

SLR Notes:

F.8. Yes, Ryan showed good & adequate knowledge of the pipeline safety program goals and regulations.

- | | | | |
|----------|--|---|---|
| 9 | 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) Previous Question F.10 | 1 | 1 |
| | Yes = 1 No = 0 | | |

SLR Notes:

F.9. Yes, an informal verbal pre-exit interview was held.

- | | | | |
|-----------|--|---|---|
| 10 | During the exit interview, did the inspector identify probable violations found during the inspections? Previous Question F.11 | 1 | 1 |
| | Yes = 1 No = 0 | | |

SLR Notes:

F.10. Yes, 5 of the items include: inadequate information is sent to excavators, 2 rectifiers missed the 2.5 month inspection interval, multiple cp test sites had low tests with no remediation, welding inspector qualification procedures need to be updated to meet current regulations, purging procedures need to specify that personnel be Operator Qualified.

- | | | | |
|-----------|--|-----------|-----------|
| 11 | What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) | Info Only | Info Only |
| | Info Only = No Points | | |

SLR Notes:

F.11. Items observed in the field included valves, locks, fences, signs, line markers, CP, & atmospheric corrosion. EMERGENCY PH NUMBER, site security, flange ratings, bolts, pig trap assembly, MOP, valves incl pressure rating, transition zone pipe protection, called the emergency phone number, pipe supports, ROW, rectifiers.

- | | | | |
|-----------|---|-----------|-----------|
| 12 | Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) | Info Only | Info Only |
| | Info Only = No Points | | |

SLR Notes:

F.12. Nothing was noted during this inspection.

- | | | | |
|-----------|---|-------------------------------------|-----------|
| 13 | Field Observation Areas Observed (check all that apply) | Info Only | Info Only |
| | Info Only = No Points | | |
| a. | Abandonment | <input type="checkbox"/> | |
| b. | Abnormal Operations | <input type="checkbox"/> | |
| c. | Break-Out Tanks | <input type="checkbox"/> | |
| d. | Compressor or Pump Stations | <input type="checkbox"/> | |
| e. | Change in Class Location | <input type="checkbox"/> | |
| f. | Casings | <input checked="" 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 type="checkbox"/> | |
| k. | Emergency Procedures | <input checked="" type="checkbox"/> | |
| l. | Inspection of Right-of-Way | <input checked="" 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 checked="" type="checkbox"/> |
| r. | Moving Pipe | <input type="checkbox"/> |
| s. | New Construction | <input type="checkbox"/> |
| t. | Navigable Waterway Crossings | <input type="checkbox"/> |
| u. | Odorization | <input type="checkbox"/> |
| v. | Overpressure Safety Devices | <input type="checkbox"/> |
| w. | Plastic Pipe Installation | <input type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |
| A. | Repairs | <input type="checkbox"/> |
| B. | Signs | <input 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 checked="" type="checkbox"/> |
| H. | Compliance Follow-up | <input type="checkbox"/> |
| I. | Atmospheric Corrosion | <input type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

SLR Notes:

F.13. yes, items checked in the field included items f, g, i, k, l, m, q, B, D, & G.

14 Part F: General Comments/Regional Observations

Info Only Info Only

Info Only = No Points

SLR Notes:

F.14. Nat Gas Mr. Ryan Weight was observed conducting a Standard Inspection of West Phoenix Power Plant, opid 31312. He inspected Procedures, Records, and the Field. He showed professional level knowledge of the pipeline safety program goals and regulations, and he conducted himself cordially and professionally while performing the review.

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



PART G - PHMSA Initiatives - Strategic Plan

Points(MAX) Score

Risk base Inspections - Targeting High Risk Areas

- 1** Does state have process to identify high risk inspection units? 1.5 1.5
Yes = 1.5 No = 0

Risk Factors (criteria) to consider may include:

Miles of HCA's, Geographic area, Population Density

Length of time since last inspection

History of Individual Operator units (leakage, incident and compliance history, etc.)

