



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

1200 New Jersey Avenue SE
Washington DC 20590

2010 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



2010 Natural Gas State Program Evaluation -- CY 2010
Natural Gas

State Agency: Arizona

Agency Status:

Date of Visit: 05/16/2011 - 05/20/2011

Agency Representative: Robert Miller, Pipeline Safety Supervisor
Corky Hanson, Assistant Pipeline Safety Supervisor
Alan Borne, Senior Pipeline Safety Inspector

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: Gary Pierce, Chairman

Agency: Arizona Corporation Commission

Address: 1200 West Washington Street, 2nd Floor

City/State/Zip: Phoenix, AZ 85007

Rating:

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

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2010 (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	25
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	10	10
G	PHMSA Initiatives - Strategic Plan	9.5	8.5
H	Miscellaneous	3	3
I	Program Initiatives	9	9

TOTALS

103 101

State Rating **98.1**

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 | 7 |
| <hr/> | | | |
| 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 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 2011 Natural Gas Certification attachments 1, 2 & 3 are correct with inspection units and activities. All incident reports, attachment 4, were submitted with good details of the incidents and information on cause code was entered correctly.

Compliance information, attachment 5, was found to be incorrect with the number of probable violations to be corrected at end of Calendar Year. The number reported was 579. The correct number is 17. One point reduction was assessed for not correctly filling out the form.

List of records maintained by the agency on their inspection program was reviewed and found to be complete. Training requirements for pipeline safety staff in attachment 7 was found to be correct and meets the requirements of the federal guidelines. Michael Bell and Marion Garcia completed the required training courses in 2010 to meet the mandatory gas inspector category. James Kroneberger also completed the Operator Qualification Web Base Training course in 2010. A review of Ryan Weight's category classification in the 2011 certification document with Robert Miller confirmed the individual is a Engineer, has three years of experience and successfully completed the T&Q courses. This meets the requirements as described in the guidelines manual located on page 14.

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|----------|---|---|---|
| 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 section R14-5-203, 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 they are located in a secure area. All current inspection reports and exhibits are electronically backed-up as submitted by each staff member. AZCC IT department routinely backs-up all reports on a weekly schedule.

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|----------|---|---|---|
| 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 fourteen years of experience in compliance and twenty-one year in industry work pertaining to pipeline safety. He understands the requirements in submitting grant application and payment agreement documents.

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

Yes = 1 No = 0

SLR Notes:

No response was required in letter to Chairman Kristin Mayes, dated October 21, 2010.

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|----------|--|----------------|---|
| 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 Kristin Mayes, dated October 21, 2010.

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:

A review of attachment 7 in certification document indicates all AZCC pipeline safety staff member have completed the three year requirement courses except for Mr. Brady Sargent, who completed his first course PL3275, Pipeline Awareness, on July, 2010.

- | | | | |
|---|--|-----------|-----------|
| 9 | Brief Description of Non-TQ training Activities: | Info Only | Info Only |
| Info Only = No Points | | | |
| For State Personnel:
Within one year 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:
Sixteen Master Meter Class Training courses were conducted during calendar 2010 and two hundred seventy-on attendees. 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 and Manufacturer Housing Community. | | | |

SLR Notes:

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|-----------|---|----------------|---|
| 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, Eric Villa, Michael Bell, Marion Garcia, Joel Perry, Scott Frye, Robert Primera and James Kroneberger.

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|-----------|--|----------------|---|
| 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, Robert Miller, Alan Bourne, Ryan Weight and Eric Villa are the lead inspectors and have completed all IMP training courses.

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|--|---|----------------|---|
| 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):
1307.50 | | | |
| B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 9.48 = 2086.33 | | | |

Ratio: A / B

$1307.50 / 2086.33 = 0.63$

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

Points = 5

SLR Notes:

Yes, A=1307.5 total inspection person days: B= (220 x 9.48333=2086.3326) A/B= $1307.5/2086.3326 = 0.63$ 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:

Two new employees have been hired to replace the previous two safety inspectors that retired in 2010.

- 14** Part-A General Comments/Regional Observations Info Only Info Only

Info Only = No Points

SLR Notes:

Question A.1: Compliance information, attachment 5, was found to be incorrect with the number of probable violations to be corrected at end of Calendar Year. The number reported was 579. The correct number is 17. One point reduction was assessed in this section for not correctly filling out the form.

