



U.S. Department of Transportation  
Federal Railroad Administration

# FRA AUDIT REPORT

Port Terminal Railroad Association  
(PTRA)

Class III

FRA Audit Number: 2023-PTRA Special Audit 11-1

September 9, 2024

# Table of Contents

<b><u>PREFACE</u></b> .....	2
<b><u>BACKGROUND</u></b> .....	2
<b><u>SIGNIFICANT FINDINGS</u></b> .....	5
<b><u>AUDIT FINDINGS BY DIVISION</u></b> .....	7
<u>Safety Culture Review</u> .....	7
<u>Safety Partnerships Division</u> .....	12
<u>Hazardous Materials Division</u> .....	15
<u>Signal, Train Control and Crossing Division</u> .....	22
<u>Operating Practices Division</u> .....	24
<u>Track and Structures Division</u> .....	26
<u>Motive Power and Equipment Division</u> .....	28
<u>Grade Crossing and Trespass Outreach Division</u> .....	29
<b><u>CONCLUSION</u></b> .....	30
<b><u>EXHIBIT A: SCOPE AND METHODOLOGY</u></b> .....	31
<b><u>EXHIBIT B: LIST OF ACRONYMS</u></b> .....	34
<b><u>EXHIBIT C: FRA’S MAJOR CONTRIBUTORS TO THIS REPORT</u></b> .....	35
<b><u>APPENDIX A: PTRAs COMMENTS and FRA’S RESPONSES</u></b> .....	37

## PREFACE

*The Federal Railroad Administration (FRA) is statutorily authorized to conduct inspections and investigations and issue reports concerning railroad operations; however, FRA is not solely an auditing organization. Therefore, this performance audit does not strictly adhere to generally accepted government auditing standards (GAGAS). Nevertheless, this performance audit was planned and performed to obtain sufficient and appropriate evidence, and to provide a reasonable basis for FRA's findings and conclusions based on FRA's audit objectives.*

## BACKGROUND

Beginning in 2021, FRA's Office of Railroad Safety began performing systems audits to assess railroads' integrated processes across crafts or divisions. FRA selected the Port Terminal Railroad Association (PTRA) to audit due to its complex activity and interaction with many Class I railroads in Houston, Texas. With PTRA's recent leadership change in and reorganization in 2022, this audit is intended to provide PTRA with a record of areas in which the railroad must improve its compliance with federal regulations, as well as identify areas that pose an elevated safety risk.

FRA conducted the PTRA system audit from January through March 2023. During this systems audit, FRA focused on eight areas: *Safety Culture, Grade Crossing and Trespass Outreach, Hazardous Materials, Motive Power and Equipment, Operating Practices, Safety Partnerships, Signal and Train Control, and Track*. Auditors and inspectors from each of these FRA divisions conducted field work at various times and locations determined by relevant characteristics of PTRA's operations; however, FRA staff were not present constantly throughout the audit timeframe.

Unlike the subjects of most of the systems audits FRA has performed on various Class I and Class II railroads over the past two years, PTRA is different. PTRA is not a single railroad; rather it is an association, originally developed by 18 railroads in 1924 to provide switching

services in the Houston, Texas, area.<sup>1</sup> PTRA's unique location (see Figure 1) sits in the middle of the north and south sides of the Houston ship channel.<sup>2</sup> Over the years, through numerous mergers and acquisitions, PTRA is now an association comprised of: (1) Port of Houston Authority of Harris County, (2) Houston Belt and Terminal Railway Company, (3) Union Pacific Railroad (UP), (4) BNSF Railway (BNSF), and (5) Canadian Pacific Kansas City Limited (CPKC).<sup>3</sup> While UP, BNSF, and CPKC are voting members of PTRA's Board of Directors, PTRA and the Port of Houston are non-voting members.<sup>4</sup>

Today, PTRA's shipping channel location is owned by the Port of Houston. This location includes 154 miles of track and 20 bridges; has the capacity to handle 5,000 railcars; and through its interchange connections can serve all 48 continental states, as well as Canada and Mexico.<sup>5</sup> PTRA is essential in the supply chain, as it handles goods such as chemicals, grain, fuel, steel, food products, and automobiles.<sup>6</sup>

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<sup>1</sup> Union Pacific: Port Terminal Railroad Association (Aug. 24, 2023), [UP: Port Terminal Railroad Association PTRA #960](#).

<sup>2</sup> Ibid.

<sup>3</sup> Port Terminal Railroad Association (PTRA) website (history page), [Port Terminal Railroad Association - PTRA History](#).

<sup>4</sup> Ibid.

<sup>5</sup> PTRA website (operations and infrastructure page), [Port Terminal Railroad Association - PTRA Operations/Infrastructure](#).

<sup>6</sup> PTRA website (main page), [Port Terminal Railroad Association - Home \(ptra.com\)](#).

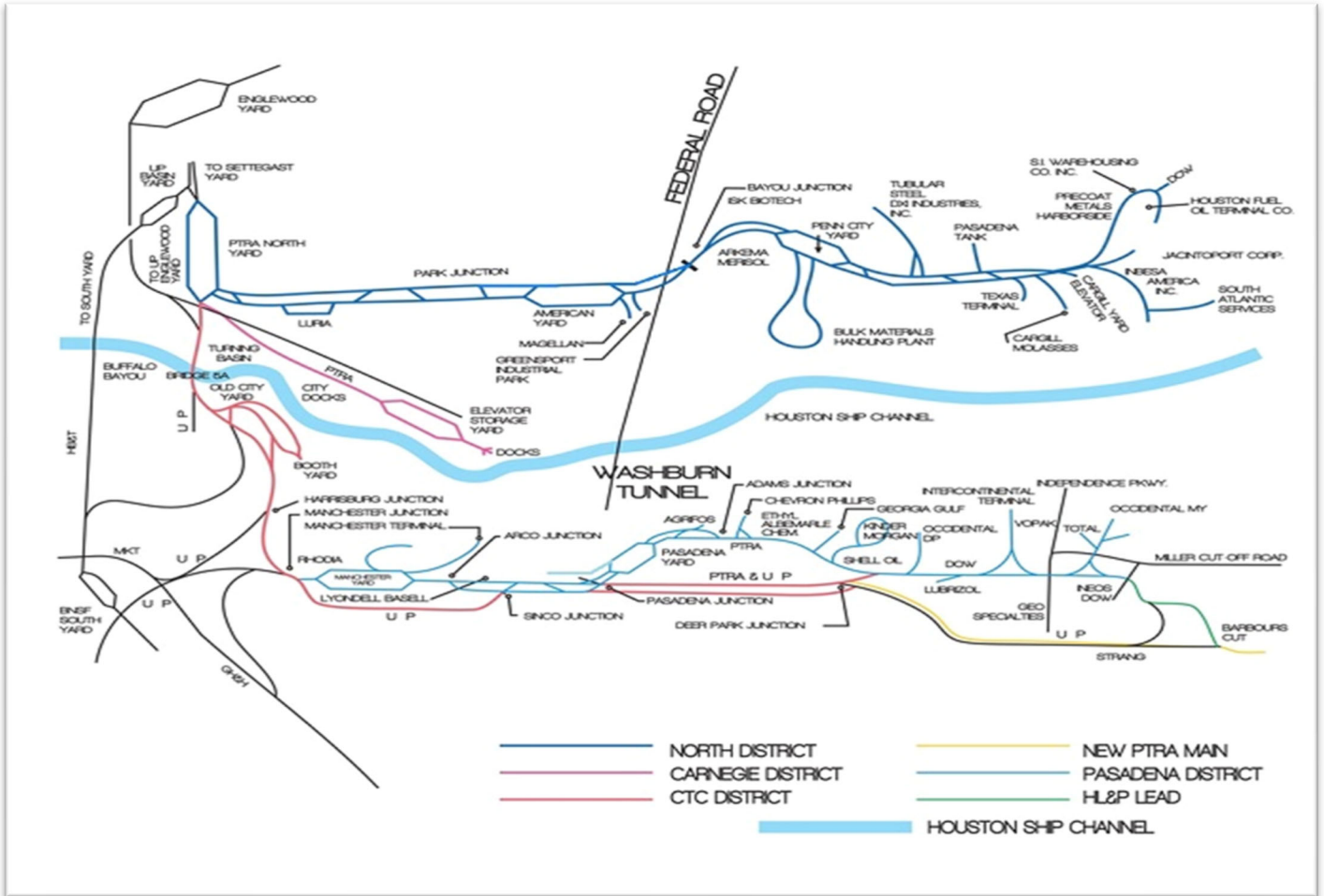


Figure 1: PTRAs Rail Network Map<sup>7</sup>

<sup>7</sup> PTRAs website, [Port Terminal Railroad Association - PTRAs Rail Network Map](#).

## SIGNIFICANT FINDINGS

FRA conducted a systems audit of PTRA from January through March 2023, to assess its integrated systems across various crafts and divisions. This audit report identifies 23 significant findings that FRA discovered during the audit, as well as 36 recommendations for improvements. A summary of FRA's most significant findings is highlighted here, and all audit findings and FRA's recommendations for improvement are provided in further detail in the next section of this report.

FRA's *Audit Management Division* conducted a *Safety Culture Review* designed to identify whether front line managers and craft employees felt empowered to stop unsafe practices; if they knew how to report safety concerns; and if they practiced yard safety standards. FRA's review found areas where PTRA was doing well and some areas that could be improved. FRA found that PTRA could improve communication; foster trust with employees; and provide training on how employees can report safety concerns.