Threats - (Excavation Damage, Corrosion, Natural Forces, Other Outside Forces, Material or Welds, Equipment, Operations, Other)

SLR Notes:

Yes, AZ Corporation Commission's 2009 Policy and Procedures address some of these items in Section 4, page 1 for the Major Operators and Section 6, page 1 for Master Meter Operators. Section 4, states, "The Arizona Corporation Commission's Pipeline Safety Section considers all areas of the State of Arizona to be environmentally sensitive, to ensure that the environmental and the people of the State of Arizona are protected to the fullest extent possible. Therefore, all pipeline operators shall be considered as a risk to the environment and or the safety of the citizens of Arizona. All intrastate pipeline operators shall have a standard annual inspection conducted as described in the written auditing procedures. All intrastate operators shall have an initial OQ and IMP inspection. Field OQ inspection and any follow-up to IMP inspection shall be conducted during the standard annual inspection. "Master meter operators are classified into two priorities for inspections. Priority 1 which is conducted annually and Priority 2 conducted every two calendar years." It was suggested additional language in the major operator and master meter sections should include the risk rank items listed in the state evaluation form. These items include; population density, geographic area, length of time since last inspected, history of individual operator units on leakage, incident and compliance history and threats. No point reduction was assessed at this time due to revisions are in process to their policy and procedure manual.

- 2** Are inspection units broken down appropriately? (see definitions in Guidelines) .5 0.5
Yes = .5 No = 0

SLR Notes:

A review of AZ Corporation Commission's enforcement policy indicates each inspection unit is checked each year. However, the description and definition of inspection units for a distribution system, municipality and master meter were not include in the 2009 AZ Corporation Commission's Policy and Procedure manual. This information needs to be provided in the manual for clarification and understand to all staff members about the designation of an inspection unit.

- 3** Consideration of operators DIMP Plan? (if available and pending rulemaking) Info Only Info Only
Info Only = No Points

SLR Notes:

AZ Corporation Commission will be participating in the NAPSIR pilot program for the City of Mesa this year. Agency has been reviewing City of Mesa and Southwest Gas DIMP plan prior to review.

- 4** Does state inspection process target high risk areas? .5 0.5
Yes = .5 No = 0

SLR Notes:

A review of AZ Corporation Commission's enforcement policy indicates this item was not described. Although information about the master meters operators shows two types of priority assessments as being used on each of the types of inspections additional description is needed. Information needs to be added in the manual for clarification and understand to all staff members or other interested parties about targeting high risk areas on each operator inspected to prevent loss of points in the 2010 State Program Evaluation.

Use of Data to Help Drive Program Priority and Inspections

- 5** Does state use data to analyze effectiveness of damage prevention efforts in the state? (DIRT or other data, etc) .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, AZ Corporation Commission receives pipeline safety telephonic incident reports from all stakeholders when any damages occur or complaints are filed on all underground facilities. These reports are reviewed and used as a model to track the effectiveness of their state's damage prevention efforts.

- 6** Has state reviewed data on Operator Annual reports for accuracy? .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, AZ 2009 Policy & Procedure Manual Section 4 page 4 addresses this item. It states, "All major operator annual reports shall be routed to the Pipeline Safety Supervisor or Designee. Reports shall be reviewed by the inspector(s) who are assigned to the audit. The reports shall be reviewed for completeness and accuracy. Annual reports with inaccuracies, inspector assigned will contact operator for corrections and supplemental reports." Master meter operators are required to file annual reports as described in Section 6, page 5. They are reviewed in the same manner as the major gas operators.

7	Has state analyzed annual report data for trends and operator issues?	.5	0.5
	Yes = .5 No = 0		

SLR Notes:

Yes, this is reviewed prior to and during the inspections. This review has been helpful in determining areas of concern especially in unaccounted for gas loss and leaks remaining to be repaired at the end of the year.

8	Has state reviewed data on Incident/Accident reports for accuracy?	.5	0.5
	Yes = .5 No = 0		

SLR Notes:

Yes, AZ Corporation Commission has this requirement listed in the In-house training requirement which states, "Upon receiving the incident form Pipeline Safety staff shall review the entire form for correctness and completeness. A gas pipeline operator shall submit a supplemental report when the operator discovers any additional relevant information. This information will be reviewed and make sure the report is signed and dated by the operator." Suggest this information be included in the Policy and Procedures Manual.

9	Does state do evaluation of effectiveness of program based on data? (i.e. performance measures, trends, etc.)	.5	0.5
	Yes = .5 No = 0		

SLR Notes:

Yes, this is accomplished by the Pipeline Safety quarterly reports submitted by the program manger to the AZ Corporation Commission Commissioners. Additionally, an annual report is submitted each year to the Commissioners that is filed with the State of Arizona.

