Meeting: US DOT International Independent Inspection Agency (IIA) Meeting

Date: Thursday, November 5, 2015, 8:00 a.m. to 4:00 p.m.

Location: Media Center (Room 2), West Building, DOT Headquarters

In Attendance: Michael Kloesel, George Smith, Mark Redihough, Ed Whittle, Ranjit Naik, Guillermo Desperes, Ezequiel Peremarti, Rudolf Pichler, Michael Heigl, Mr. Bourhis, Philippe Jeanmart, Lucia Cavallo, Mirko Corsini, Key Won Choun, Hyunjun Cho, Nishant R. Lalka, Anders Johansson, James Goree, Mike Phares, Mark Homer, Kevin Bell, Ariel Gazit, Fuh Wen Shiue, Malcolm Dadina, Julian Ceausu, Nataly Luzina, Michael Kuepper, Oliver Zhu, Artyom Radchenko, Nigel Tijou

8:10am Introduction and opening remarks from Ryan Paquet, Director, Approvals and Permits Division

- PHMSA is driven by our mission: To Safeguard people, property, and the environment from the risks of hazardous materials transportation.
- You will hear this repeated often during today's presentations.
- When approaching PHMSA with a request or issue, please address it from the perspective of our mission, as that is how we are going to address your concerns.

8:15am Introduction of Duane Cassidy, Chief, Pressure Vessels Branch

- We didn't have good attendance at our last International IIA meeting, so we appreciate your participation today.
- 3 Cs (Compliance, Consistency, and Communication).
- We have revised the approval letter provisions for our domestic IIA's, and will be doing the same with our International IIA's soon.
- Today, we want to communicate what our expectations are. We also want to address noted gaps in the program on our end and some of the issues we are seeing in processes and applications from the IIA perspective.
- PHMSA is currently going through a rapid hiring initiative. (Introduction of newly hired personnel in Cylinder Program)

- **PHMSA's MISSION –** As Ryan discussed, all things start with our mission

- **SCOPE AND PURPOSE – "BRIDGING THE GAP"**
  - We are here to discuss the approvals requirements that were revised in 2013.
  - As Rachel alluded to, the purpose of this meeting is to "bridge the gap" from the 2013 meeting.
  - In the last meeting, we discussed the program gaps seen by PHMSA with regards to the international IIA program, the proposed revised approval provisions, and our expectations. Today, we will discuss the things we are doing internally to improve our process, we will look at areas that are/are not working, and discuss areas where

we believe that the IIA's are meeting/not meeting the requirements of the revised approval.
- We are going to discuss and define the roles and responsibilities of the IIAs, continued efforts by PHMSA to increase the oversight and inspection of its approved entities.

- **MEETING SCOPE AND PURPOSE**
  - This meeting is a jumping off point for where we want to take the international IIA program. It will include revision of the IIA approvals, clarification of our policies, and new ways to communicate with DOT.
  - Kim Yoder from PHMSA's Field Operations staff has collected data that highlights the type of violations that occur. We will provide the results of our study today, and will use the data in the future to mitigate risks.

- **OVERALL CYLINDER PROGRAM GOALS**
  - Improved process and letter requirements and compliance
  - Continue improvement of our information sharing and communication with all approval holders, especially our 3rd party agencies.
  - Consistent application of the HMR to all applicants (foreign/domestic) - which has resulted in us meeting with our domestic IIA's this week as well.

- **CONTINUATION OF THE 3 "C's" – They have not gone away**
  - Compliance
  - Consistency
  - Communication

- **UPDATE – WHAT HAVE WE BEEN DOING?**
  - Increased review of fitness on all approved manufacturers and IIAs
  - Updated staffing – (Introduction of new staff members)
  - Updating our IT systems, automated processing, notification, RIN locator, etc.
  - Possible issuance of show cause letter to International IIA's to update approval.