The *Safety Partnerships Division* noted three issues during the audit. First, PTRA failed to simultaneously file a copy of its training program submissions with the president of each labor organization.<sup>8</sup> Second, PTRA failed to record qualification designations for its new and existing employees.<sup>9</sup> Third, PTRA failed to conduct inspections/tests of mechanical and engineering employees executing job safety briefings in connection with its oversight plan.<sup>10</sup>

The *Hazardous Materials Division* found several serious safety issues while examining PTRA's headquarters and field operations. For instance, PTRA was unable to provide FRA with its Security Risk and Vulnerability Assessment or prove that the assessment had been completed.<sup>11</sup> FRA also found that PTRA had not notified the Texas State Emergency Response Commission, as required, prior to operating high-hazard flammable trains (HHFTs).<sup>12</sup>

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<sup>8</sup> In accordance with 49 CFR § 243.109(d)(1)(i).

<sup>9</sup> In accordance with 49 CFR §§ 243.201 and 243.203.

<sup>10</sup> In accordance with 49 CFR §§ 217.9 and 243.205.

<sup>11</sup> In accordance with 49 CFR § 172.802(a).

<sup>12</sup> In accordance with 49 CFR § 174.312.



The *Signal, Train Control and Crossings Division* identified three findings during the audit. First, PTRA had not been recording credible reports of crossing malfunctions that it received from its Emergency Notification System.<sup>13</sup> Second, PTRA did not develop and implement a positive train control (PTC) training plan.<sup>14</sup> Third, PTRA did not maintain PTC training records at a designated location.<sup>15</sup>

The *Operating Practices Division* identified two findings. First, FRA found ambiguity in PTRA's required operational testing and inspection program,<sup>16</sup> which likely negatively impacted the quantity and quality of the tests recorded by the railroad's testing officers. Second, PTRA's conductor certification program contained processing errors with the potential to allow certifications to be issued to unqualified individuals.<sup>17</sup> FRA had previously informed PTRA of such errors in an audit FRA conducted last year.

The *Track and Structures Division* identified a systemic issue with improper fit of switch points.<sup>18</sup> Out of 54 defective switches found during the audit, 29 of those were the result of improper fit of switch points.

The *Motive Power and Equipment Division* inspected 367 freight cars at PTRA locations and found 18% of those inspected had safety defects.<sup>19</sup> FRA found that PTRA's mechanical staffing levels and lack of focus on defects during daily safety briefings have resulted in defects not being identified and remediated.

While the *Grade Crossing and Trespass Outreach Division* generally found PTRA in compliance,<sup>20</sup> it did identify two defects: PTRA failed to display the correct Department of

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<sup>13</sup> In accordance with 49 CFR §§ 234.109 and 234.313.

<sup>14</sup> In accordance with 49 CFR § 236.1043(a).

<sup>15</sup> In accordance with 49 CFR §236.1043(b).

<sup>16</sup> In accordance with 49 CFR § 217.9.

<sup>17</sup> In accordance with 49 CFR § 242.

<sup>18</sup> In accordance with 49 CFR § 213.135(b).

<sup>19</sup> In accordance with 49 CFR § 215.

<sup>20</sup> In accordance with 49 CFR Part 234, Subpart F.

Transportation (DOT) National Crossing Inventory numbers on Emergency Notification Signs (ENS) at two vehicular entrances.<sup>21</sup>

## AUDIT FINDINGS BY DIVISION

### Safety Culture Review

The primary objective of the safety culture review conducted by FRA's Audit Management Division (AMD), was to measure the effectiveness of PTRAs's current safety culture initiatives by: (1) reviewing available safety culture resources; (2) interviewing PTRAs safety leaders, frontline managers, and employees; and (3) observing safety practices in the field. The safety culture assessment sought to determine whether frontline managers and craft employees feel empowered in their normal workday to stop an observed unsafe work practice, are aware of the methods to report a safety hazard or concern and are practicing yard safety in accordance with PTRAs's established safety policy.

Unlike a broken rail or railroad recordkeeping, safety culture cannot be easily seen. FRA analyzed PTRAs's safety culture using safety culture elements established by the U.S. Department of Transportation (DOT).<sup>22</sup> DOT defines safety culture as the shared values, actions, and behaviors that demonstrate a commitment to safety over competing goals and demands, identifying the following critical elements of a strong safety culture:

1. Leadership is clearly committed to safety;
2. Open and effective communication exists across the organization;
3. Employees feel personally responsible for safety;
4. The organization practices continuous learning;
5. The work environment is safety conscious;
6. Reporting systems are clearly defined and not used to punish employees;
7. Decisions demonstrate that safety is prioritized over competing demands;

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<sup>21</sup> In accordance with 49 CFR Part 234, Subpart E.

<sup>22</sup> Federal Railroad Administration, *Safety Culture: A Significant Influence on Safety in Transportation*, DOT/FRA/ORD-17/09, available at <https://railroads.dot.gov/elibrary/safety-culture-significant-influence-safety-transportation>.



8. Employees and the organization work to foster mutual trust;
9. The organization responds to safety concerns fairly and consistently; and
10. Safety efforts are supported by training and resources.<sup>23</sup>

The safety culture assessment was primarily focused on the following critical elements: (1) leadership is engaged in promoting safety; (2) the work environment is safety conscious; (3) employees feel empowered to stop an unsafe work condition; and (4) there is a way for employees to report safety concerns and close calls confidentially and without fear of punishment or retaliation.

FRA reviewed PTRA's available safety culture programs and resources and met with PTRA safety management leadership to discuss current and future safety culture initiatives. FRA inspectors conducted on-the-spot interviews of frontline managers and craft employees (pulse interviews), as well as targeted observations of specific safety behaviors (safety observations) during the course of their other audit activities. The audit findings and recommendations below are based on this information. Except where specifically noted in the findings below, information collected from interviews and observations did not show any trends related to railroad craft, geographical region, or type of employee (agreement employees who are represented by a labor union or non-agreement employees who do not have union representation). In all cases, the critical elements of a strong safety culture were used as the criteria for comparison of PTRA's safety culture resources, safety observations, and results from safety pulse interviews.

***Finding 1: PTRA employees generally follow safe procedures when crossing tracks.***

Safety observations indicated that PTRA's employees comply with the railroad's track crossing policies. In all instances, inspectors observed employees implementing required crossing safeguards. Inspectors noted that all observed employees used personal protective equipment. Additionally, inspectors observed posted information on PTRA employee accidents and incidents in crew rooms.

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<sup>23</sup> Ibid. at 1 and 2.

PTRA's written policies and leadership's commitment to yard and track safety are evident in the behavior of employees and managers. Although FRA inspectors did not announce they would be conducting a safety observation, it is possible that the presence of FRA inspectors might have altered the behavior of employees and managers. However, it should be noted that the employees FRA observed all appeared to be well informed on PTRA's safety protocols, based on observed behaviors.

**Recommendations:**

- Use existing training opportunities to continue to promote awareness of PTRA's track crossing policies and policies that prevent fouling track in the yard.
- Consider providing PTRA's track crossing and track fouling policies in an easy-to-access platform, so employees needing to refresh their knowledge can do so quickly before beginning work.

**Finding 2: There are opportunities to improve safety reporting methods and educate employees on the process for reporting safety concerns.**

Overall, the employees interviewed indicated PTRA responded to safety concerns fairly and consistently. However, not all employees interviewed understood the current PTRA process for reporting a safety concern. Many indicated that reporting directly to a supervisor was the most common method used. Reporting directly to a supervisor, however, does not necessarily create the same level of record keeping as other, more structured reporting methods. As such, it is possible that safety concerns reported directly to supervisors may not be consistently recorded and resolved. Emailing or calling a supervisor was frequently cited as the preferred method for reporting safety concerns, while some indicated they would also report within PTRA's "Be Safe" program for tracking purposes. Employees indicated "Be Safe" is a PTRA program that all employees may use to report safety concerns or safety items that might need attention. Once a concern is entered into "Be Safe," it can be accessed by PTRA management and routed to a specific craft or employee responsible for corrective action. However, not all employees cited "Be Safe" as a method for reporting and tracking a safety concern. Employees seemed to find reporting directly to a supervisor easier or preferable to other methods.

Many employees reported using the Confidential Close Call Reporting System (C<sup>3</sup>RS) program in the past. C<sup>3</sup>RS enables both management and labor to collaboratively examine close calls to identify root causes, and to recommend corrective actions. However, PTRA provided notice to withdraw from the C<sup>3</sup>RS program on August 30, 2022.

Since exiting C<sup>3</sup>RS, PTRA has not initiated an anonymous or non-punitive system that would allow employees to report close calls, even though such systems help identify possible hazards for risk mitigation that may otherwise have been missed. By not having such a program available for employees, close calls could go unreported and therefore the railroad fails to identify and address safety issues that could lead to improve safety culture or prevent more serious incidents and accidents from occurring. FRA remains committed to promoting C<sup>3</sup>RS participation as one tool for improving rail safety for workers and communities.

FRA believes PTRA has an opportunity for greater employee reporting standardization while also reestablishing a non-punitive or anonymous system for reporting safety concerns.

**Recommendations:**

- Create, implement, and communicate a clear policy and process for employees to report safety concern within “Be Safe”. "
- Establish a process for supervisors that standardizes the method for recording and tracking safety concerns when reported directly. "
- Evaluate all the methods for employees to report safety concerns and focus resources and outreach efforts on those that are most useful and effective.
- Work with employees to develop more confidence and trust by developing a confidential system for reporting safety concerns or participating in an existing program, such as C<sup>3</sup>RS.

**Finding 3: PTR A could simplify its safety mission statement and communicate it more often throughout the organization.**

Most craft employees FRA interviewed did not know PTR A’s safety mission statement – or even that it existed. This lack of awareness may create a perception among employees that management and leadership do not make safety a top priority. Interview data indicate disparate perceptions of the PTR A safety mission statement. Interviews with PTR A management indicated that the mission statement is evolving to reflect the priorities of new leadership. This represents an opportunity to close gaps between different crafts’ perceptions of the PTR A safety mission and to promulgate leadership’s messaging on PTR A’s safety mission throughout the railroad. Providing a clear safety mission statement with a unifying purpose that is shared throughout the entire organization may help all employees understand the “why” of the work while fostering a positive and stronger overall safety culture.