10	Did the State input all operator qualification inspection results into web based database provided by PHMSA in a timely manner upon completion of OQ inspections? Previous Question B.15	.5	0.5
	Yes = .5 No = 0		

SLR Notes:

Yes, this information was completed by Ryan Weight, AZ Corporation Commission Senior Pipeline Safety Inspector.

11	Did the State submit their replies into the Integrity Management Database (IMDB) in response to the Operators notifications for their integrity management program? Previous Question B.16	.5	NA
	Yes = .5 No = 0		

SLR Notes:

12	Have the IMP Federal Protocol forms been uploaded to the IMDB? Previous Question B.17	.5	NA
	Yes = .5 No = 0		

SLR Notes:

13	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? Previous Question B.18	.5	0.5
	Yes = .5 No = 0		

SLR Notes:

Yes, AZ operators are currently providing information to the PPDC. Southwest Gas and UniSource and SemStream have provided information on their pipeline safety systems to AZ CC including actions to correct safety concerns.

14	Has state confirmed transmission operators have submitted information into National Pipeline Mapping System (NPMS) database along with any changes made after original submission?	.5	0.5
	Yes = .5 No = 0		

SLR Notes:

Yes, AZ CC staffs go online to the National Pipeline Mapping System database and verify this information prior to performing an inspection.

Accident/Incident Investigation Learning and Sharing Lessons Learned

15	Has state shared lessons learned from incidents/accidents? (i.e. NAPS meetings and communications)	.5	0.5
	Yes = .5 No = 0		

SLR Notes:

Yes, Arizona participates in request for comments concerning incidents and failures; they provide assistance to all who request this information. Arizona participates in NAPS and serves on PPDC. Information on incident and accidents is presented at the annual Western Region Meeting. Program manager has attended the National Distribution Construction Workshop and Corky Hanson is a member of ASME B31Q committee.

16	Does the State support data gathering efforts concerning accidents? (Frequency/Consequence/etc)	.5	0.5
----	---	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, they participate in all NAPSRS and other data committees. Response to all requests from PHMSA and NAPSRS on data pertaining to data request.

17	Does state have incident/accident criteria for conducting root cause analysis?	Info Only	Info Only
----	--	-----------	-----------

Info Only = No Points

SLR Notes:

Yes, they have an in-house training course which requires the inspector to determine cause using an investigative tree along with a state law that addresses laboratory analysis. AZ Corporation Commission Administrative Law Section R-14-202(S).

18	Does state conduct root cause analysis on incidents/accidents in state?	Info Only	Info Only
----	---	-----------	-----------

Info Only = No Points

SLR Notes:

Yes, this is a part of their investigative process.

19	Has state participated on root cause analysis training? (can also be on wait list)	.5	0.5
----	--	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, Robert Miller has attended the course on April, 2010. Alan Borne and Ryan Weight are scheduled September 13, 2010 to attend the root cause analysis training course.

Transparency - Communication with Stakeholders

20	Other than pipeline safety seminar does State communicate with stakeholders? (Communicate program data, pub awareness, etc.)	.5	0.5
----	--	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, this is accomplished by Arizona One Call Center, AZ Emergency Response Committee Advisory Board, participate in operators public awareness meeting, Arizona Common Ground Alliance, Damage Prevention Public Awareness Seminars, and other associated organization and committees dealing with pipeline safety matters.

21	Does state share enforcement data with public? (Website, newsletters, docket access, etc.)	.5	0.5
----	--	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, this is accomplished through the Arizona CC public docket on their website. Additional information on general data is available on their general website. Detailed specific information can be obtained by FOI.

22	Part G: General Comments/Regional Observations	Info Only	Info Only
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Info Only = No Points

SLR Notes:

Question G 4: A review of AZ Corporation Commission's enforcement policy indicates this item was not described. Although information about the master meters operators shows two types of priority assessments as being used on each of the types of inspections additional description is needed. Information needs to be added in the manual for clarification and understand to all staff members or other interested parties about targeting high risk areas on each operator inspected. A loss of .5 points is assessed due to not having this item in the procedures manual.