- **QUESTIONS FOR YOU?**
  - Throughout the presentations today, you will be asked several questions to ponder. Please take some time to think about them and apply them to your processes and policies to determine how you, as IIA's, can assist in improvement of this program and the information reported to PHMSA.
  - **(Refer to slide show for questions)**

8:34am Introduction of Israel Mallard, Transportation Specialist, Pressure Vessels Branch

- **PHMSA's Mission was discussed for emphasis**

- PHMSA's first responsibility is the safety of the American people related to the commercial transportation of Hazardous Materials.

- **ROLE OF THE INDEPENDENT INSPECTION AGENCY (IIA)**
  - The IIA's are required to perform onsite inspection of all tests and manufacturing requirements required by the Hazardous Materials Regulations (HMR)
  - Performance of pre-approval audits manufacturers, repair/rebuilders, and requalifiers of DOT authorized compressed gas cylinders
  - To perform verification testing of foreign manufactured cylinders prior to approval by PHMSA under the HM74 Inspection program
  - IIAs must comply with all provisions of their issued domestic IIA approval letter

- **THE REQUIREMENTS OF THE IIA**
  - Must act Independently of the manufacturer
  - Must conduct a pre-audit of foreign manufacturers prior to submittal of DOT approval as the IIA for that facility
  - Must verify compliance with the applicable regulations and note any deficiencies/corrected items, in detail, in their inspection report submitted to PHMSA

- **APPROVAL LETTER PROVISIONS**
  - Failure to respond to a show cause letter could lead to the termination of an approval. IIAs will have the opportunity to respond before the termination occurs

- **QUESTIONS FOR YOU? (Refer to Slideshow)**

8:43am Introduction of Neil Benninghoven, Transportation Specialist, Pressure Vessels Branch

- **PHMSA's MISSION**
  - Safety is paramount

- **IIA APPLICATIONS**
  - Separate applications (from manufacturer and IIA) should be sent to PHMSA.
  - We need to know who is on site and if they are trained.
  - Must include:
    - Must meet general requirements of 49 CFR §§ 107.705 and 107.803
    - Pre-Audit reports
    - Duties of the inspector
    - Chemical analysis
    - List of inspectors
    - Stamp of the inspector (each inspector at the location)
    - IIA stamped copies of the manufacturers drawings submitted for approval

- **PHMSA's PART OF APPLICATION PROCESS**
  - Discussion of what we do with your application once we receive it in our inbox
  - We do our homework in finding the last known approval letter
  - Conduct an initial fitness determination

- Draft an evaluation form (our initial recommendation on if the application should be approved or not)
- Review the drawings provided (if necessary) and forward package to Engineering for technical review
- Draft fitness determination form, this is sent to Field Operations/Enforcement if a fitness determination is needed in accordance with the criteria provided to the Approvals division by Field Operation/Enforcement

- **WHAT HAPPENS NEXT**
  - Both IIA and manufacturer applications get processed at the same time and are crossed referenced tin order to maintain better oversight on the approvals process
  - Field Operations/Enforcement requires that both IIA and manufacturer applications be submitted together for fitness determination (since both deemed FIT or UNFIT at the same time)
  - The IIA application and manufacturer applications will be approved at the same time and sent out with the same expiration date

- **ADDITIONAL INFORMATION REQUEST**
  - We are trying to cut back on the time to process approvals
  - IIAs will now be copied on all/any requests for additional information to help with the clarification needed to gain an approval for an application. By doing this it will also keep all parties involved in the approvals loop for a manufacturing location
  - After 30 days (as per 49 CFR 107.709) if no response the application will be denied

- **DOT's OVERSIGHT ON IIA PROGRAM**
  - Permits & Approvals – Final decision on whether the application is approved or denied
  - Engineering (Tech) – Checks to ensure the drawings are technically sound and are IAW the specifications and other information (i.e. CGA Pamphlets & UN ISO)
  - Field Operations/Enforcement - Responsible for Fitness Evaluations and enforcement actions on IIA's and manufacturers.