**Recommendations:**

- Establish a safety mission statement that defines PTR A’s message on safety while creating a clear purpose and safety vision for all employees. "
- Routinely evaluate and communicate the safety mission statement throughout the organization at all levels. "
- Use all methods of communication when sharing the safety mission statement and outreach to employees to let them know their work and safety matters.

**Finding 4: There are opportunities to foster employee trust while also standardizing PTR A’s discipline process.**

Many interviewed employees across the PTR A system and railroad crafts believed trust between management and craft employees could be improved. Furthermore, while most felt they, as individual employees, were empowered to stop an unsafe action, many worried about possible discipline if they exercised that power and management disagreed with their decision to stop the action. It is possible that there still may be some confusion among employees about the circumstances in which they will be disciplined under the recent PTR A discipline policy. There

may also be some reluctance among craft employees to act because of fear of reprisal or lack of assurance that reported concerns will be addressed, or failure of employees to recognize the need to address workplace safety concerns that do not rise to the level of an imminent unsafe condition.

**Recommendations:**

- Create a clear understanding for employees on PTRA's policy for stopping unsafe conditions to demonstrate and underscore the safety values of the organization. "
- Across the organization, establish safety performance expectations and clarify the conditions or circumstances that will result in action under PTRA's discipline policy. "
- Develop an outreach plan to encourage employees to report all safety concerns, not just those that represent an imminent safety threat. "
- Improve transparency to help employees feel empowered and valued for their safe actions at all times.
- Create a vision of ownership and belonging within the organization to build trust at all levels.

**Safety Partnerships Division**

FRA's Safety Partnerships Division (SPD) conducted a program review that focused on the following requirements of 49 CFR Part 243 - Training, Qualification, and Oversight for Safety-Related Railroad Employees:

1. §243.101(d)(3) – As part of PTRA's required program, the tasks and related steps associated with on-the-job training (OJT) exercises for a particular category or subcategory of employee must be maintained together in one manual, checklist, or similar document and made available to all employees involved in those OJT exercises.
2. §243.109(d)(1)(i) – As part of the training program submission process, PTRA must provide a copy of its Part 243 submissions to the president of each relevant labor organization that represents its employees.
3. §243.203 – PTRA must maintain records demonstrating the qualification status of each safety-related railroad employee.

4. §243.205 – PTRAs must adopt and comply with a periodic oversight program and maintain any inspection or testing records of that oversight.
5. §243.209 – PTRAs must maintain a list of railroad contractors used.

**Finding 1: PTRAs failed to contemporaneously serve labor unions a copy of training programs filed with FRA.**

Although required by §243.109(d)(1)(i), in three instances PTRAs failed to contemporaneously serve a copy of its training program submissions filed with FRA to the president of each labor organization. Failure to contemporaneously provide labor unions with a copy of training programs inhibits the unions' ability to provide feedback to FRA and PTRAs on training program content.<sup>24</sup>

**Recommendation:**

- PTRAs must timely provide FRA approval letters and associated model program documentation to the president of each labor organization representing PTRAs safety-related railroad employees.

**Finding 2: PTRAs failed to record the qualification designations of safety-related railroad employees.**

Railroads must designate the qualifications of each safety-related employee under §243.201 and record the designations in accordance with §243.203. The primary cause of PTRAs' failure to comply with this requirement reflects a misunderstanding of Part 243 requirements with respect to documenting all qualifications for each safety-related railroad employee. Failure to fully describe all the qualification designation(s) of PTRAs employees impedes FRA's and the employees' ability to understand which safety-related tasks they are qualified to perform.

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<sup>24</sup> PTRAs adopted and implemented FRA-approved model programs developed by the American Short Line and Regional Railroad Association (ASLRRA) and has completed remedial action that complies with the recommendation below.



**Recommendation:**

- Clearly document qualification designation(s) of each occupational category and subcategory for all PTRA safety-related railroad employees.

**Finding 3: PTRA lacks inspection/testing records for job safety briefings.**

PTRA elected to combine periodic oversight required by §243.205 with its Operations Test Program under §217.9. SPD reviewed approximately 450 §217.9 inspection/testing records with specific focus on tests relating to Maintenance-of-Way (MOW) and Maintenance of Mechanical (car inspector) employees. Periodic oversight under §243.205 requires the inclusion of applicable regulations associated with workgroup safety (i.e., Parts 214, 218 and 220). SPD generally observed compliance with PTRA’s inspection/testing program. However, SPD noted the lack of inspections or tests for job safety briefings and on-track safety for MOW employees, and job safety briefings for mechanical employees. FRA accident/incident data show that lack of detailed job safety briefings is often a contributing factor in reportable accident/incidents.<sup>25</sup> This issue was recorded as a “comment to railroad” on the F6180.96 Inspection Report, CSJ-2.

**Recommendation:**

- PTRA should revise its §217.9 Operations Testing Program to ensure all applicable sections of Parts 214, 218 and 220 are addressed in its testing and oversight plan. PTRA should include more critical safety rules.

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<sup>25</sup> On March 29, 2023, SPD met with PTRA to discuss SPD’s findings and expectations for remediation. PTRA agreed with SPD’s findings and will initiate remediation efforts immediately with anticipated completion of remediation efforts within 60 days, if not sooner. SPD will follow up with PTRA to ensure corrective actions were implemented.

## Hazardous Materials Division

The Hazardous Materials Division's objective was to evaluate PTRA's compliance with the Hazardous Materials Regulations (HMR). To accomplish this objective, FRA inspectors rode with PTRA's train crews servicing hazardous materials customers, inspectors inspected outbound trains from service yards, and a team of inspectors visited PTRA's Operation Center and reviewed Hazardous Material Training and Security Training documents. The audit was conducted in two phases: (1) a PTRA headquarters audit; and (2) a field audit. FRA made four findings during the PTRA headquarters audit.

### Headquarters Findings

***Finding 1: Two PTRA employees responsible for applying for FRA's One Time Movement Approvals (OTMA) did not receive function-specific training.***

FRA examined PTRA's compliance with 49 CFR Part 172 – Hazardous Materials Table, Special Provisions, Hazardous Materials Communications, Emergency Response Information, Training Requirements, and Security Plans. Specifically, §172.704(a)(2) requires that “each hazmat employee must be provided function-specific training concerning requirements of this subchapter, or exemptions or special permits issued under subchapter A of this chapter, that are specifically applicable to the functions the employee performs.”

During the audit of PTRA's training records, FRA examined 40 records and found PTRA failed to provide function-specific training to two employees on their responsibilities involving applying for FRA's OTMA. The likely cause for this noncompliance is that the PTRA personnel responsible for implementing training were not aware that staff who submit OTMA applications need function-specific training. FRA's Hazardous Materials Division has an established procedure.<sup>26</sup> FRA's Hazardous Materials Division has an established a procedure for evaluating and issuing an OTMA for a non-conforming or leaking package under 49 CFR §174.50. Failure

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<sup>26</sup> HMG-127 One-Time Movement Approval Procedures, <https://railroads.dot.gov/elibrary/hmg-127-one-time-movement-approval-procedures-0>.

to train on this document could allow a non-conforming or leaking package to be offered into transportation with the possibility of posing an unreasonable risk to health, safety, or property.

**Recommendation:**

- PTRA should update the scope of its hazmat training programs to ensure that hazmat employees who submit OTMAs to FRA for non-conforming or leaking hazmat tank cars receive function-specific training in the OTMA processes set forth in HMG-127 One-Time Movement Approval Procedures.<sup>27</sup>

**Finding 2: PTRA could not provide a Security Risk and Vulnerability Assessment.**

FRA also reviewed PTRA's compliance with 49 CFR §172.802(a), which requires that a railroad maintain a Security Risk and Vulnerability Assessment. More specifically, the regulations require that railroad's security plan:

[I]nclude an assessment of transportation security risks for shipments of the hazardous materials listed in §172.800, including site-specific or location-specific risks associated with facilities at which the hazardous materials listed in §172.800 are prepared for transportation, stored, or unloaded incidental to movement, and appropriate measures to address the assessed risks.

PTRA was unable to provide its Security Risk and Vulnerability Assessment when FRA requested the document or prove that it had been completed. These plans require job applicants to undergo background checks, as well as address unauthorized access and enroute security of hazardous materials. If the plan or any component is not in writing and enforced, it poses a risk to property, rail transportation, and the public if there were a catastrophic incident. The likely cause for this noncompliance is that PTRA either failed to properly document the Security Risk and Vulnerability Assessment it completed as the basis for its security plan or was unable to locate the assessment as a result of recent management changes.

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<sup>27</sup> Ibid.

**Recommendation:**

- PTRA should update recordkeeping procedures to document the Security Risk and Vulnerability Assessment used as the basis for its security plan.
- PTRA must adhere to their updated recordkeeping procedures to ensure that Security Risk and Vulnerability Assessment is updated, maintained, recorded, and available upon request.

**Finding 3: PTRA's Rail Transportation Route Analysis has not been updated in several years.**

FRA also reviewed compliance with 49 CFR §172.820(c) and §172.820(h)(1). Section 172.820(c) requires that “for each calendar year, a rail carrier must analyze the safety and security risks for the transportation route(s), identified in the commodity data collected as required by paragraph (b) of this section. The route analysis must be in writing and include the factors contained in appendix D to this part, as applicable.” Section 172.820(h)(1) requires each rail carrier to ensure the safety and security plan it develops and implements includes a procedure under which the rail carrier must consult with offerors and consignees in order to develop measures for minimizing, to the extent practicable, the duration of any storage of the material incidental to movement (see §171.8 of this subchapter).