Total points scored for this section: 9
Total possible points for this section: 9

PART H - Miscellaneous

Points(MAX) Score

- | | | | |
|----------|---|----|-----|
| 1 | What were the major accomplishments for the year being evaluated? (Describe the accomplishments, NAPS Activities and Participation, etc.) | .5 | 0.5 |
| | Yes = .5 No = 0 | | |

SLR Notes:

Robert Miller served as Vice-Chair of the NAPS Western Region. He participated in both the NAPS Region and National Meeting. Robert is an active member on the PPDC. Corky Hanson is a member of the NAPS Data Team B31Q Team and serves on the Arizona Emergency Response Committee. Staff members have participated in AZ Blue Stake ticket resolution committee making improvements in damage prevention. Staff has also participated in Phoenix light rail corrosion committee work in presenting information on corrosion control measures. AZ CC has conducted 17 master meter training seminars at several different locations throughout the State of Arizona. AZCC has created and conducted an in-house inspector training class for their staff members to use when performing inspections on major operator inspections. Robert Miller serves on the PHMSA T&Q training needs committee making recommendations on proposed topics and courses to be developed for training state and federal inspectors. Robert Hippe served on the API 1104 committee providing information on making improvements in welding.

- | | | | |
|----------|---|----|-----|
| 2 | What legislative or program initiatives are taking place/planned in the state, past, present, and future? (Describe initiatives (i.e. damage prevention, jurisdiction/authority, compliance/administrative, etc.) | .5 | 0.5 |
| | Yes = .5 No = 0 | | |

SLR Notes:

AZ CC administrative rules are in the process of being updated. Proposed changes will include additional telephonic requirements to all gas, liquid and master meter operators to provide additional on reporting requirements pertaining to outage and evaluation. Additional rule changes will include master meter operators having to provide information on abandonment of pipelines in the areas they provide serve and a requirement that all pipelines to be cathodic protected immediately after being installed. This is a more stringent requirement that the federal regulations.

- | | | | |
|----------|---|----|-----|
| 3 | Any Risk Reduction Accomplishments/Projects? (i.e. Cast iron replacement projects, bare steel, third-party damage reductions, etc.) | .5 | 0.5 |
| | Yes = .5 No = 0 | | |

SLR Notes:

All operators are in the process of replacing ABS piping found in their systems as they discover the material. Also, all PVC piping located by the operator by discover or review of their records is evaluated for risk and a leak survey performed annually. Southwest Gas and SemStream have an evaluation and/or replacement program for PE Aldyl-A- HD piping. The reason for the replacement was due to stress cracking that was occurring on these lines located in their systems.

- | | | | |
|----------|---|---|---|
| 4 | Did the state participate in/respond to surveys or information requests from NAPS or PHMSA? | 1 | 1 |
| | Yes = 1 No = 0 | | |

SLR Notes:

Yes, AZCC is participating and providing information to all NAPS & PHMSA surveys and questionnaires. Additional request through FOI or other organizations is being provided on a one to one request.

- | | | | |
|----------|--|----|-----|
| 5 | Sharing Best Practices with Other States - (General Program) | .5 | 0.5 |
| | Yes = .5 No = 0 | | |

SLR Notes:

Information requested from Washington State and Oklahoma Corporation Commission pertaining to Arizona's master meter inspection programs has been provided to them. This information will be used to develop a master meter inspection program. AZCC provided their 2009 Policy and Procedures Manual to PHMSA Western Region for their review and comments. New Mexico Public Service Commission has received information on Arizona's damage prevention program.

- | | | | |
|----------|--|-----------|-----------|
| 6 | Part H: General Comments/Regional Observations | Info Only | Info Only |
| | Info Only = No Points | | |

SLR Notes:

Total points scored for this section: 3
Total possible points for this section: 3

PART I - Program Initiatives

Points(MAX) Score

Drug and Alcohol Testing (49 CFR Part 199)

- | | | | |
|----------|---|---|---|
| 1 | Has the state verified that operators have drug and alcohol testing programs?
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, this is identified during the standard inspection performed on all natural gas operators. They use the following forms entitled, "Field Inspection Form Anti-Drug Program and Field Inspection Form Alcohol Misuse Prevention Program". These forms address all the requirements in Part 199.

- | | | | |
|----------|--|----|-----|
| 2 | Is the state verifying that operators are conducting the drug and alcohol tests required by the operators program (random, post-incident, etc.)
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes, this requirement is accomplished in the Anti-Drug and Alcohol Misuse Prevention Program forms used by the inspector.

- | | | | |
|----------|---|----|-----|
| 3 | Is the state verifying that any positive tests are responded to in accordance with the operator's program?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

Yes, this is accomplished by the Field Inspection Form Anti-Drug Program and Field Inspection Form Alcohol Misuse Prevention Program.