- **ACTIVE APPROVALS THAT ARE MISSING**
  - PHMSA will need you to verify all current approvals you are currently responsible for
  - Provide a list to PHMSA with a list (which some of you have already done) of any/all locations you currently perform IIA duties at you do not have an approval letter on file
  - Neil Benninghoven is the point of contact for all of these submissions
  - Final step will be for the IIA to submit an application for all locations that are "missing approval" letters with the required information

- **NO EXPIRATION DATE APPROVALS**
  - While reviewing approval history, any approvals found without a listed expiration date (This includes approvals based on special permit expiration dates) must be submitted as a renewal application
  - This may require onsite inspection by PHMSA prior to issuance, but this is based on the fitness review by Field Operations/Enforcement.

- This will not stop operations under your current approval, as without a valid expiration date it is still a valid approval, until fitness is determined by PHMSA and an updated approval is issued.

- **SEMI-ANNUAL REPORTING**
  - Semi-Annual reports must be submitted every 6 months (as per the approval letter)
  - PHMSA currently has this information provided on file for use in the approvals process and for information we may need to verify manufacturer locations/addresses by (Field Operations/Enforcement and Approvals)
  - We are currently exploring making the report submittal a web-based process.
  - Please bear with us during this process, as you will be asked to assist in testing the system and provide feedback to assist with the implementation and development

8:56am Comment from Kim Yoder - We need the following information in the semi-annual report: main domestic approval, name of manufacturers and their information, specs used, assigned investigators at the specified location(s), and statuses. We would also like to have facility addresses included in the report.

9:06am Neil Benninghoven (Cont.)

- **ADDITIONAL ITEMS OF CONCERNS**
  - Combined applications for different areas of approval
    - A RIN and a CA must be separated into two (2) separate applications because they are two (2) different approval and are processed separately within PHMSA
  - Incomplete drawings
    - Missing information on manufacturers drawings, PHMSA is developing a "sample" drawing to provide to the IIAs as a guide for the manufacturers to follow prior to submitting for approval
  - Missing Pre-Audit reports
  - Pre-audits are **REQUIRED** to be completed **PRIOR TO** submittal of the application, if not submitted, the application will be denied as the application will be deemed incomplete and not IAW the provisions provided in this presentation

- **Questions for you (Refer to Slideshow)**

9:35am Break

9:48am Introduction of Refaat Shafkey, Engineer, Engineering and Research Division

- **TECHNICAL REVIEW OF APPROVAL APPLICATIONS**
  - The Approvals staff introduced you to the application flow process through PHMSA's process
  - This presentation covers the technical review by the Engineering group
  - An organized and complete application facilitates the review process and reduces the review time for the technical officer, which in turn reduces the overall approvals process

- **WHAT DO WE NEED IN AN APPLICATION?**
  - It is ideal to have any application submitted to PHMSA to follow a standard organized format
  - Although the regulations do not address this, we request that applicants limit the number of design specifications to fewer than 4 designs per application. Obviously, an application with 18 designs and 4 variants to each design is very difficult to review and takes a much longer time to process
  - We are asking that applicants/IIA's include a cover letter which clearly states what you are requesting and specifically states the specification of cylinder, design drawing, and whether this is a new approval or an a revision to a previously authorized design
  - The purpose of the Cover Letter is to minimize the need for corrections or requests for missing information. This can lead to delays and repeat efforts to complete the application review
  - The idea is to get things right the first time. The technical reviewer should be able to complete the review in the first attempt. Understand, once the approval is sent out of the approvals process to request additional information, it loses its spot in the "production line" of approvals applications, and the reviewer moves on to the next application.