Discussions with PTRA by the FRA audit team revealed that in 2019, 2020, and 2021, routing analyses were not completed. PTRA handles Materials Toxic by Inhalation/Poisonous by Inhalation and high-hazard flammable trains. The failure to perform a route analysis could introduce higher risks to safety and security in transportation if the trains are moved or stored along routes with greater vulnerabilities that would have been identified through completion of a routing analysis. The likely cause for this noncompliance is significant turnover among management employees responsible for performing routing risk assessments and new managers were not made aware of this compliance responsibility.

**Recommendations:**

- PTRA should perform the routing risk assessment immediately to restore compliance with this important safety and security regulation.

- PTRA should identify the manager responsible for completing the routing risk assessment and ensure that responsibility is conveyed to that manager both verbally and in writing.

## **Field Findings**

The Hazardous Materials Division identified four findings during the field audit.

### **Finding 4: Train crews failed to identify missing hazardous placards on trains carrying hazardous materials.**

In accordance with §174.9(a), the carrier must inspect each rail car containing hazardous material, at ground level, for required markings, labels, placards, securement of closures, and leakage. FRA auditors were randomly placed with PTRA crews while they placed and picked up rail cars at customer locations. PTRA crews failed to identify missing hazardous placards on six rail cars containing a hazardous material and placed them in their train for transportation. DOT requires placards to identify the class or division of a hazardous material. The identification of rail cars containing a hazardous material is essential in communicating to railroad personnel, emergency responders, and the general public, of potential dangers, in case of a release of the material from the package due to a package failure or derailment. The likely cause for this noncompliance is that the train crews were not properly trained to identify missing placards on hazardous materials tank cars during required ground-level inspections or the crews were not paying adequate attention to detail during their ground-level inspections.

### **Recommendation:**

- PTRA should ensure that hazmat training for their train crews includes all elements that the crews should observe during their ground-level inspections, including identification of missing placards. PTRA should also provide job aids such as checklists to the crews to reinforce the elements they should examine during ground-level inspections of hazardous materials railcars.

**Finding 5: PTR A crew did not identify the position of cars with hazardous materials or residue of hazardous materials.**

During the Hazardous Materials Division’s field audit, FRA reviewed PTR A’s compliance with §174.26, which requires that “a train crew must have a document that reflects the current position in the train of each rail car containing a hazardous material. The train crew must update the document to indicate changes in the placement of a rail car within the train.”

FRA auditors accompanied PTR A crews placing and picking up rail cars at the customer locations. While FRA found that the conductor noted the placement of all rail cars containing either hazardous materials or residues of hazardous materials by car number and basic description, he did not list the position of each of these cars on the train list. The position of rail cars containing either a hazardous material or residue of a hazardous material is vital information for railroad personnel and first responders during an incident, such as a derailment or hazardous material package failure. Inaccurate or missing position-in-train information can be detrimental to public safety as it could delay or frustrate emergency response efforts to mitigate the safety impacts of an incident. The likely cause for this noncompliance is that the conductor did not receive appropriate training on the HMR requirement to accurately update the position-in-train document.

**Recommendations:**

- PTR A should emphasize the importance of maintaining accurate documents that identify the current positions and precise locations in the train of each rail car carrying hazardous material during safety briefings.
- PTR A should also ensure this element is adequately incorporated into the required hazmat recurrent training program for train crews.



**Finding 6: PTR A crew failed to identify an unapplied valve cap on a tank car containing Methanol.**

FRA’s field audit reviewed PTR A’s compliance with 49 CFR §174.50, which states “bulk packaging that no longer conforms to this subchapter may not be forwarded by rail unless repaired or approved for movement by the Associate Administrator for Safety, Federal Railroad Administration.” FRA auditors noted that PTR A train crews failed to identify that a bottom outlet valve’s cap was unapplied and hanging by its chain on a tank car containing the residue of UN1230, Methanol, a Class 3, PGII hazardous material, and that the PTR A train crews intended to place the tank car in the train, if not for the FRA auditors bringing it to the crew’s attention. A bottom outlet cap is a secondary means of closure to prevent product from escaping from its package in the case of failure of the primary valve. The HMR require a secondary means of closure on all valves with a direct path to the interior of a package containing a hazardous material. Failure to apply the bottom outlet valve cap could result in a non-accident release of hazardous material if the primary valve failed in transportation. The likely cause of this noncompliance was a failure to adequately perform a ground-level inspection to identify the non-conforming condition before placing the car in the train.

**Recommendations:**

- PTR A should ensure that hazmat training for its train crews includes all elements that the crews should observe during their ground-level inspections, including identification of unapplied secondary closures.
- PTR A should provide job aids, such as checklists, to their train crews to reinforce the elements they should examine during ground-level inspections of hazardous materials railcars.

**Finding 7: PTR A’s outbound trains contained cars with missing placards that were not replaced, even though they were carrying hazardous materials.**

FRA examined PTR A’s compliance with §174.59, which says that “no person may transport a rail car carrying hazardous materials, unless it is marked and placarded.” Placards and car

certificates lost in transit must be replaced at the next inspection point, and those not required must be removed at the next terminal where the train is classified. FRA's audit showed that PTRA did not replace the missing placards on outbound cars being offered to its Class I partners for transportation. DOT requires placards to identify the class or division of a hazardous material. The identification of rail cars containing a hazardous material is essential in communicating to railroad personnel, emergency responders, and the general public of the potential health dangers of the commodity transported in the packages in case of a release of the material from the package due to a package failure or derailment. The likely cause of this noncompliance is the failure to have a process in place to inspect the railcars and replace any missing placards before offering the cars to the next rail carrier at interchange.

**Recommendation:**

- PTRA should implement and train responsible employees on a process to examine hazmat rail cars for placard compliance, and to replace any missing placards prior to offering the cars to the next rail carrier at interchange.

**Finding 8: PTRA failed to provide notification to the Texas State Emergency Response Commission prior to operating high-hazard flammable trains (HHFTs).**

FRA reviewed PTRA's compliance with §174.312(a). This regulation states that prior to operating HHFTs, a railroad must provide specified information to each State Emergency Response Commission (SERC), Tribal Emergency Response Commission (TERC), or other appropriate State-delegated agency in each State through which it operates HHFTs. FRA requested a copy of PTRA's notification to SERCs for its HHFTs. FRA found that PTRA failed to provide the required information to the Texas State Emergency Response Commission. Failure to notify applicable SERCs can cause lack of coordination of emergency response efforts by State and local governments in the case of a rail incident or derailment. The likely cause for this noncompliance is recent turnover of key management positions and a lack of clear delegation of this responsibility to the manager responsible for performing this function.

**Recommendation:**

- PTRA should ensure that the requirement to share information on HHFTs with SERCs is clearly delegated to the responsible manager and clearly included in their job description. The process for performing this responsibility should be included in the required hazmat recurrent training for the responsible person.

**Signal, Train Control and Crossing Division**

The first objective of the Signal and Train Control Division's (S&TC) portion of the audit was to determine the level of compliance of PTRA signal assets with 49 CFR Part 234, *Grade Crossing Safety*. The second objective was to review records and reports to validate compliance with 49 CFR Part 236, Subpart I, *PTC systems*, including the following sections:

- 236.1023: Errors and malfunctions.
- 236.1029: PTC system use and failures.
- 236.1039: Operations and Maintenance Manual.
- 236.1041: Training and qualification program, general.
- 236.1047: Training specific to locomotive engineers and other operating personnel.

**Finding 1: PTRA had not been recording reports that it received from Emergency Notification System (ENS) reporting of grade crossing warning system malfunctions and other unsafe conditions.**

FRA found that PTRA was not in compliance with 49 CFR §§234.109 and 234.313, which require each railroad to keep information for each report of unsafe condition or credible report of warning system malfunction at a grade crossing.

During the pre-inspection meeting with PTRA, FRA found PTRA was not maintaining records of reported unsafe conditions or credible reports of warning system malfunction. This was confirmed during the on-site inspections of PTRA's records. PTRA was only able to provide four reports that it had on record. PTRA asserted that it had forwarded all other records to UP,

because UP maintains PTRAs highway-rail grade crossings. PTRAs were unaware, until the pre-meeting with FRA S&TC Inspectors, that PTRAs are required to maintain records of reported unsafe conditions and credible reports of warning system malfunction that they received. FRA regulations (49 CFR §§234.109 and 234.313) require railroads to retain records of reported unsafe conditions and credible reports of grade crossing warning system malfunction for at least one year. Without records of reported unsafe conditions and warning system malfunctions, it may be difficult to determine if the condition was addressed and repairs made. Lack of proper record keeping could result in unaddressed unsafe conditions.

**Recommendation:**

- PTRAs must develop processes to maintain records of reported unsafe conditions at highway-rail and pathway grade crossings, as well as records of credible reports of grade crossing warning system malfunctions.

**Finding 2: PTRAs did not develop and implement a positive train control (PTC) training plan.**

FRA found that PTRAs were not in compliance with 49 CFR §236.1043(a), which specifies the minimum training structure and delivery requirements for PTC systems. FRA auditors found PTRAs did not develop and implement a PTC training plan. Specifically, after applicable PTRAs employees received initial qualification training from PTRAs applicable PTC host railroad, UP, PTRAs did not develop and implement a PTC training plan identifying the specific goals of the training program, the target population, or the criteria for determining successful completion of training modules. Without a training plan employees may not be properly trained on the installation, maintenance, repair, modification, inspection, and testing of safety-critical elements of PTRAs PTC system. Lack of proper training could degrade the safe operation of PTRAs PTC system.

**Recommendation:**

- Develop and implement a PTC training plan, including required training structure and delivery information.

**Finding 3: PTR A did not maintain PTC training records at a designated location.**

FRA found that PTR A was not in compliance with 49 CFR §236.1043(b), which specifies that PTC training records shall be kept in a designated location and available for inspection and replication by FRA. FRA auditors found PTR A did not have a designated location in which to keep PTC training records. The records were kept at multiple locations, in multiple formats, and were not available for inspection and replication by FRA as required. Not having a designated location for PTC training records increases the possibility of employees not receiving the proper initial training or required refresher training. Lack of proper training could degrade the safe operation of PTR A’s PTC system.

