

COMMONWEALTH OF PUERTO RICO  
PUERTO RICO ELECTRIC POWER AUTHORITY

SAN JUAN, PUERTO RICO

www.prepa.com



GPO BOX 364267  
SAN JUAN, PR 00936-4267

November 10, 2014

Rudy Gordian Rentas, General Manager  
Inspectorate America Corporation  
Firm Delivery Carr. 127  
Km 19.1 Bo. Tallaboa, Peñuelas, PR 00624

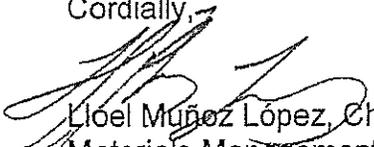
Dear Mr. Gordian:

On October 3, 2014 the Puerto Rico Electric Power Authority Evaluation Committee examined the facilities of Inspectorate America Corporation located in Tallaboa, Penuelas.

Based upon the recommendations in the attached Evaluation Report, we have decided to qualify Inspectorate America Corporation in PREPA's Suppliers Registry Office for Laboratory Services of Fuel Inspection and Laboratory analysis of Fuel Oil No. 2 and Fuel Oil No. 6. This evaluation will be valid until October 3, 2019.

We appreciate the hospitality shown to our employees during their visit to your facilities.

Cordially,

  
Lloel Muñoz López, Chief  
Materials Management Division

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EVALUATION REPORT

Company: Inspectorate America Corporation  
Address: Carr.127 Km 19.1 Bo. Tallaboa Peñuelas, PR  
Telephone: (787)836-0810  
Evaluation date: October 3, 2014  
Services: Laboratory Services

EVALUATION COMMITTEE

Cesar Torres Marrero  
Service Coordinator of  
PREPA's Fuel Office

Yamaira Rivera Perez  
Environmental Compliance Officer

Carlos Rivera Sierra  
Hazard Communication Officer

Natalia Martinez Lugo  
Supervisor Suppliers Registry Office

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**CONFIDENTIAL**

## I. INTRODUCTION

On October 3, 2014, the Puerto Rico Electric Power Authority's (PREPA) Evaluation Committee examined the facilities of Inspectorate America Corporation (Inspectorate), located in Tallaboa, Peñuelas. The evaluation included the following activities: Interviews to personnel, document review and facilities inspection.

The Evaluation Committee was comprised of:

1. Yamaira Rivera Perez, Environmental Compliance Officer
2. Cesar Torres Marrero, Service Coordinator of Fuel Office
3. Carlos Rivera Sierra, Hazard Communication Officer
4. Natalia Martínez Lugo, Supplier Registry Office Supervisor

The company was represented by:

1. Rudy Gordian, General Manager
2. Simon Kleynman, Northeast Regional Lab Manager
3. Jose L. Banchs, Laboratory Manager

## II. GENERAL INFORMATION

### 1. Brief Company History

Established in 1885, Inspectorate is a multinational group that provides inspection, testing and analysis services 24 hours a day, 365 days of the year. They provide analytical testing to both internationally recognized standards and customer-specific methodologies. These testing and inspection services are provided across a broad range of industries, including Agriculture, Chemicals, Marine, Metals, Mining and Oil & Gas. In 2010 Inspectorate was acquired by Bureau Veritas as part of a global commodities strategy. The Inspectorate brand is currently in transition towards a full integration to Bureau Veritas. This integration can be expected in 2015.

Inspectorate America Corp. is organized under the laws of Delaware and duly authorized to do business in Puerto Rico since November 30, 1995. It is part of the Suppliers Registry of PREPA since July 31, of 2000 with the supplier number 017003.

2. Services offered:

a. Inspection services included

- i. Inspection, sampling and testing
- ii. Bulk oil cargo measurement
- iii. Blending
- iv. Quantity and quality certification
- v. Ship to ship inspection
- vi. Marine services and cargo inspections
- vii. Tank cleanliness inspections
- viii. On/off hire surveys
- ix. Bunker inspection
- x. Tank calibration

b. Testing

- i. Gasoline
- ii. No. 6 Fuel Oil
- iii. No. 2 Fuel Oil
- iv. Jet Fuel

They are able to offer a range of over 30 analytical test.