- **DESIGN DRAWING**
  - The design drawing is the most important part of the application
  - It should provide complete information about the cylinder, preferably on one page and should include the following, when applicable:
  - Basic Elements (Service/test pressure, volume, weight, etc.)
  - The standard to which the design complies
  - Manufacturing method
  - Material Chemistry
  - Heat treatment
  - Batch Tests required
  - Tests on all cylinders (Hydro, Hardness, etc.)
  - Wall Thickness Calculation
  - Design Family (if applicable) identifying the cylinder used for design qualification
  - Marking layout should be included on the drawing or should be referenced on the main drawing

- **SAMPLE DESIGN DRAWING TEMPLATE**
  - A separate calculation page referencing drawing/diagram is acceptable. (See slideshow)

- **SAMPLE SUMMARY SHEET FOR APPROVALS APPLICATION**
  - The summary sheet should include a list of all the referenced documents and test reports, and identify applicable clauses of the standard
  - It should list the acceptable requirements and the results obtained and whether they were satisfactory or not
  - Test reports and other documents are required to be in English, stamped by the IIA, numbered and organized as appendices to the summary sheet

- **QUESTIONS? :**

10:25am IIA Question (via VTC) – Regarding the ISO/UN model, do we first submit the initial design of the drawing? Or do you want everything submitted all at once?

Answer- Everything has to be submitted all at once. (Please refer to 178.69 – 178.71)

10:30am Break

10:41am Introduction of Diane Jones, Transportation Specialist, Pressure Vessels Branch

- **PHMSA's MISSION**
- **49 CFR OVERVIEW**
  - Do not email directly to a specific person unless otherwise specified.
  - Still communicate directly with a question.

10:53am IIA Question – What version of the CFR can we use?

Answer – The 2014 version (purple hardcopy) is the current and oldest version that you are allowed to use. You can also use the online version.

10:55am Diane Jones (Cont.)

- **GENERAL APPLICATION REQUIREMENTS**
- **PROCESSING MANUFACTURERS**
- **APPROVALS PROCESS**

10:56am Introduction of Angie Wang, Transportation Specialist, Pressure Vessels Branch

- **CURRENT PROJECTS**
  - Bulletin Board – Open forum for Approvals and Special Permits division, as well as other divisions. Will be used to push out information (e.g. teleconferences, topics, quarterly IIA meetings). If you don't have access, please request access from PHMSA at approvals@dot.gov or via the forum page located at: http://vbulletin.phmsa.dot.gov/forumdisplay.php?f=168
  - Cylinder requalification locator – search by RIN, State, or Zip Code, and/or address to find approved cylinder requalifiers/Visual requalifiers.

- **RECIPROCITY W/CANADA**
  - Introduced back in 2011 by President Obama and the Canadian Prime Minister
  - Currently working on full reciprocity of all DOT and Transport Canada cylinder specifications.

- **QUESTIONS OR COMMENTS?**

11:07am Introduction of Kim Yoder, Acting Cylinder Program Manager, Office of Hazardous Materials Safety Field Operations

- **ENFORCEMENT OPERATIONAL ACTIVITIES**
  - Field Operations does more than just cylinder inspections, which include the following:
    - Compliance inspections (permits, explosives, fireworks, etc.)

- Incident Investigation
- Fitness determination
- Outreach and Training
- Information and intelligence gathering

- **HAZMAT SHIPMENTS IN THE U.S.**
  - Over 1,000,000 shipments of hazmat daily
  - 2.2 Billion Tons shipped annually by all modes
  - Hazardous Materials commerce supports $1.4 Trillion of the U.S. Economy annually

- **PHMSA OFFICE OF HAZARDOUS MATERIALS SAFETY (OHMS) REGIONAL OFFICES**
  - Headquarters – Washington D.C.
    - Southern Region – Atlanta, GA
  - Southwest Region – Houston, TX
  - Western Region – Ontario, CA
  - Central Region – Des Plaines, IL
  - Eastern Region – West Trenton, NJ

- **WHO DOES PHMSA REGULATE?**
  - Shippers/Carriers
  - Freight Forwarders
  - 3rd Party labs
  - Permit and Approval holders
  - Independent Inspection Agency
  - Designated Approval Agencies (Portable Tanks/MEGCs)
  - Fillers
  - Agricultural Industry
  - Packaging Manufacturers/certifiers
  - Distributors/Brokers
  - High Hazard entities