**Recommendation:**

- Designate a location to keep PTC training records and review records to ensure all employees have received proper initial and refresher PTC training.

**Operating Practices Division**

FRA’s Operating Practices Division focused its portion of the audit on two general areas. First, FRA conducted a review of PTR A’s operational testing and inspection program required under 49 CFR §217.9, with specific emphasis on evaluating the training and training records for the 11 PTR A managers who are qualified as testing officers. Second, FRA reviewed records supporting PTR A’s certification of employees as locomotive engineers and conductors under 49 CFR Parts 240 and 242 to determine if PTR A properly completed the certification process without errors.

**Finding 1: PTR A required eight “events” per month, but testing officers did not know what that meant, and some PTR A managers appeared untrained or unprepared to conduct operational testing.**

PTR A’s program required that testing officers were to conduct eight “events” per month without defining that term or distinguishing that term from operational tests or inspections. FRA’s interviews with several PTR A testing officers reinforced the concern that the ambiguous term could cause confusion. The vague terminology likely contributed to some PTR A testing officers

recording an extremely large number of tests while others recorded far fewer. FRA found that five testing officers lacked any testing records. Further, quality of testing was called into question where some testing officers were found to have recorded inordinately large numbers of tests in short periods of time.

FRA found that two PTRAs managers conducted certain operational tests when their competency checklist record did not reflect that they were qualified to perform those tests. In addition, some railroad managers were unprepared for the testing sessions as they lacked the necessary paperwork to perform the testing, they failed to set clear expectations on the types of tests they wanted to conduct, and they failed to identify the employees they expected to observe; instead, the only expectation they established was that they wanted to observe certain types of employees working.

**Recommendation:**

- PTRAs should review and amend its §217.9<sup>28</sup> operational testing and inspection program to remove the ambiguity, improve training for testing officers, and keep accurate records.

**Finding 2: There were errors in PTRAs certification processes.**

FRA followed up on all the Part 240 and Part 242 certification process issues FRA found during a previous audit in July 2022 and found a few processing errors remained. For instance, FRA found a record of a hearing acuity test for a conductor required by §242.117 with the testing information, but the audiologist or technician failed to indicate whether the conductor had passed or failed the test. Although PTRAs does not generate the test record,<sup>29</sup> PTRAs is responsible for verifying that it contains the required test determination and that the record indicates that the person passed the hearing acuity test or has otherwise been cleared by the railroad's medical

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<sup>28</sup> PTRAs defined an event to include one or more tests during a 30-minute evaluation in its latest 217.9 program, and corrected other aspects of its program.

<sup>29</sup> PTRAs provided FRA with an incomplete record from a healthcare provider, and did not notice that the record was incomplete.



examiner before the certification is issued. Similarly, FRA found that PTRA made processing errors when issuing conductor certificates to two employees before it reviewed the motor vehicle records as required by §242.111.<sup>30</sup> FRA requires motor vehicle records to be reviewed to uncover certification candidates who have motor vehicle-related convictions or completed State actions involving driving while intoxicated or under the influence of alcohol or a controlled substance (DWI/DUI) so that the person can be evaluated for a potential substance abuse disorder. Without a proper motor vehicle records review and potential referral for evaluation if a DWI or DUI record is found, a person could be certified and work as a conductor with an active substance abuse disorder in violation of FRA's requirements in §242.115.

**Recommendation:**

- PTRA should perform a more diligent and detailed review for Part 240 and Part 242 certifications to ensure that the hearing acuity determination is recorded, and the motor vehicle records are properly reviewed and acted upon before PTRA issues any certification. Specifically, PTRA should test its crew members to verify they meet eyesight, hearing, and driving requirements.

## **Track and Structures Division**

The objectives of the Track and Structures Division's portion of the audit were to determine PTRA's compliance with 49 CFR Parts 213 (Track Safety Standards (TSS)) and 214 (Roadway Worker Protection).

During this audit, FRA identified one systemic defective condition under 49 CFR §213.135(b) for improper fit between the switch point and stock rail throughout PTRA's trackage. A total of 29 occurrences of improper fit between the switch point and stock rail were recorded during this audit. Defective conditions were found on each of the subdivisions inspected.

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<sup>30</sup> PTRA immediately addressed the issues identified in Finding 2 by contacting the audiologist's office for an updated/corrected hearing acuity test record showing the person had passed the hearing test and updating the dates on the employee certification cards to reflect the actual dates that the motor vehicle records were reviewed and found to not contain a DWI/DUI. PTRA also improved its processes by requiring at least two people to review records before certification sign off.

**Finding 1: PTR A has a systemic issue with improper fit of switch points.**

FRA inspected PTR A’s Northshore, Southshore, and CTC Subdivisions along with PTR A’s Carnegie Main. A total of 284 switches were inspected during this inspection and 54 switch defects were recorded. Of the 54 switch defects, 29 were recorded as “Improper fit between switch point and stock rail.” This defective condition represented 54% of the total switch defects and 18% of the total track defects recorded during this inspection and were identified in both main track and yard track switches. Over time and with increasing tonnage, switch components such, as rail braces, can become loose, resulting in the improper fit of the switch point.

During this audit, most of the improper fit between switch points and stock rails were present but masked with heavy amounts of grease applied to the rails for lubrication.

Section 213.135(b) requires that each switch point fit its stock rail properly, with the switch stand in either of its closed positions to allow wheels to safely pass the switch point. Switch points that are not properly fitting the stock rail can lead to switch point damage and can also result in wheel flanges getting behind the point, causing a train derailment. The number of gapped switch points identified in this audit suggest a flaw in the track inspection process. Switches are required to be inspected monthly as outlined in the 49 CFR §213.235 and all defects must be properly documented on the inspection record. This was not done and therefore the conditions in the field did not match PTR A’s inspection reports.

**Recommendations:**

- PTR A should conduct refresher track inspection training to ensure its inspectors are properly identifying these conditions during monthly switch inspections.
- PTR A should ensure that switches are being operated during monthly inspections to verify the proper fit between switch point and stock rail when the switch is in either direction.

## **Motive Power and Equipment Division**

FRA's Motive Power and Equipment (MP&E) audit assessed compliance with 49 CFR Parts 215, Freight Car Safety Standards; 218, Railroad Operating Practices (Blue Flag Protection); 229, Railroad Locomotive Safety Standards; 231, Railroad Safety Appliance Standards; and 232, Brake System Safety Standards. The primary objectives were to review PTRAs maintenance practices, standards, and employee training, and to evaluate the overall safety condition of the rail equipment offered for service. Another objective was to observe brake tests, daily inspections, mechanical inspections, and blue flag protection of mechanical employees and crews designated to perform inspections on freight cars and locomotives at PTRAs locations in North Yard, Pasadena Yard and Manchester Yard in Houston, TX. The last objective was to observe and sample the completeness and record retention of Single Car Airbrake Tests (SCABT) at North Yard.

MP&E's audit found 46 defects at North Yard; 18 defects at Manchester Yard; and two defects at Pasadena Yard. In total, FRA inspected 367 freight cars,<sup>31</sup> with 66 of those cars found with safety defects for a defect ratio of 18%. FRA inspected 10 of PTRAs 27 active locomotives and found defects on nine of them. FRA did not recommend any violations based on those defects. FRA also reviewed a sample of SCABT at North Yard and took no exceptions.

### **Finding 1: PTRAs mechanical staffing levels and lack of focus on defects in daily safety briefings have likely resulted in freight cars defects not being identified.**

FRA found a consistently high number of freight car defects not recorded by PTRAs during its inspections. FRA accompanied PTRAs employees performing mechanical inspections of 367 freight cars and observed defective conditions on 66 of these freight cars not previously reported by PTRAs employees. The likely cause of this oversight is due to reduced staffing in PTRAs mechanical department. PTRAs employees explained to FRA that mechanical employees had been previously furloughed due to the reduction in rail traffic. More recently, rail traffic has

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<sup>31</sup> PTRAs does not own fleet cars. They have yard capacity for 5,000 cars, and on average they pull 2,500 cars per day. During the audit, FRA inspected approximately 15% of PTRAs daily average of cars coming on or off their property.

increased, but furloughed employees have not been recalled. With the increased rail traffic and the reduced number of staff in the mechanical department, the current staff work at multiple locations to provide mechanical support. The increased demand on the current mechanical personnel has the potential to create additional work stresses that could lead to unsafe practices, reduced quality of repairs, and fewer inspections.

**Recommendation:**

- PTRA should post pictures in highly visible areas of defects for awareness and discuss defects in daily safety briefings. PTRA should create an environment that encourages car inspectors to report all defective conditions by managers who regularly perform joint inspections with car inspectors.

## **Grade Crossing and Trespass Outreach Division**

FRA's Grade Crossing and Trespass Outreach Division reviewed PTRA's compliance with 49 CFR Part 234, Subpart F, requiring submission of up-to-date and accurate crossing data to the DOT Crossing Inventory for each highway-rail and pathway crossing. FRA reviewed 75 DOT Crossing Inventory Forms (FRA F 6180.71) for PTRA grade crossings and found all of them in compliance. PTRA should be mindful of the schedule for periodic Crossing Inventory updates, which are required at least every three years from the date of the most recent submission.

