



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

1200 New Jersey Avenue SE
Washington DC 20590

2015 Hazardous Liquid State Program Evaluation

for

ARIZONA CORPORATION COMMISSION, Office of Pipeline Safety

Document Legend

PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Accident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (if applicable)
- I -- 60106 Agreement State (if applicable)



2015 Hazardous Liquid State Program Evaluation -- CY 2015
Hazardous Liquid

State Agency: Arizona
Agency Status:
Date of Visit: 04/11/2016 - 06/10/2016
Agency Representative: Arizona
PHMSA Representative: Michael Thompson, Agustin Lopez
Commission Chairman to whom follow up letter is to be sent:
Name/Title: Doug Little, Chairman
Agency: Arizona Corporation Commission
Address: 1200 West Washington
City/State/Zip: Phoenix, Arizona 85007-2996

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 2015 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART G):

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

Scoring Summary

PARTS	Possible Points	Points Scored
A Progress Report and Program Documentation Review	10	10
B Program Inspection Procedures	13	13
C Program Performance	43	43
D Compliance Activities	15	15
E Accident Investigations	6	6
F Damage Prevention	8	8
G Field Inspections	12	12
H Interstate Agent State (if applicable)	3	3
I 60106 Agreement State (if applicable)	0	0
TOTALS	110	110
State Rating		100.0



PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- | | Points(MAX) | Score |
|---|-------------|-------|
| 1 Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |

Evaluator Notes:

Yes, It is listed in the AZ constitution Article XV Section 2, and the ARS 40-441.

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

Evaluator Notes:

Yes, they use daily, monthly and annual activity reports for each inspector to collect the data. The reports were reviewed for accuracy.

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

Evaluator Notes:

Yes, they use their audit inspection schedule to track the information. The records were reviewed to confirm accuracy.

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

Evaluator Notes:

No incidents for 2015.

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

Evaluator Notes:

No issues, 11 probable violations were found in 2015.

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

Evaluator Notes:

Yes, the pipeline program records are kept well-organized and were accessible.

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

Evaluator Notes:

Yes, the training records are kept by the AZCC on a spreadsheet showing each employee and the training that is required and what has been completed. The records for all employees were also reviewed in SABA to verify accuracy.

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

Evaluator Notes:

AZCC adopts new rules every two years. Several new 2015 amendments are in the taking steps process.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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

10 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

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



PART B - Program Inspection Procedures

Points(MAX) Score

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

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. Section 5, pages 1 & 2 of the inspection procedures manual.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. Section 5, page 1 of the inspection procedures manual.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. Section 5, page 1 of the inspection procedures manual.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes they are in section 5 page 1 of the procedures manual.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. Section 7, page 6 of the inspection procedures manual.

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

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. Section 5, page 3 of the inspection procedures manual, revised in March 20106.

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

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

- a. Length of time since last inspection (Within five year interval)

Yes No Needs Improvement

- b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) Yes No Needs Improvement
- c. Type of activity being undertaken by operators (i.e. construction) Yes No Needs Improvement
- d. Locations of operators inspection units being inspected - (HCA's, Geographic area, Population Density, etc) Yes No Needs Improvement
- e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) Yes No Needs Improvement
- f. Are inspection units broken down appropriately? Yes No Needs Improvement

Evaluator Notes:

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

8 General Comments:
Info Only = No Points

Info Only Info Only

Evaluator Notes:

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



PART C - Program Performance

Points(MAX) Score

- 1** Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 5 5
 Yes = 5 No = 0
 A. Total Inspection Person Days (Attachment 2):
 47.00
 B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
 220 X 0.50 = 110.00
 Ratio: A / B
 47.00 / 110.00 = 0.43
 If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
 Points = 5

Evaluator Notes:

Yes, they had a score of 0.43 which is more than the 0.378 needed.

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

Evaluator Notes:

Yes, the training records kept by the AZCC and the records in SABA were reviewed to verify accuracy.

- 3** Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. Robert Miller has been program manager for 9 years, has served on many NAPSRR/PHMSA committees and was the NAPSRR National Chairman for 2014-2015.

- 4** Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, the Chairman's letter went out on 10/28/2015, and the response was sent on 12/15/2015

- 5** Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 2 2
 Yes = 2 No = 0

Evaluator Notes:

Yes, they held a seminar on 2/11/2015

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

Evaluator Notes:

Yes, 2015 Inspections were reviewed.