Total points scored for this section: 25
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) (Chapter 5.1) Previous Question B.1 + Chapter 5 Changes + Incorporate LNG 6.5 6.5
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:

Section a: Yes, AZ CC 2010 Policy and Procedures book: Master Meter, Section 6, pages 1 & 2 ; Major Operators, Section 5, (Intrastate) page 1 & (Interstate) page 2.

Section b: Yes, Major Operators, Section 4, page 1 for intrastate & page 2 for Interstate.

Section c: Yes, Major Operators, (policy) Section 4 pages 1 & 2, (Procedure) Section 5 pages 1 & 2. Master Meter Section 6, page 6.

Section d: Yes, Section 8 & 9 and Arizona Underground Facility Law, Title 40, Chapter 2.

Section e: Yes, Section 7, page 6.

Section 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.

Section g: Yes, section 10.

Section h: Yes, Master Meter (procedures) Section 7 page 4 and (policy) Section 6 page 11. Major Operators (procedures) Section 4, pages 3 & 5.

- 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 2010 Policy and Procedures Section 6, pages 1 & 2, Section 4, pages 1 & 2, Section 7, page 1, Major operator's - 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 2010 Policy and Procedures book confirm time intervals were met. In this regard all priority one inspection units were inspected each year and all priority two inspection units were inspected every two years.

- 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 in the 2010 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 being 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, a review of their inspection documents found this information is being completed in each document.

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 2010.

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 during the standard inspection and is a requirement by Arizona Corporation Commission's administrative law R14-5-202, Section R which states operators of an intrastate pipeline shall survey and grade all leaks by using ASME Guide for Gas and Transmission and Distribution Pipeline, Guide Materials Appendix G-11 and for LPG Appendix G-11A.

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 monitored during the standard inspection and required by 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 in file folders indicated they are including photos and other relative information to support their findings on probable violations.

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:

This is addressed in their 2010 Policy manual for Major Operators, Section 5, page 5 and Master Meter operators, 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, in the 2010 AZCC policy manual this is addressed for the Major Operators, Section 5, page 1 and Master Meter operators in Section 6, page 6.

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|-----------|--|---|---|
| 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, AZCC Policy Manual, for Major Operators Section 5, page 5 and for Master Meter Operators Section 7, page 4.

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| 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 |
|-----------|--|---|---|

SLR Notes:

Yes, a review of the AZ Activity report indicated all probable violations are issued and compliance action monitored. Minor error in the number of violations found was found in activity report document. This error will be corrected to reflect the correct number of violations found and corrected in CY 2010.

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|-----------|--|---|---|
| 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.

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|-----------|---|---|----|
| 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 |
|-----------|---|---|----|

SLR Notes:

NA, No Show Cause Hearings were held in 2010.

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| 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 |
|-----------|--|---|---|

SLR Notes:

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

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|-----------|--|----|----|
| 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 |
|-----------|--|----|----|

SLR Notes:

Yes, AZCC 21010 Policy Manual Section 5 page 1 requires all correspondence be sent to the company officer or manager/board member if the operator is a municipality or governmental agency.

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|-----------|---|---|---|
| 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 2010 Policy and Procedures manual address these items.

Compliance - 60106(a) States

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|-----------|---|---|----|
| 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 |
|-----------|---|---|----|

SLR Notes:

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

Yes, program manager is familiar with civil penalties and has recommended and suggested this procedure in cases involving threatens to the public. He has used this action in the past and will continue to use it as a tool in future rate case hearings.

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

No issues noted in this section of the review.

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 forms on all their inspections.

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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. PHMSA Western Region stated, "They send us their entire inspection schedule matching the PHMSA directed inspection work plan and they adhered to it in 2010."

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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 |
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SLR Notes:

Yes. This information was confirmed by the PHMSA Western Region office.

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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, PHMSA Western Region stated, "The TransCanada NOPV is one that was referred to PHMSA Western Region."

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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, PHMSA Western Region stated, "We usually heard from AZ before we received a NRC report. One case in point is when AZ had a gas shortage and neither NRC nor PHMSA was for-warned of this item from FERC."

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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. PHMSA Western Region stated, "Yes, usually within 30 days."

- | | | | |
|----------|--|---|---|
| 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. PHMSA Western Region stated, "Yes, the fairly recent Civil Penalty and Compliance Order that originated against TransCanda in 2010 is an excellent case in point."

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

SLR Notes:

No issues or lost of points in this section of the review.

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:

Yes. PHMSA Western Region stated, "We usually heard from AZ before we received a NRC report. One case in point is when AZ had a gas shortage occurred in February, 2011."

- | | | | |
|----------|---|----|----|
| 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 AZCC Training and Investigation Manual and Section 10, page 3 of the 2010 AZCC Policy and Procedures Manual address this item.