**Finding 1: PTRA failed to have the correct DOT National Crossing Inventory numbers on Emergency Notification System (ENS) signs at two vehicular entrances.**

FRA inspected 55 PTRA grade crossings for compliance with 49 CFR §234.309. FRA found incorrect DOT National Crossing Inventory numbers on ENS signs at two vehicular entrances to port facilities (Port of Houston and the Barbours Cut Terminal). During the audit, FRA noted the cause of this non-compliance was the failure to properly train the PTRA employee in charge of ENS signs on 49 CFR §234.309 requirements. ENS signs displaying accurate DOT Crossing Inventory numbers allow for rapid response during emergency situations. The two ENS signs at vehicular entrances that did not have correct DOT Crossing Inventory numbers could have

contributed to unsafe conditions going unreported or confusion as to the location of an unsafe condition, which could lead to serious injury or death.

When FRA identified the non-compliance, PTRA officials took immediate action to correct both defects. PTRA also agreed to check the accuracy of DOT Crossing Inventory numbers on additional ENS signs that were not inspected by FRA during the audit. PTRA also plans to oversee compliance with ENS sign requirements (including information to be displayed; sign size and physical features and sign placement and maintenance) under supervision of PTRA's Superintendent of Safety and Operations.

**Recommendation:**

- PTRA should assign responsibility for ENS sign monitoring and develop a process for routine maintenance of ENS signs in compliance with all applicable criteria in Part 234, Subpart E.

## CONCLUSION

FRA conducted a systems audit of PTRA from January through March 2023, to assess its integrated systems across various crafts and divisions. PTRA has a complex network in Houston, Texas, interacting with many Class I railroads. Starting in 2022, PTRA underwent a reorganization with leadership changes, including a new General Manager. This audit provided a baseline on areas where PTRA can improve its compliance with federal regulations under this new leadership and organizational structure.

The results of this audit varied. PTRA was largely compliant with federal regulations in multiple areas of examination, such as adherence with grade crossing regulations. However, there were also some serious safety concerns. One of the most serious safety findings identified during this audit was that PTRA has not notified the state's Emergency Response Commission about its operations of high-hazard flammable trains.

## EXHIBIT A: SCOPE AND METHODOLOGY

FRA's *Audit Management Division's Safety Culture Review*, unlike inspection of railroad infrastructure or equipment or a review of recordkeeping, focuses on a safety factor that cannot easily be seen. FRA evaluated the efficacy of PTRAs's safety culture through observations of behavior and short "safety pulse" interviews with PTRAs employees and managers. Safety pulse interviews were comprised of four short yes/no questions designed to understand how PTRAs's written safety culture polices are working every day in the field. Additionally, the Audit Management Division (AMD) team reviewed existing information on PTRAs's operations from other sources and held interviews with key PTRAs personnel regarding current safety culture initiatives.

The *Safety Partnerships Division* conducted their portion of the audit remotely without any onsite presence. SPD evaluated PTRAs's compliance with 49 CFR Part 243 – Training Qualification and Oversight for Safety-Related Railroad Employees. During the entrance conference with PTRAs leadership and FRA on January 10, 2023, SPD requested all the Part 243 related records and documents be sent via email to a specific DOT email by close of business February 10, 2023.

The *Hazardous Materials Division* conducted its audit in two phases. The first phase was the field audit, which occurred during the week of March 5, 2023. Auditors began on Sunday, March 5, 2023, and worked seven full days through Saturday, March 11. The field audit focused on the following:

1. Local train crews
  - Acceptance of rail cars containing either a residue or load of hazardous materials;
  - Shipping paper information; and
  - Placement of rail cars containing either a residue or load of hazardous materials.
2. Interchange of hazmat rail cars to partner railroads
  - Shipping paper information; and
  - Placement of rail cars containing either a residue or load of hazardous materials.

The second phase took place at PTRAs Headquarters from Tuesday, March 21 through Thursday March 23. This portion of the audit focused on hazardous materials training; safety and security; and the audit closeout.

The *Signal, Train Control and Crossings Division* conducted their portion of the audit during the week of February 6, 2023, and focused on field inspections of signal assets. Since PTRA has an agreement with UP to perform its signal maintenance and testing, FRA auditors worked with local UP Signal Managers and Maintainers, focusing on PTRA properties. FRA focused on evaluating compliance of PTRA signal assets with 49 CFR Part 234, Grade Crossing Signal System Safety, and 49 CFR Part 236, Rules, Standards, and Instructions Governing Installation, Inspection, Maintenance, and Repair of Signal and Train Control Systems, Devices, and Appliances. FRA visited the North Shore District, Pasadena District, and South District.

The *Operating Practices (OP) Division* looked at PTRAs §217.9 testing program, testing records for October – December 2022, training, qualifications, and the implementation of the program. OP auditors inspected PTRA multiple yard locations and inspected testing managers’ operational testing of their employees. FRA inspectors observed four testing managers, 11 crews with 33 crew members, on all different shifts. OP auditors also concentrated their focus on safety rules with particular emphasis on shove moves, riding equipment, tripping hazards, and general safety rules. Auditors also reviewed training records for PTRAs transportation employees to verify employees receive classroom training and field manager onsite training in accordance with PTRAs 49 CFR Parts 240 and 242 certification programs.

The *Track and Structures Division* conducted its audit the week of January 29, 2023, with three audit teams. Team 1 visited PTRAs CTC sub, Manchester yard, and Carnegie main-storage yard locations, which have 23 miles of single and double tracks. Team 2 visited the North yard, North Shore yard, and Old City yard locations, which have 13.5 miles of double track. Team 3 visited the South Shore sub, Pasadena and American yards, and any additional yard track, which have 16.5 miles of mostly single track.

The *Motive Power and Equipment (MP&E) Division* conducted their portion of the audit in Houston, Texas for seven days, 24 hours a day, beginning February 12, 2023. MP&E assessed PTRA's maintenance practices, standards, employee training, and overall safety condition of the rail equipment offered for service. MP&E observed brake tests, daily inspections, mechanical inspections, and blue flag protection of mechanical employees and crews designated to perform inspections on freight cars and locomotives at locations in North Yard, Pasadena Yard, and the Manchester Yard in Houston, TX. MP&E also observed and sampled the completeness and record retention of Single Car Airbrake Tests (SCABT) at the North Yard location.

The *Grade Crossing and Trespass Outreach Division's* portion of the PTRA audit was conducted on February 14-15, 2023. The audit focused on compliance with 49 CFR Part 234, Subparts E and F. The Grade Crossing and Trespass Outreach Division inspected a total of 75 DOT Crossing Inventory records (Subpart F) and 55 grade crossings for compliance with FRA regulations.



## EXHIBIT B: LIST OF ACRONYMS

AMD	Audit Management Division
ASLRRA	American Short Line and Regional Railroad Association
C3RS	Confidential Close Call Reporting System
CFR	Code of Federal Regulations
DOT	U.S. Department of Transportation
DWI/DUI	Driving While Intoxicated/Driving Under the Influence of Alcohol or a Controlled Substance
ENS	Emergency Notification System
FRA	Federal Railroad Administration
GAGAS	Generally Accepted Government Auditing Standards
HHFT	High-Hazard Flammable Train
HMR	Hazardous Materials Regulations
MOW	Maintenance-of-Way
MP&E	Motive Power and Equipment Division
OJT	On-the-Job Training
OP	Operating Practices Division
OTMA	One Time Movement Approvals
PTC	Positive Train Control
PTRA	Port Terminal Railroad Association
S&TC	Signal, Train Control and Crossing Division
SCABT	Single Car Air Brake Tests
SERC	State Emergency Response Commission
SMT	Safety Management Team
SPD	Safety Partnership Division
TERC	Tribal Emergency Response Commission
TSS	Track Safety Standards
UP	Union Pacific Railroad

## EXHIBIT C: FRA'S MAJOR CONTRIBUTORS TO THIS REPORT

Karl Alexy	Associate Administrator for Railroad Safety/Chief Safety Officer
Carolyn Hayward-Williams	Director – Office of Railroad Systems and Technology
Charles King	Director – Office of Railroad Infrastructure and Mechanical
Mike Long	Director – Office of Regional Operations and Outreach
Miriam Kloeppel	Acting Director – Office of Program Management
Amanda Emo	Acting Executive Officer – Office of Program Management
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Steve Dupont	SMT-8, Deputy Railroad Administrator
Ed McCullough	SMT-8, Deputy Railroad Administrator
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Tanya Rucker	Acting Staff Director – Audit Management Division
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James Payne	Staff Director – Grade Crossing and Trespass Outreach Division
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Mark Maday	Staff Director – Hazardous Materials Division
Gary Flores	Deputy Staff Director – Hazardous Materials Division
Lee Deck	Specialist – Hazardous Materials Division
Lawrence Massaro	Specialist – Hazardous Materials Division
Gary Fairbanks	Staff Director – Motive Power and Equipment Division
Doug Yates	Deputy Staff Director – Motive Power and Equipment Division
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Michael Pirato	Deputy Staff Director - Track Division
Darius Mack	Specialist – Track Division

## APPENDIX A: PTRAs COMMENTS AND FRA'S RESPONSES

FRA provided PTRAs leadership with a draft of its report on September 5, 2023, and received PTRAs comments on October 2, 2023. The cover letter PTRAs provided is attached below, and a summary of their comments are listed on the next few pages, along with FRA's responses.

# PORT TERMINAL RAILROAD ASSOCIATION

8934 MANCHESTER STREET - HOUSTON - TEXAS - 77012-2149

October 2, 2023



The PTRA expresses sincere gratitude for the invaluable support provided by the FRA in establishing a robust baseline after our recent managerial and organizational changes. The wealth of insights, seasoned expertise, and valuable guidance shared through personal interactions, remote conferencing, and the comprehensive audit report will undoubtedly be a lasting asset to the PTRA and its dedicated workforce.

The audit report has meticulously outlined 23 key findings and put forth 36 astute recommendations for enhancement. Several of these findings have pinpointed specific areas necessitating immediate attention. Remedial measures, additional training initiatives, and refined internal processes have promptly addressed these issues. Notably, a section of the findings and recommendations lauds PTRA and its employees for existing compliance. However, a few recommendations venture into subjective assessments devoid of factual substantiation.