- **DETERMINATION OF SCHEDULING ON-SITE**
  - Foreign flag indicators used to be an automatic flag for additional fitness review. This has changed. A new internal criterion is now used based on 74 month inspection history and compliance history.
  - PHMSA will conduct on-site inspections before issuing new approvals or terminating approval/permit holders for non-compliance.
  - Risk-based determination – used if a violation has occurred, if a facility has not been visited in years, or if a facility has not been inspected**.**

- **INSPECTION TRENDS**
  - Common Issues noted were discussed (see slide show for complete listing)
    - Administrative
    - Technical

- **THE INSPECTION PROCESS – The a general overview of the steps of the inspection process was discussed (see slides)**

- **THE INSPECTION PROCESS – ITEMS REVIEWED**
  - The inspection process by the PHMSA investigator is a "cradle to grave" look at the manufacture, starting from raw material through to final inspection

- **THE INSPECTION PROCESS – EVIDENCE GATHERING (DOCUMENTATION)**
  - Training records
  - Certifications (test reports)
  - Production records (travelers are reviewed)
  - Invoice/sales records (releasing cylinders prior to final approval stamp/signature of the invoice by the IIA)
  - QC Manuals and SOP's
  - Drawings
  - Calibration receipts

- **THE INSPECTION PROCESS – CLOSING THE INSPECTION**
  - An Exit Briefing is given and is a "field report" and not a "final report"
  - A summary of the inspection findings are discussed and noted
  - Corrective actions and penalty guidelines are discussed
  - Signatures of final report and copies are given to the applicant prior to departure
  - Corrective actions – IIAs are encouraged to ask for an interpretation if they have any questions.

- **INVESTIGATOR FEEDBACK**
  - Goal is Inspector consistency based on overall compliance and safety
  - However, each inspector is different based on experience, but all are trained and certified as investigators prior to being authorized to conduct inspections.

- **THE INSPECTION PROCESS – NEXT STEPS**
  - Upon return to the office, the investigator prepares the inspection report based on findings and any additional corrective action provided by the applicant
  - Company has 30 days to provide corrective action.
  - All evidence and corrective action documentation is attached to the completed report and forwarded to Region Chief within 60 days.
  - Region Chief/Director will review the report. Upon approval, the Investigator of record will forward an internal "fitness memo" to Approvals office for action.
  - Approvals office will then take appropriate action on the approval application.

- **INSPECTION RESULTS/ACTIONS**
  - Several actions can take place based on findings by onsite inspection, including:
    - Issuance of approval (No further action)
    - Warning letter (no fines)
    - Ticket for non-compliance (fines)
    - Civil Penalty Case (depending on severity of violations will be forwarded to General Counsel's Office for review and action)
    - Criminal Case (Criminal intent in violation, will be forwarded to General Counsel's office as well as the Office of the Inspector General for review and action)

- **ACTIVITY OF DOMESTICALLY –BASED IIAs AS REPORTED (EXCLUDING REQUALIFIERS)**
  - (See slide)

- **ACTIVITY OF INTERNATIONALLY-BASED IIAs AS REPORTED/KNOWN (AT MANUFACTURERS)**
  - (See slide)

- **IIA INSPECTIONS**
  - (See slide)

- **ADDITIONAL ISSUES**

  - Misuse of inspection checklist with DOT symbol and letterhead – After initial IIA meeting, DOT made available its inspection report for reference. However, the IIA's have been using it with the DOT (PHMSA) letter head still visible.
  - IIA's are welcomed to use the document, but must remove the letter head, which references PHMSA, as this causes confusion to applicants.

- **QUESTIONS:**
  - **What improvement would you suggest to enhance Enforcement/Field Operations?**
  - **What would you like to see happening that is not happening now?**

  What worries you the most about your role?

12:15pm Closing remarks from Duane Cassidy

- We would like to get together with the manufacturers via a webinar.
- We want to initiate annual meetings (around the fall).
- Revision of approval letter – additional reporting requirements and provisions

12:20pm Meeting adjourns