- | | | | |
|----------|--|---|---|
| 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 this information is backed-up on their electronic data base program. In 2010, they received 1,026 telephonic incident reports pertaining to reportable and non-reportable incidents.

- | | | | |
|----------|--|---|---|
| 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, AZCC 2010 Policy and Procedures Manual, Section 1, page 16 and Telephonic Incident sheet addresses this item.

- | | | | |
|----------|---|--------------------------------------|--|
| 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 determined all observations and contributing factors were reviewed correctly. No issues.

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

No enforcement action was required in 2010 on incident investigations.

- | | | | |
|----------|--|----|-----|
| 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. PHMSA Western Region stated, "They cooperate very well with our Accident /Incident Coordinator- Peter Katchmar."

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

SLR Notes:

No issues in this section or loss of points.

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. Additionally, the Commission's in-house training course manual Section13, Major Code Compliance Audit, address this item 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 AZ state law.

- | | | | |
|----------|---|---|---|
| 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. SW Natural Gas has recently adopted all of the Common Ground Alliance best practices.

- | | | | |
|----------|---|---|---|
| 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 the program manager from the three major natural gas pipeline companies, UniSource, Southwest Gas and City of Mesa. Arizona One Call Center collects information from all utility companies and provides this information to the program manager.

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

No issues in this section or loss of points.

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:
City of Mesa, opid 12378
Name of State Inspector(s) Observed:
Ryan Weight & James Kroneberger
Location of Inspection:
City of Mesa, 640 N Mesa Dr, Mesa, AZ 85211-1466
Date of Inspection:
2/28-3/1/2011
Name of PHMSA Representative:
Patrick Gaume

SLR Notes:

- 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 the record prompts that are typically NA for modern Distribution companies. 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, This inspection was focused on Records. The procedures were done in Dec, 2010. They completed the portion of the State Form that was intended for Monday & Tuesday. They included API 1162 - Public Awareness, 811 ? Damage Prevention, Excavator and Official notifications, Incident reports, Post incident reviews, annual manual reviews, including procedure review for normal operations, Drug and Alcohol procedure review with training records.

- 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 NA
Yes = 1 No = 0

SLR Notes:

F.5. NA, this portion of the inspection was totally in-office.

- 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. this portion of the inspection was a records review of a Standard Inspection and was totally in-office.

- 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 ☒
 - c. Field Activities/Facilities ☐

d. Other (Please Comment)

☐

SLR Notes:

F.7. this portion of the inspection was a records review of a Standard Inspection and was totally in-office.

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 and Jim 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	NA
Yes = 1 No = 0			

SLR Notes:

F.9. NA, This inspection is still in progress.

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, some of the identified issues include procedures modification of the Public Awareness Plan, Procedures are inadequate to fully address Relief Device modifications if there is an indication of inadequacy, and 605.b.9 Needs to clean up a typo.

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. NA, this portion of the inspection was totally in-office.

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. They offer in-house training to problem excavators to improve damage prevention results. They have numerous English-Spanish translators that are quite literate in both languages for the technical terms. They demonstrate an active buy-in for public awareness. They have a very stable staff.

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 type="checkbox"/>	
g.	Cathodic Protection	<input type="checkbox"/>	
h.	Cast-iron Replacement	<input type="checkbox"/>	
i.	Damage Prevention	<input type="checkbox"/>	
j.	Deactivation	<input type="checkbox"/>	
k.	Emergency Procedures	<input type="checkbox"/>	
l.	Inspection of Right-of-Way	<input type="checkbox"/>	
m.	Line Markers	<input type="checkbox"/>	
n.	Liaison with Public Officials	<input type="checkbox"/>	
o.	Leak Surveys	<input type="checkbox"/>	
p.	MOP	<input type="checkbox"/>	
q.	MAOP	<input type="checkbox"/>	

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

SLR Notes:

F.13. NA, this portion of the inspection was totally in-office.

14 Part F: General Comments/Regional Observations

Info Only Info Only

Info Only = No Points

SLR Notes:

F.14. Nat Gas Mr. Ryan Weight and Mr. James Kroneberger were observed conducting a Standard Inspection of City of Mesa, opid 12378. They inspected Records and the Drug and Alcohol Program. They showed professional level knowledge of the pipeline safety program goals and regulations, and conducted themselves cordially and professionally while performing the review.