7	Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1 Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: Yes, no issues			
8	Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 195.402(c)(5)? Yes = 1 No = 0	1	1
Evaluator Notes: Yes. this is completed during annual inspection using inspection form.			
9	Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: yes, No issues			
10	Did state input all applicable OQ, LIMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: Yes, all reports are being submitted in a timely manner.			
11	Has state confirmed intrastate operators have submitted information into NPMS database along with changes made after original submission? Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: Yes. The inspector reviews this information prior to each inspection.			
12	Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: Yes. they verify this information on their inspection forms during a standard inspection.			
13	Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 195 Part G Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: Yes, Arizona uses the federal checklist to verify the operator/contractors are in compliance.			
14	Is state verifying operator's hazardous liquid integrity management (L IMP) Programs are up to date? This should include a previous review of LIMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 195.452 Appendix C Yes = 2 No = 0 Needs Improvement = 1	2	2



Evaluator Notes:

Yes, during the annual inspections.

15	Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 195.440 PAPEI Effectiveness Inspections should be conducted every four years per RP1162 Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Yes, during the annual inspections.

16	Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Yes, The Arizona CC has a public website, meets with the Arizona Utility Group. Arizona CC is a member of; the AZ National Utility Contractors Association, One call ticket resolution committee, Emergency Response Committee Advisory Board, the Arizona and National Common Ground Alliance. Arizona participates as a sponsoring member of the AZ 811 Alliance. Arizona meets quarterly with their largest LDC, Southwest Gas Corporation to discuss possible safety issues, ongoing maintenance, operational issues and vintage pipe replacement projects.

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

No safety related conditions in 2015.

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

Yes, Robert Miller was the NAPSRS National Chairman for 2014-2015, and not only responded to but generated many NAPSRS surveys.

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

No waivers active at this time.

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

Yes, Robert Miller was national chair and hosted the meeting.

21	Discussion on State Program Performance Metrics found on Stakeholder Communication site ? http://primis.phmsa.dot.gov/comm/states.htm Needs Improvement = 1 No = 0 Yes = 2	2	2	
a.	Discussion of Potential Accelerated Actions (AA's) based on any negative trends	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
b.	NTSB P-11-20 Meaningful Metrics	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>

Evaluator Notes:



Robert Miller is very familiar with State Performance Metrics, he was on the PHMSA/NAPSR Meaningful Metrics Committee.

22 General Comments:

Info Only|Info Only

Info Only = No Points

Evaluator Notes:

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



PART D - Compliance Activities

Points(MAX) Score

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|----|--|--------------------------------------|--|
| 1 | Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| a. | Procedures to notify an operator (company officer) when a noncompliance is identified | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Procedures to routinely review progress of compliance actions to prevent delays or breakdowns | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes. In Section 5, page 1 you find Company officer, and in Section 5, page 5 you find Compliance actions.

- | | | | |
|----|--|--------------------------------------|--|
| 2 | Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| a. | Were compliance actions sent to company officer or manager/board director if municipal/government system? | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Document probable violations | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Resolve probable violations | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| d. | Routinely review progress of probable violations | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| e. | Were applicable civil penalties outlined in correspondence with operator(s) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

Yes, there were 5 compliance actions taken in 2015, and they were reviewed.

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

Evaluator Notes:

Yes, records were reviewed to verify.

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

Evaluator Notes:

Yes, No Issues

- | | | | |
|---|---|---|---|
| 5 | Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken)
Yes = 2 No = 0 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

Yes, Robert Miller has been the PM for 9 years and is familiar with the process.

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

Evaluator Notes:

Yes, the AZCC used its authority to access civil penalties against a natural gas operator in 2015 for \$7500.00. None for liquids in past years.

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

Evaluator Notes:

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



PART E - Accident Investigations

Points(MAX) Score

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

Evaluator Notes:

Yes, in section 10 of their policies and procedures manual and in their training manual.

- 2** Does state have adequate mechanism to receive and respond to operator reports of accidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 2 2
 Yes = 2 No = 0 Needs Improvement = 1

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

Evaluator Notes:

Yes, They have a dedicated phone number (602-252-4449) that forwards after hours calls to the on call inspector.

- 3** If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 1 1
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, they investigates all reportable accidents.

- 4** Were all accidents investigated, thoroughly documented, and with conclusions and recommendations? 3 NA
 Yes = 3 No = 0 Needs Improvement = 1-2
- a. Observations and document review Yes No Needs Improvement
 b. Contributing Factors Yes No Needs Improvement
 c. Recommendations to prevent recurrences where appropriate Yes No Needs Improvement

Evaluator Notes:

There were no reportable incidents in 2015.

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

Evaluator Notes:

There were no reportable incidents in 2015.

- 6** Did the state assist region office by taking appropriate follow-up actions related to the operator accident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 1 NA
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

There were no reportable incidents in 2015.