3. Their working hours are:

- a. Office Hours  
Monday through Friday 8:00am - 5:00pm
- b. Laboratory Services  
7 days/24 hours
- c. Inspection Services  
7 days/24 hours

### III. INFORMATION OBTAINED BY INTERVIEWS TO PERSONNEL, DOCUMENTS REVIEW AND FACILITIES INSPECTION

1. Inspectorate typical services commences with a phone call, email or facsimile request to perform an inspection or analysis. Once the request is received a Job Order is started by Operations. The Job Order is completed with all the relevant information needed commence services. The Job Order is then distributed to the inspector laboratory and copied to the job file. A job file is opened and a critical path form is started. The form continually up dated during their required steps until the invoice is sent to the customer.

Inspectorate has the capacity to perform the 100% of the analysis required by PREPA. In case that they have an emergency, they can send samples to other qualified laboratories located in the United States or contract the services with another laboratory in Puerto Rico.

2. Some of their main clients are:

- a. Puma Energy - Puerto Rico
- b. Best Petroleum - Puerto Rico
- c. ExxonMobil - Virginia
- d. Shell - Texas
- e. Total - Texas

3. Organization Charts

- a. North America Oil and Petroleum Division Organization Chart
- b. Puerto Rico Office Organization Chart
- c. Total of 16 employees:
  - a. Divided as follows:
    - 15 Full time/1 Temporary
    - i. General Manager (1)
    - ii. Operation Manager (1)
    - iii. Laboratory Manager (1)
    - iv. Inspectors (8)
    - v. Laboratory chemists (2)
    - vi. Laboratory Technicians (2)
    - vii. Administrative Assistant (1)
  - d. No labor union in the organization

#### 4. Certifications and Credentials

a. U.S. Customs and Border Protection

Accredited as a Commercial Gauger and Laboratory by US Custom and Border Protection Agency, which is part of the Department of Homeland Security, since August 15, 2012, and they are schedule for the next inspection on August 2015. This accreditation allows them to analyze and measure oil and derivate, in accordance with 19 CFR 151.12 and 19 CFR 151.13.

b. International Federation of Inspection Agencies (IFIA)  
(Annual Membership Certificate 2014)

Membership is only awarded to Testing/Inspection/Certification organizations, after a scrutiny process, that the applicant organization meets all of its membership requirements. These requirements include that the organization:

- Has processes and controls in place to ensure its personnel are free from conflicts of interest and act impartially
- Is subject to corporate governance and management by fit and proper persons
- Has been in the business for a minimum of three years
- Holds professional liability insurance
- Has adequate financial resources
- Has in place an appropriately certified quality management system
- Has in place a health and safety management program
- Maintains an adequate number of trained permanent personnel to carry out its services
- Implements all IFIA specific requirements or codes of practice applicable to the sectors in which it works
- Implements the requirements of IFIA's Compliance Code across its whole organization
- Subjects its approved Compliance Programmed to annual external audit

c. Transportation Worker Identification Credential (TWIC)

The TWIC program provides a tamper-resistant biometric credential to maritime workers requiring unescorted access to secure areas of port facilities, outer continental shelf facilities, and vessels regulated under the Maritime Transportation Security Act of 2002, or MTSA, and all U.S. Coast Guard credentialed merchant mariners. Inspectorate provided evidence of eight employees that possess the credential.

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5. Members of the following organizations

- a. American Petroleum Institute (API)
- b. International Federations of Inspection Agencies (IFIA)

6. List of Subcontractors

- a. Altol Chemicals Environmental Lab. Inc.
- b. Saybolt Core Lab.
- c. Prolab – Corco

\*In the event that Inspectorate needs to subcontract a service they first consult with the client for approval.