Total points scored for this section: 10

Total possible points for this section: 10



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 2010 Policy and Procedures address this item for private operators in section 4, page 1. "The AZ CC Pipeline Safety Section on a continuing basis, reviews and evaluates all pipeline operators within the State of Arizona taking into consideration: excavation damage, corrosion, leakage, incidents, compliance history, natural forces, other outside forces, materials and welds, equipment operations and all other factors that may impact the safe operation of the pipeline. Based on this evaluation, additional non-annual inspections may be conducted."

All master meter operators are risk ranked based on two priorities for inspections. Priority 1 are conducted annually on all schools, child day care centers, retirement centers, hospitals, churches, health care facilities, rehabilitation centers and prisons. Priority 2 includes apartments, mobile parks, RV centers, condos, business facilities, campgrounds, industrial facilities, hotels and motels.

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

SLR Notes:

Yes, AZ Corporation Commission's 2010 Policy and Procedure manual in section 1, page 32 addresses a completed description of an inspection unit for each type of system. This information was added to the manual last year's revision.

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

SLR Notes:

AZ Corporation Commission (AZCC) had a meeting with the City of Mesa and Southwest Natural Gas Company in 2010 to review their DIMP plans. AZCC intends to complete the DIMP review of all their distribution operators by 2012.

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

SLR Notes:

Yes, this is addressed in the AZCC 2010 Policy and Procedure Manual. No issues.

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 damage occurs or a complaint is 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. No issues.

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

SLR Notes:

Yes, Ryan Weight reviews all reports as they are submitted. Additionally, AZ Corporation Commission's 2010 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 will be assigned to an inspector who will contact the 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 standard inspections by each inspector. All master operators are required to submit annually information on their pipeline system which include type of pipe, leakage, cause of leakage and know number of leaks at end of year.

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

SLR Notes:

Yes, this requirement is listed in the Arizona Corporation Commission's 2010 Policy and Procedure Manual, section 10, page 1.

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 which includes the Commission's annual performance report.

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
Yes = .5 No = 0			

SLR Notes:

A review of the PHMSA OQ Database revealed the last OQ Inspection data entered was the City of Willcox on August 13, 2009. Although OQ Inspections were performed during AZCC standard inspection visits in 2010, this information was not recorded or entered into the PHMSA web based database by staff members. Therefore, a loss of 0.5 points was assessed for this item.

On May 23, 2011, we discussed this item and additional loss of points with Robert Miller for clarification between his organization and PHMSA requirements on OQ inspection results. This requirement is listed on page 24 of the "Guidelines for States Participating in the Pipeline Safety Program".

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:

A review of Integrity Management Database found no information was submitted by the operators pertaining to their integrity management program to require a review and response by AZCC. Therefore, the response to this question is a NA.

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

SLR Notes:

A review of PHMSA IMDB found the documents for intrastate pipelines have not been uploaded. Information on Interstate pipelines was uploaded in 2005 & 2006 but information on intrastate pipelines has not been recorded. A loss of .05 point was assessed.

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 Corporation, Unisource Energy Services and Semstream Arizona Propane LLC have provided information on their pipeline safety systems to AZCC including actions to correct safety concerns which includes a replacement program.

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, this information is reviewed by AZCC staff members who 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. NAPSIR meetings and communications)	.5	0.5
Yes = .5 No = 0			

SLR Notes:

Yes, they participate in NAPSIR & PHMSA surveys and share information with all states during the NAPSIR Western Region Meeting on incidents and accidents that have occurred in their state.

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 data committees seeking information on accidents and their causes.

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 manual; see tabs 1, 2, 5 & 11, which requires the inspector to determine the cause of an incident using an investigative tree along with a state law that addresses laboratory analysis. AZ Corporation Commission Administrative Law Section R-14-202(S) addresses this criterion.

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 attended the course on April, 2010. Alan Borne and Ryan Weight completed the course on September 13, 2010. Other AZCC inspectors are scheduled to attend the root cause analysis training course in 2011.

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 Phoenix Light Rail Committee, Arizona One Call Center, AZ Emergency Response Committee Advisory Board and participation with operators in public awareness meetings, Arizona Common Ground Alliance, Damage Prevention Public Awareness Seminars, and other associated organizations and committees dealing with pipeline safety matters. AZCC staff members have quarterly meetings with Southwest Natural Company executive members to discuss common or potential issues on safety, maintenance, operations and on-going projects.

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 Corporation Commission's public docket on their website. No issues.

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

SLR Notes:

Question G10: A review of the PHMSA OQ Database revealed the last OQ Inspection data entered was the City of Willcox on August 13, 2009. Therefore, a loss of 0.5 points was assessed for this item.