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

Evaluator Notes:



Yes, the AZCC shares information on all incidents at the annual NAPSR Western Region meeting and also post them on the NAPSR web site.

8 General Comments:

Info Only|Info Only

Info Only = No Points

Evaluator Notes:

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



PART F - Damage Prevention

Points(MAX) Score

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

Evaluator Notes:

Yes. This is on the standard inspection form, p(age 2), and is also addressed during their in-house training courses.

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

Evaluator Notes:

Yes. This is on standard inspection check list and is reviewed during standard inspections.

- | | | | |
|----------|--|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes. They attend monthly meetings with stake holders, participation at public awareness seminars around the state and use a training DVD that covers the Arizona Underground Facilities Law as part of their enforcement process.

- | | | | |
|----------|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

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

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

Evaluator Notes:

Total points scored for this section: 8
Total possible points for this section: 8



PART G - Field Inspections

Points(MAX) Score

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

Name of Operator Inspected:
 Arizona Public Service (APS)
 Name of State Inspector(s) Observed:
 Bryan Frye (lead inspector) and Greg Taylor
 Location of Inspection:
 Phoenix, AZ
 Date of Inspection:
 June 6-10, 2016
 Name of PHMSA Representative:
 Agustin Lopez

Evaluator Notes:

Mr. Brian Frye and Greg Taylor conducted a Hazardous Liquid inspection of APS's diesel pipeline. They performed an excellent job. They explained the entire inspection process during introduction. All contact information was verified which included the company official. They reviewed procedures and records and concluded with a field inspection of their facilities. An exit interview was performed but the official exit interview is performed 30 days after concluded the inspection. Mr. Brian Frye was the lead inspector.

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

Evaluator Notes:

Yes, the operator was notified at the beginning of the year to schedule the inspection. The operator was given the opportunity to have anyone present during the inspection.

3 Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, the inspectors used a modified PHMSA form to include the state's code and regulations. An electronic form was used during the inspection which was used as a guide by the inspectors.

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

Evaluator Notes:

Yes, the inspectors used their form to document the inspection results. Reviewed the form during the inspection to verify the documentation.

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

Evaluator Notes:

Yes, the inspector had the operator operate valves and take pipe-to-soil readings using their own equipment. Maps were also reviewed for accuracy.

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

- a. Procedures
- b. Records
- c. Field Activities



d. Other (please comment)

Evaluator Notes:

Yes, the inspectors reviewed procedures and records at the beginning of the inspection. A field inspection of the pipeline facilities was performed by the ACC which included pipe-to-soil readings, valve maintenance and ROW conditions.

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

Evaluator Notes:

Yes, Mr. Bryan Frye and Greg Taylor displayed good knowledge of the pipeline safety program and regulations. They discussed the probable violation process and the options the operator has to respond to the findings.

8 Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) 1 1
 Yes = 1 No = 0

Evaluator Notes:

Yes, the inspectors conducted a pre-exit interview at the conclusion of the inspection. The ACC performs the final exit interview 30 days after the completion of the inspection. This gives the operator an opportunity to submit any documents needed to complete the inspections. During the inspection, an exit interview was scheduled for a later date.

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

Evaluator Notes:

Yes, the inspector discussed with the operator all probable violations identified during the inspection. Probable violations identified were no emergency training records, no bond reading procedures and several procedure inadequacies. The inspectors identified the code section for each probable violation.

10 General Comments: 1) What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) 2) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) 3) Other Info Only Info Only
 Info Only = No Points

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



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

Evaluator Notes:

Mr. Bryan Frye and Greg Taylor reviewed procedures, records and conducted a field inspection of APS facilities. The procedures and records review included; MOP, OPP, cathodic protection, emergency response, valve maintenance, public awareness program, compliance follow-up and OQ. In the field they observed for signs, markers, ROW condition, pipe-to-soil readings, atmospheric corrosion, and operated valves. They performed an excellent inspection and concluded the inspection with an exit interview.

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



PART H - Interstate Agent State (if applicable)

Points(MAX) Score

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

Evaluator Notes:
Yes. The AZCC uses the PHMSA's Inspection Assistant inspection form on line.

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

Evaluator Notes:
Yes

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

Evaluator Notes:
Yes

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

Evaluator Notes:
No probable violations for 2015.

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

Evaluator Notes:
No imminent safety hazards to report in 2015.

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

Evaluator Notes:
No probable violations for 2015.

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

Evaluator Notes:
No probable violations for 2015.

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

Evaluator Notes:

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



PART I - 60106 Agreement State (if applicable)

Points(MAX) Score

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

Evaluator Notes:

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

