Northeast GAS ASSOCIATION

June 12, 2012

Pipeline and Hazardous Materials Safety Administration
DOT Docket Operations Facility (M-30)
U.S. Department of Transportation, Room W12-140
1200 New Jersey Avenue SE
Washington, DC 20590-0001

RE: Comments on PHMSA proposed changes to the DOT Annual Transmission Report and the DOT Incident report

Docket No. PHMSA-2012-0024

To Whom It May Concern:

On April 13, 2012, the Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a notice requesting comments on its plans to revise the annual report form for gas transmission and gathering pipelines.

The Northeast Gas Association[1] (NGA) commends PHMSA for its very productive efforts to develop and propose many much needed changes to the report. The provision of a marked version with changes to the current form and instructions to enable the public to clearly understand the proposed revisions were very much appreciated. NGA agrees that revisions to the annual report are much needed and fully supports most of the changes. NGA and its members have also been working closely with the American Gas Association (AGA). NGA supports AGA's comments filed with PHMSA on the proposed changes. NGA respectfully submits the following comments regarding the proposed changes to the DOT Annual Transmission Report.

1. Gas Transmission Report Due Date

In its proposed revision to the instructions for the Transmission Report, PHMSA encourages gas transmission operators to send their submissions to PHMSA by March 15, representing pipeline assets as of December 31 of the previous year.

[1] NGA is a regional trade association that focuses on education and training, technology research and development, operations, planning, and increasing public awareness of natural gas in the Northeast U.S. NGA represents natural gas distribution companies, transmission companies, liquefied natural gas importers and associate member companies. Its member companies provide natural gas service to over 9.5 million customers in 8 states (CT, ME, MA, NH, NJ, NY, RI, VT).

The proposed timing and scope of some of the data collection presents problems, in our view. The recently passed Pipeline Safety Act requires that:

"Not later than 18 months after the date of enactment of this section, each owner or operator of a pipeline facility shall identify and submit to the Secretary documentation relating to each pipeline segment of the owner or operator described in subsection (a)(1) for which the records of the owner or operator are insufficient to confirm the established maximum allowable operating pressure of the segment."

Under the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 ('2011 Act"), Congress intended for operators to submit the information relating to pipelines in class 3 and class 4 locations, and class 1 and class 2 high-consequence areas with insufficient records no later than July 3, 2013. NGA believes Congress also intended for operators to have as close to 18 months as possible in order to search for these pipeline records. It is very labor intensive to meet the "traceable", "verifiable" and "complete" MAOP standard for a transmission pipeline infrastructure where records are several decades old. Operators need as much time as possible to look for these records, especially larger pipeline operators with hundreds or even thousands of miles of pipe for which they need to conduct a major review of their records. The proposed annual report would result in incomplete information being provided to PHMSA for 2012 since any MAOP records found after December 31, 2012 would not be reflected in the annual report submitted the first quarter of 2013. There currently is no mechanism in the proposed report form to specifically indicate where any of this information may be updated in the future, if necessary. New information would go into a "Supplemental Report" but the changes themselves would not be tracked. Information needed to comply with the July 2013 deadlines will not be reported in the annual reports until the subsequent annual report due for submission by March 15, 2014. NGA feels that reporting this detail within the 2012 Annual Report will not provide useful or accurate information and will distract operators from completing the full task as efficiently as possible by the upcoming deadline.

NGA respectfully requests that the time frame to implement the new reporting requirements be extended. It is recommended that a later date be considered, so that operators can focus on the critical tasks of MAOP and data verification efforts. The verification effort is a significant undertaking by operators, especially for older pipelines that predate 1970 rules. The notice of the proposed changes gives operators the opportunity to collect this data necessary to complete the verification of MAOP as required. However, the implementation of the new report should follow the regulatory deadline for MAOP verification and not precede it. Operators need time to complete their MAOP verifications before they are tasked with the breakdown of the information still being gathered.

Specifically, NGA suggests the following for consideration:

A. PHMSA should delay the submission of next year's annual report until after the July 3, 2013, deadline to be more aligned with the Congressional deadline for completing the MAOP records review and submittal of data. This report should require the submission of MAOP verification data for pipelines in class 3 and class 4 locations and class 1 and class 2 high-consequence areas. Data for the remaining sections of pipeline should not be due until a subsequent DOT report.

B. NGA suggests that PHMSA add an additional column in Part Q to capture the miles of pipeline segments where operators have not yet verified the transmission MAOP records.

C. PHMSA may also consider adding a column in Part R to permit operators to note that the data verification for specific pipeline locations is not yet completed.