Question G12: A review of PHMSA IMDB found the documents for intrastate pipelines have not been uploaded. Information on Interstate pipelines was uploaded in 2005 & 2006 but information on intrastate pipelines has not been recorded. A loss of .05 point was assessed.

Total points scored for this section: 8.5
Total possible points for this section: 9.5

PART H - Miscellaneous

Points(MAX) Score

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

SLR Notes:

Robert Miller served as Chair of the NAPSR Western Region in 2010 and 2011. He participated in both the NAPSR Region and National Meetings representing the AZCC and Western Region States. Robert is an active member on the PPDC. He serves on the PHMSA T&Q Training Needs Committee making recommendations on proposed topics and courses to be developed for training of state and federal inspectors. Corky Hanson is a member of the NAPSR 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 members have participated in Phoenix Light rail corrosion committee work in presenting information on corrosion control measures. In 2010, AZCC conducted 16 master meter training seminars with 271 attendees participating in the meetings at different locations within the State of Arizona. They continue to maintain their in-house training course for new employees which have been helpful to them prior to performing an inspection. In 2010 they hired one new inspector, Brady Sargent, who has several years of experience and attend the PL 3275 course in Oklahoma City, OK. Ryan Weight was appointed to the Public Awareness Committee and Alan Borne appointed to the NAPSR Research and Development Committee.

- 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:

AZCC administrative rules have been assigned a docket number RG-00000A-11-0161. A public hearing has been scheduled for July or August, 2011 to discuss the new rules and impact to all operators. It is anticipated the rules will become effective at the end of 2011. The rules include additional telephonic requirements for all gas, liquid and master meter operators. The rules will address outages, evacuation of individuals during an emergency, abandonment of pipelines and cathodic protection. The rules will be more stringent than 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 system during discovers or when the line is exposed. All PVC piping located by the operator by discover or review of their records is evaluated for risk ranking and a leak survey is performed annually in the area where the material was located. UniSource Energy Services is replacing the PVC piping in their system in a scheduled 10 year replacement program. Southwest Gas Company and Semstream Arizona Propane have a replacement program for PE Aldyl-A- HD piping. The reason for the replacement of this material was due to stress cracking that occurring on their lines. During the 2010 rate case filing by Southwest Gas Company before the Arizona Corporation Commission they stated, "They plan to replace all PE Aldyl-A-HD within a twenty year replacement period which will include replacement of yard line services."

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

SLR Notes:

Yes, AZCC is participating and providing information to all NAPSR & 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:

Program Manager continues to share information on the natural gas outages that occurred last year with the New Mexico Program Manager. Information requested from other state agencies about their master meter inspection programs is provided and assistance is giving to help improve their safety program.

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

SLR Notes:

No issues or loss of points were found in this selection.

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 their inspection forms.

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:

Yes, they use PHMSA (OQ) Field Inspection form 15 to accomplish this requirement. In 2010, they performed twenty-six drug and alcohol inspections.

- | | | | |
|----------|--|----|-----|
| 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, this was accomplished during the standard inspection that is performed each year on all operators. In 2010, they performed forty inspections.

- | | | | |
|----------|--|----|-----|
| 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. Two natural gas distribution systems have transmission lines in Arizona. They are UniSource Energy Services and Southwest Gas Company. UniSource Energy Services annually review their transmission lines to determine if they have any HCA's and report their findings to AZCC. AZCC staff during their inspection visits review this item with the operator. 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?
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

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

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

SLR Notes:

Yes, this was accomplished during their standard inspection visits.

- | | | | |
|-----------|--|----|-----|
| 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?
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|--|----|-----|

SLR Notes:

Yes, this was accomplished during their annual standard inspection performed on the operator.

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

SLR Notes:

Yes, this was accomplished on Southwest Natural Gas Company during the standard inspection visit performed on January 20, 2010.

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)
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|--|----|-----|

SLR Notes:

Yes, this was reviewed and verified by the standard inspection performed on each operator in 2010.

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

SLR Notes:

Yes, AZCC verified this information through the Clearinghouse and performed a follow-up inspection. Ryan Weight, AZCC staff member, called each operator pertaining to the follow-up items and discussed what action may need to be performed by the operator.

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

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 = No Points | Info Only | Info Only |
|-----------|---|-----------|-----------|

SLR Notes:

Yes, AZCC is using their standard inspection form to review the operator's surveys and other educational campaigns on the effectiveness of their Public Awareness programs.

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

SLR Notes:

No issues or loss of points in this section.

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