For instance, observations concerning purported inadequacies in the mechanical department's staffing levels lack a regulatory foundation. Inaccurate statements regarding increased traffic volume further compound such assertions. Similarly, assertions regarding distrust between labor and management, including fears of reprisal for halting work due to safety concerns, lack an empirical basis. There has been no documented instance of a genuine complaint, apprehension, or work stoppage leading to punitive action against any concerned employee.

The PTRA stands firmly behind the competency and expertise of its workforce in executing their duties safely, adhering to pertinent rules and regulations, and upholding a collective commitment to safety. This commitment has recently been recognized by the American Short Line Railroad Association, culminating in the prestigious Jake Award for 2022. The fruits of this audit will undoubtedly steer the PTRA, now fortified with its restructured foundation, towards even more significant professional milestones.

The PTRA extends heartfelt appreciation for the dedicated time and effort invested by the FRA throughout this audit process. We eagerly anticipate the continued collaboration and unwavering pursuit of safety in our ongoing partnership.

Jeffry Schmidt  
Director, Corporate Safety

- PTRA Comment #1
  - Safety Culture Review section, Finding 1, FRA’s first recommendation states:
    - Use existing training opportunities to continue to promote awareness of PTRAs track crossing policies and policies that prevent fouling track in the yard.
  - **PTRA responded:**
    - **“Track crossing/fouling requirements posted on electronic bulletin boards in reporting locations.**
    - **Walking and 19.60 & Walking Precautions 19.61 have been promoted during the “Rule of the Week” as continuing training opportunities.”**
  - FRA’s response:
    - Thank you for providing FRA with information on PTRAs use of electronic bulletin boards to remind employees of track crossing and fouling requirements. PTRAs has indicated that walking and walking precaution rules have been promoted during PTRAs “rule of the week” continuous learning opportunities. FRA finds this to be an acceptable response to the recommendation.
  
- PTRA Comment #2
  - Safety Culture Review section, Finding 1, FRA’s second recommendation states:
    - Consider providing PTRAs track crossing and track fouling policies in an easy to access platform, so employees needing to refresh their knowledge can do so quickly before beginning work.
  - **PTRA responded:**
    - **Easily accessible in the PTRAs Safety Rulebook Pages 45, 46 & 47.**
    - **Visual reminders are continuously available for employee refresher (stickers on doors, scrolling messages on crew room electronic bulletin boards, etc.)”**
  - FRA’s response:
    - FRA appreciates identifying where PTRAs employees can find track crossing and track fouling policies and FRA requests that PTRAs remind employees where this information can be found and finds this to be an acceptable response to the recommendation.
  
- PTRA Comment #3
  - Safety Culture Review Section, Finding 2, FRA’s first recommendation states:
    - Create and implement a clear policy and processes for employees to report safety concern within “Be Safe”.
  - **PTRA responded:**
    - **“Submission of BSAF reports is accomplished through the same screen employees utilize to tie up, enter time, and review other relevant PTRAs information. All BSAF reports, are reviewed on daily safety conference calls.”**

- FRA’s response:
  - FRA plans to monitor PTRA’s progress.
- PTRA Comment #4
  - Safety Culture Review Section, Finding 2, FRA’s second recommendation states:
    - Establish a process for supervisors that standardizes the method for tracking safety concerns when reported directly.
  - **PTRA responded:**
    - **“Supervisors will continue to recommend employees follow-up their direct report of a safety concern with a BSAF entry.**
    - **All BSAF reports are discussed on daily conference calls, including status, progress, plan to resolve, and report close-out.”**
  - FRA’s response:
    - FRA commends PTRA for discussing the status, progress, plan to resolve, and report close-out on daily conference calls. However, FRA reiterates its recommendation to create a standardized method for recording and tracking safety concerns that are reported directly to a manager or supervisor. In the absence of such a method, it is possible that some safety concerns may be misplaced, or resolution may be slowed.
- PTRA Comment #5
  - Safety Culture Review Section, Finding 2, FRA’s third recommendation states:
    - Evaluate all the methods for reporting a safety concern and focus resources and outreach efforts on those that are most useful and effective.
  - **PTRA responded:**
    - **“PTRA believes direct reporting to supervisors and electronic reporting through BSAF are the most efficient methods at this time. However, PTRA will continuously evaluate alternatives.”**
  - FRA’s response:
    - FRA reiterates its recommendation to create a standardized method for recording and tracking safety concerns that are reported directly to a manager or supervisor. In the absence of such a method, it is possible that some safety concerns may be misplaced, or resolution may be slowed.
    - FRA plans to monitor PTRA’s progress.
- PTRA Comment #6
  - Safety Culture Review Section, Finding 2, FRA’s fourth recommendation states:
    - Work with employees to develop more confidence and trust by developing a confidential system for reporting safety concerns or participating in an existing program, such as C<sup>3</sup>RS.
  - **PTRA responded:**





- PTRA Comment #8
  - Safety Culture Review Section, Finding 3, FRA’s second recommendation states:
    - Routinely evaluate and communicate the safety mission statement often throughout the organization at all levels.
  - **PTRA responded:**
    - **“The above messages are present in our publications, postings, and in our dealings with employees, customers, and the public.”**
  - FRA’s response:
    - FRA plans to monitor PTRA’s progress.
  
- PTRA Comment #9
  - Safety Culture Review Section, Finding 3, FRA’s third recommendation states:
    - Use all methods of communication when sharing the safety mission statement and outreach to employees often to let them know their work and safety matters.
  - **PTRA responded:**
    - **“PTRA recognizes employee contribution and safe work habits through monthly and quarterly initiatives. This includes, employer sponsored cookouts, handing out of apparel/items, and recognition on electronic bulletin boards and pre-shift briefings.”**
  - FRA’s response:
    - FRA reiterates that most of the craft employees FRA interviewed did not know PTRA’s safety mission statement – or even that it existed. FRA reiterates its recommendation to use all methods to share the mission statement and outreach to employees, which suggests that current methods of communication and outreach are insufficient.
    - FRA plans to monitor PTRA’s progress to take additional measures to meet this recommendation.
  
- PTRA Comment #10
  - Safety Culture Review Section, Finding 4, FRA’s provided the following five recommendations:
    - Create a clear understanding for employees on PTRA’s policy for stopping unsafe conditions and that exemplifies the safety values of the organization.
    - Establish safety performance expectations and clarify the conditions or circumstances that will result in discipline or other punitive action under PTRA’s discipline policy within the entire organization.
    - Develop an outreach plan to encourage employees to report all safety concerns, not just those that represent an imminent safety threat.
    - Improve transparency to help employees feel empowered and valued for their safe actions at all times.

- Create a vision of ownership and belonging within the organization to build trust at all levels.
  - **PTRA responded:**
    - **“PTRA requires a high standard of ethical and professional conduct in its management.**
      - **An anonymous ethics reporting hotline is available for all PTRA employees.**
      - **BSAF reporting is available to all PTRA employees.**
      - **PTRA employees are also empowered to initiate a Good Faith Challenge, explicitly without a fear of retaliation, for concerns about unsafe activities.**
      - **No evidence exists to support the comment regarding discipline being a possible outcome for an employee stopping an unsafe activity.**
      - **All employees are expected to work safely and comply with applicable rules/regulations of their assignment(s).**
      - **All discipline/punitive actions at the PTRA must comply with the requirements found in the applicable collective bargaining agreement(s).**
      - **All employees are encouraged to report all conditions of concern – this is a shared workplace where we all benefit from safety.”**
  - FRA’s response:
    - FRA reiterates that based on employee interviews FRA conducted, many worried about possible discipline if they exercised power to stop an unsafe action and management disagreed with their decision. Also, many believed trust between management and craft employees could be improved.
    - FRA observes that an ethics hotline is unlikely to be understood by employees as a mechanism by which employees can report their safety concerns. FRA also observes that PTRA’s response does not describe a plan for creating a clearer understanding for employees on PTRA’s policy for stopping unsafe conditions, encouraging employees to report all their safety concerns, clarifying conditions that result in discipline, improving transparency, or building trust. FRA reiterates its recommendations and plans to monitor PTRA’s progress.
- PTRA Comment #11
  - Grade Crossing and Trespass Outreach Section, Finding 1, FRA’s recommendation states:
    - PTRA should assign responsibility for ENS sign monitoring and develop a process for routine maintenance of ENS signs in compliance with all applicable criteria in Part 234, Subpart E.
  - **PTRA responded:**



- PTRA Comment #14
  - Hazardous Materials Section, Finding 3, FRA’s first recommendation states:
    - PTRA should take action to ensure the routing risk assessment is performed as soon as reasonably achievable to restore compliance with this important safety and security regulation.
  - **PTRA responded:**
    - **“The director of Corporate Safety is responsible for the Rail Transportation Route Analysis. This analysis was most recently completed in May 2023.”**
  - FRA’s response:
    - FRA will review and verify the updated assessment in 2<sup>nd</sup> quarter FY 2024. FRA will continually monitor compliance with this regulation.
  
- PTRA Comment #15
  - Hazardous Materials Section, Finding 3, FRA’s second recommendation states:
    - PTRA should ensure that the responsibility for performing routing risk assessments is adequately conveyed both verbally and in writing to the manager who is delegated responsibility for completion of these assessments.
  - **PTRA responded:**
    - **“This responsibility is assigned to the Director of Corporate Safety.”**
  - FRA’s response:
    - FRA will verify the updated delegation of responsibility in 2<sup>nd</sup> quarter FY 2024.
  