7. List of Technical Advisor that work in Bureau Veritas:

- a. Joe Curtis, Senior Vice President of Oil and Petrochemicals Division North America
- b. Frank Riccardi, Vice President Oil and Petrochemicals USA
- c. John Nelson, Vice President of Laboratories
- d. Keith Jones, Regional Manager, Operations Support
- e. Simon Kleynman, Regional Laboratory Manager
- f. Ted Gabric, Regional Manager, Southeast and Northeast Caribbean

8. Equipment Inventory 2014

- a. Equipment Inventory included: Item description, Manufacturer, Vendor, Serial No., Status, Date Received (Year).
- b. Cup Case Thermometer included: Type; Serial Number; Calibration Date; Calibration due.
- c. List of Thermo probes included: Type; Serial Number; Calibration Date; Calibration due.
- d. Chemical Inventory List included: Reagents, Quantity in, Balance, Grade and Lot No.

## 9. Quality Assurance

The Quality Control Manual normative reference to the ISO 9001:2008 and the IAC Business Management System Manual Revision 2009, include the procedures for: Control of Documents, Control of Records, Internal Audits, Corrective Actions, Preventive Action, Control of Non-Conforming Products and Defining, Investigating, Evaluating and reporting Suspect Analysis Results.

All documents are stored for a period of 5 years or more. The methods used for retention of documents are hard copy and electronic copy. In the case of hard copy documents, the facility have available the documents related to the years 2011, 2012, 2013 and 2014. Documents related to other periods are stored in a separate facility (warehouse) they have rented in *Almacenes AAA*. Electronic records are kept on site and back-up is performed daily.

The samples are identified by attaching tags to the nozzle of the bottle. The identification number assigned to the sample is unique in the entire process. The company has Laboratory Information Management System (LIMS) software which offers workflow and tracking support to the analysis. The samples analyses are performed by one Laboratory Technician and one Licensed Chemist. The licensed chemist is responsible for issuing the final certificate. The Laboratory Manager supervises the employees of the laboratory. Also, he is responsible for quality control, procedures revision and training the employees. All instruments have their serial number installed. The company performs only internal calibrations, and has quality control charts for methods. Calibration checks are performs daily using certificate standards.

All areas in the laboratory were ordered and clean. Storage of samples is organized by sample number. The samples Retain Room is closed and the Laboratory Manager is the only key custody and holder. The Certificate of Analysis generated includes: method with reference year, tests results and specifications. The procedures execute in the laboratory is based on ASTM methods accepted by PREPA.

## 10. Safety and Occupational Health Program

- a. The report of injuries and illnesses (OSHA 300) for the years 2011 to 2013, show no fatal or serious accidents in recent years.
- b. Provided evidence of training in Risk Communication
- c. Provided evidence of possessing explosive material handling license as required by the police of Puerto Rico.
- d. Training offered to employees online through electronic training programs of the company

**IV. OBSERVATION**

1. Inspectorate accreditation under BSI Quality Management System ISO 9001:2008 recently expired in April 15, 2014. This accreditation was given to the company for complying with the requirements for Quality Management System for the following scope: Oil, Petroleum, Chemicals, Metals, Minerals and Commercial Inspection, Testing, Calibration and Verification Services.
2. Although the company calibrates instruments according to the required methods, they should calibrate instruments more frequently as a good laboratory practice.

**V. DEFICIENCIES**

No deficiencies were found.

**VI. RECOMMENDATIONS**

Inspectorate America Corporation will have to continually provide their valid accreditation as a Commercial Gauger and Laboratory by the US Customs and Border Protection Agency. This accreditation allows them to analyze and measure oil and derivate, in accordance with 19 CFR 151.12 and 19 CFR 151.13.

After completing the interviews, inspection of facilities and reviewing all documents, the Evaluation Committee recommends and qualifies Inspectorate America Corporation, for Laboratory Services of Fuel Inspection and Laboratory analysis of Fuel Oil No.2 and Fuel Oil No.6. This evaluation will be valid until October 3, 2019.