Qualification of Pipeline Personnel (49 CFR Part 192 Subpart N)

- | | | | |
|----------|---|---|---|
| 4 | Has the state verified that operators have a written qualification program?
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

A review of City of Safford gas system inspection performed by Arizona Corporation Commission (AZCC) on June 11-12, 2009 indicated the operator's written operator qualification program was reviewed. AZCC uses PHMSA (OQ) Field Inspection form 15 to accomplish this requirement. All operators were reviewed in 2009 for compliance with the OQ requirement.

- | | | | |
|----------|--|----|-----|
| 5 | Has the state reviewed operator qualification programs for compliance with PHMSA rules and protocols?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes, a review of their files indicated all operators were checked for compliance with PHMSA rules and regulation on the operator qualification program. This was accomplished during the standard inspection that is performed each year on all operators.

- | | | | |
|----------|--|----|-----|
| 6 | Is the state verifying that persons who perform covered tasks for the operator are qualified in accordance with the operator's program?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes, this is accomplished during the standard inspection performed on all operators.

- | | | | |
|----------|--|----|-----|
| 7 | Is the state verifying that persons who perform covered task for the operator are requalified at the intervals specified in the operator's program?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes, this is accomplished during the standard inspection performed on all operators.

Gas Transmission Pipeline Integrity Management (49 CFR Part 192 Subpart O)

- | | | | |
|----------|--|---|---|
| 8 | Has the state verified that all operators with transmission pipelines have either adopted an integrity management program (IMP), or have properly determined that one is not required?
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes. There are three natural gas distribution systems that have transmission lines in Arizona. They are UniSource Energy Services, Arizona Public Service Company and Southwest Gas Company. UniSource Energy Services and Arizona Public Service Company annually review their transmission lines to determine if they have any HCA's and report their finding to AZCC. Only Southwest Gas Company has HCA's and they have implemented an integrity management program which is verified by AZCC.

- 9** Has the state verified that in determining whether a plan is required, the operator correctly calculated the potential impact radii and properly applied the definition of a high consequence area? .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, this was accomplished by reviewing Southwest Gas Company's filings submitted to PHMSA and field verification during the standard inspection.

- 10** Has the state reviewed operator IMPs for compliance with Subpart O? (In accordance with State Inspection plan) .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, this was accomplished by reviewing Southwest Gas Company's filings submitted to PHMSA and field verification. The last inspection was performed on January 21, 2009.

- 11** Is the state monitoring operator progress on the inspections, tests and remedial actions required by the operator's IMP, including that they are being done in the manner and schedule called for in its IMP? .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, this was accomplished by reviewing Southwest Gas Company's filings submitted to PHMSA and field verification. The last inspection was performed on January 21, 2009.

- 12** Is the state verifying that operators are periodically examining their transmission line routes for the appearance of new HCAs? .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, this is reviewed during their Standard inspections and it is a part of the patrolling report they review from the operator's records. As a reminder, all intrastate transmission operators who do not have a HCA must still be reviewed periodically to verify that an HCA still does not exist on their system. For additional information on this requirement, see frequently asked questions item number 150.

Public Awareness (49 CFR Section 192.616)

- 13** Has the state verified that each operator has developed a continuing public awareness program? (due date was 6/20/06 for most operators, 6/20/07 for certain very small operators, 6/13/08 for master meters) .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, this was reviewed and verified by the standard inspection on each operator.

- 14** Has the state reviewed the content of these programs for compliance with 192.616 (by participating in the Clearinghouse or by other means)? .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, AZCC verified this information through the Clearinghouse and performed a follow-up with the operator via the standard inspection format.

- 15** Is the state verifying that operators are conducting the public awareness activities called for in its program? .5 0.5
Yes = .5 No = 0

SLR Notes:

Yes, during the standard inspection this information is reviewed with the operator and verified.

- 16** Is the state verifying that operators have evaluated their Public Awareness programs for effectiveness as described in RP1162? Info Only Info Only
Info Only = No Points

SLR Notes:

Yes, AZCC is working with the operator in reviewing the operator's surveys and other educational campaigns on the effectiveness of their programs.

- 17** Part I: General Comments/Regional Observations Info Only Info Only
Info Only = No Points

SLR Notes:

Total points scored for this section: 9
Total possible points for this section: 9