- PTRA Comment #16
  - Hazardous Materials Section, Finding 4, FRA’s recommendation states:
    - “PTRA should ensure that hazmat training for their train crews includes all elements that the crews should observe during their ground level inspections, including identification of missing placards, and should provide job aids such as checklists to the crews to reinforce the elements they should examine during ground level inspections of hazardous materials railcars.”
  - **PTRA responded:**
    - **“PTRA Hazmat training includes detailed instructions on Form 8620 - "Instructions for Handling Hazardous Materials." This training is reinforced through our regular "Rule of the Week" safety briefings. This training has been reviewed and updated.”**
  - FRA’s response:
    - FRA finds this an acceptable response and will continue to monitor for compliance.

- PTRA Comment #17
  - Hazardous Materials Section, Finding 5, FRA’s recommendation states:
    - PTRA should emphasize the importance of maintaining accurate documents that identify the current positions and precise locations in the train of each rail car carrying hazardous material during safety briefings. PTRA should also ensure this element is adequately incorporated into the required hazmat recurrent training program for train crews.
  - **PTRA responded:**
    - **“PTRA Hazmat training includes detailed instructions on Form 8620 - "Instructions for Handling Hazardous Materials." This training is reinforced through our regular "Rule of the Week" safety briefings. Widespread supplemental training was completed during March 2023.”**
  - FRA’s response:
    - This training covers the train placement requirements of 49 C.F.R. 174.85. FRA will continue to monitor for compliance.
  
- PTRA Comment #19
  - Hazardous Materials Section, Finding 7, FRA’s recommendation states:
    - “PTRA should implement and train responsible employees on a process to examine hazmat rail cars for placard compliance, and to replace any missing placards, prior to offering the cars to the next rail carrier at interchange.”
  - **PTRA responded:**
    - **“PTRA Hazmat training includes detailed instructions on Form 8620 - "Instructions for Handling Hazardous Materials." This training is reinforced through our regular "Rule of the Week" safety briefings. Widespread supplemental training was completed during March 2023.”**
  - FRA’s response:
    - FRA will continue to monitor for compliance.
  
- PTRA Comment #20
  - Hazardous Materials Section, Finding 8, FRA’s first recommendation states:
    - PTRA should ensure that the requirement to share information on HHFTs with SERCs is clearly delegated to the responsible manager and clearly included in their job description. The process for performing this responsibility should be included in the required hazmat recurrent training for the responsible person.
  - **PTRA responded:**



- PTRA Comment #23
  - Operating Practices Section, Finding 1, FRA’s recommendation states:
    - FRA recommended that PTRA review and amend its §217.9 operational testing and inspection program to remove the ambiguity, improve training for testing officers, and keep accurate records.
  - **PTRA responded:**
    - **“PTRA revised its operational testing program to remove ambiguity through better defined terms and operational expectations.”**
  - FRA’s response:
    - FRA will continue to monitor PTRA’s progress. However, PTRA’s current §217.9 testing program does meet the minimum requirements.
  
- PTRA Comment #24
  - Operating Practices Section, Finding 2, FRA’s recommendation states:
    - FRA recommended that PTRA perform a more diligent and detailed review for Part 240/242 certifications to ensure that the hearing acuity determination is made on the record and the motor vehicle records are properly reviewed and acted upon before PTRA issues any certification.
  - **PTRA responded:**
    - **“PTRA has implemented an “audit the auditor” process to ensure we are checking dates and verifying that the effective date on certification cards are accurate and covers all requirements associated with 240/242 certifications.”**
  - FRA’s response:
    - FRA will continue to monitor PTRA’s progress.
  
- PTRA Comment #25
  - Safety Partnerships Section, Finding 2, FRA’s recommendation states:
    - Clearly document qualification designation(s) of all occupational category and subcategory of PTRA safety-related railroad employees.
  - PTRA responded:
    - **“PTRA completed the documenting of all qualification designation(s) of all occupational categories and subcategories of safety-related railroad employees on February 9, 2023. PTRA has a management system in place to record all qualification designations, ensuring compliance with §243.201 and .203.”**
  - FRA’s response:
    - FRA agrees that this recommendation has been completed.
  
- PTRA Comment #26
  - Safety Partnerships Section, Finding 3, FRA’s recommendation states:

- PTRA should revise its §217.9 Operations Testing Program to ensure all applicable sections of Parts 214, 218 and 220 are addressed in its testing and oversight plan. PTRA should include more critical safety rules.
- **PTRA responded:**
  - **“PTRA revised, submitted, and implemented its §217.9 Program of Operational Tests and Inspections May 2023. The program became effective June 1, 2023.**
  - **Within this program, PTRA added the following tests to the Engineering Department’s testing plan to ensure compliance with 214, 218, and 220:**
    - **GCOR 2.2 – Required Identification**
    - **GCOR 2.21 – Electronic Devices**
    - **GCOR 5.4.8 – Flag Location**
    - **GCOR 8.2 – Position of Switches**
    - **GCOR 8.12 – Hand-Operated Crossover Switches**
    - **GCOR 8.20 – Derail Location and Position**
    - **SR 76.2.1 – Inspection of Tools and Equipment**
    - **SR 80.2 – Precautions Against Slips, Trips, and Falls**
    - **SR 81.8.1 – Avoiding Fouling Hazards**
    - **RWP 1.7.1 – Job Briefings for Roadway Work Groups**
    - **RWP 1.7.2 – Job Briefings for Lone Workers**
    - **RWP 1.9 – Roadway Workers Crossing Tracks**
    - **RWP 1.10.1 – Individual Train Detection**
    - **RWP 1.10.2 – Train Approach Warning**
    - **RWP 1.10.3 – Inaccessible Track**
    - **RWP 1.10.4 – Exclusive Track Occupancy**
    - **RWP 1.10.5 – Train Coordination**
    - **RWP 2.6 – Work Zones Around Machines**
    - **RWP 2.8 – Safe Traveling Distance**
    - **RMM 2 – Equipment Inspection and Condition**
    - **RMM 8 – General Rules**
    - **CEB 122 – Bridge Worker Safety**
  - **Within this program, PTRA added the following tests to the Mechanical Department’s testing plan:**
    - **S 24.2 – Blue Signal Protection of Workmen**
    - **S 13.5 – Getting On/Off Equipment**
    - **S 12.0 – Motor Vehicles and Trailers**
    - **S 13.0 – On or Near Tracks, Locomotives, Railcars**
    - **S 10.1 – Raising Equipment**
    - **GCOR 8.2 – Position of Switches**
    - **GCOR 2.2 – Required Identification”**



- FRA’s response:
  - FRA will continue to monitor PTRA’s progress.
- PTRA Comment #27
  - Signal and Train Control Section, Finding 1, FRA’s recommendation states:
    - PTRA should develop processes to maintain records of reported unsafe conditions at highway-rail and pathway grade crossings, as well as records of credible reports of grade crossing warning system malfunctions.
  - **PTRA responded:**
    - **“PTRA has implemented a management process, with management oversight, that complies with the requirements of §234.313 regarding recordkeeping of reported unsafe conditions at highway-rail grade crossings. This management process incorporates the completion of an electronic document that contains fifteen questions. These fifteen questions provide the necessary information required to be in compliance with §234.313. When the document is completed, and submitted, all data will be logged within the Microsoft system. This data will be able to be viewed real time and will also be able to be exported for review and auditing purposes. This management process began January 30, 2023.”**
  - FRA’s response:
    - A follow-up on PTRA’s signal and train control compliance was conducted on August 2, 2023. During the follow-up, FRA discovered that PTRA has established a record keeping process. However, PTRA is failing to record and maintain all records of ENS and Credible Reports of crossings. Between February 13 through July 30, 2023, there should have been 52 reports of malfunction reported through the ENS signage. Yet, PTRA only had records for 28 of the 52 reports received. PTRA will need to ensure records of all reports are made and maintained. A final follow-up inspection of the PTRA signal and train control compliance was conducted on May 16, 2024. During the follow-up, FRA noted that the PTRA has corrected their record keeping process. FRA inspected all credible reports and reports of malfunction from September 1, 2023, to May 14, 2024. There were no noted violations of federal regulation, but the FRA did note a few defective conditions under §234.313, for records being incorrect or incomplete. We will continue to spot-check for as an ongoing compliance measure.
- PTRA Comment #28
  - Signal and Train Control Section, Finding 2, FRA’s recommendation states:
    - Develop and implement a PTC training plan, including required training structure and delivery information.

- **PTRA responded:**
  - **“PTRA developed and implemented a PTC training plan, complete with structure and delivery information February 2023.”**
- FRA’s response:
  - During a follow-up meeting on February 23, 2023, FRA acknowledged and accepted the railroads actions as the appropriate means to comply with the training requirements identified in §236.1041, and there is no further action required.
- PTRA Comment #29
  - Signal and Train Control Section, Finding 3, FRA’s recommendation states:
    - Designate a location to keep PTC training records and review records to ensure all employees have received proper initial and refresher PTC training.
  - **PTRA responded:**
    - **“PTRA maintains all employee training records, including PTC records, at the Corporate Office, located at 8934 Manchester St., Houston, TX 77012.**
    - **PTRA has implemented management processes to ensure training records are complete and accurate.”**
  - FRA’s response:
    - During the close-out meeting on March 29, 2023, FRA acknowledged and accepted the railroad’s actions as the appropriate means to comply with § 236.1047(b) and (d), there is no further action required.
- PTRA Comment #30
  - Track Section, Finding 1, FRA’s recommendations states:
    - PTRA should conduct refresher track inspection training to ensure its inspectors are properly identifying these conditions during monthly switch inspections.
    - Ensure that switches are being operated during monthly inspections to verify the proper fit between switch point and stock rail when the switch is in either direction.
  - **PTRA responded:**
    - **“PTRA re-trained track inspectors beginning May 2023. All track inspectors received §213 Track Safety Standards training, accompanied with an exam and field evaluation through 13 core competencies.**
    - **PTRA has instructed each track inspector to operate each switch during monthly inspections.”**
  - FRA’s response:
    - PTRA addresses this concern promptly, and FRA will continue to monitor PTRA’s progress in this area.