2. Additional Data Requested in the New Form

In the NPRM, PHMSA proposed that the following new information be collected:

- The miles of gas transmission pipeline for which operators are able or unable to verify the transmission MAOP records;

- The miles of gas transmission pipeline where MAOP was determined using each of the methodologies in 192.619;

- The miles of gas transmission pipeline which have not been subjected to a post-construction hydrostatic pressure test of at least 125% of the MAOP; and

- The miles of gas transmission pipeline which are unable to accommodate the passage of instrumented internal inspection (ILI) devices.

NGA recommends that this provision be changed so that any pressure testing that has been conducted to certain % level of the MAOP should be acceptable, not just those that were hydrostatically tested. It would be advisable for PHMSA to track such pipe as well. Current DOT Part 192 code allows for Subpart J pressures tests in water, natural gas, air or inert gas. Subpart K uprates are, by nature, performed using natural gas.

3. Data Collection of Hydrostatically Tested Pipe Limitation to Above and Below 125% SMYS Only

In the NRPM, it states:

> "PHMSA also intends to revise the gas transmission annual report to collect other information related to the NTSB Recommendations and the recently signed legislation detailed above. In addition to the MAOP verification reporting, these revisions will allow for the collection of information regarding the methodology used to determine the MAOP of gas transmission pipelines, the total miles of pipelines which have not been subjected to a post-construction hydrostatic pressure test of at least 125% of the MAOP, and total miles of pipelines which are not able to accommodate the passage of instrumented internal inspection devices."

Rather than limit the collection of data to miles of pipelines that have not undergone post-construction hydrostatic pressure tests of at least 125% SMYS, NGA believes it is better to collect a wide range of actions that operators have taken for post-construction pressure testing. This would include mileage of pipelines that have post construction hydrostatic pressure tests of at least 1.1, 1.2, and ≥ 1.25 times the MAOP, and also capture those that have used natural gas, inert gas or air pressure tests of at least 1.1, 1.2 and ≥ 1.25 times the MAOP.

4. Modifications to Part R of the Form

A. Accommodation of ILI Devices

In the NPRM, the proposed part R asks for the total miles of pipelines that can or cannot accommodate the passage of an in-line inspection (ILI) device.

NGA recommends that a more detailed description of an ILI device be provided because the degree to which a pipeline is piggable is viewed differently by various operators. NGA suggests that a piggable line be defined as a "*pipe of appropriate physical and operational characteristics to allow successful inspection via currently available in-line inspection tools either meeting the requirements of Subpart O 192.921(1) in conjunction with ASME/B31.8S or acceptable to PHMSA via 180 day notification to them including tethered or un-tethered devices".*

The requirement to track and report on the total number of "miles of pipe that can accommodate some means of internal inspection devices" should allow for some flexibility to include promising internal inspection tools that are available while still under

development. NGA believes that the intent of the requirement is to encourage the use of internal inspection tools which collect data over the entire run - not necessarily to force the use of very specific tools. NGA encourages PHMSA to continue its efforts to work with the gas industry on robotic inspection tools that are being further developed. One such example of this is NYSEARCH's TIGRE and Explorer II platforms that have the potential to run acceptable inspections through older lines. Any type of ILI inspection, tethered or not, robotic or otherwise that gets the job done properly, should be counted as pipe that has had an internal inspection device run through it, not just those designed for running the typical "smart pig".

New ILI technologies will be able to reduce the need for hydrostatic tests. Hydrotests which will introduce the undesired consequences of liquids into the pipeline increase the threat of internal corrosion and interrupt supply throughout the nation. Coordination and scheduling of these activities being conducted by all operators in a limited time frame will be quite problematic. This can have significant impacts on gas supplies and create significant service interruptions.

B. Collection of Data by Pipeline Classes

For ease in checking the accuracy of information, the total miles of pipelines in each of the eight class/HCA locations should be summed from section Q and reprinted in section R. It would also be beneficial to collect the miles of pipeline operating above 30% of SMYS in each of the class locations listed in proposed Part R of the form. NGA believes this information is also necessary in order to separate pipelines so that they can be distinguished as either low or higher stress gas transmission pipelines as per PHMSA regulations.

5. Collection of Anomaly Data on Pipe Removed from Gas Transmission Pipeline Systems

PHMSA states in the NPRM that it is also revising the gas transmission annual report to improve the granularity of the data, remove sections of limited value, collect data about anomalies removed from gas transmission pipeline systems, and make several minor changes to improve the quality of the data. PHMSA is also asking that operators collect data on anomalies on pipe that has been removed from the system. NGA recommends that the cost and effort of such a task would be better directed towards focusing on the replacement of more of such pipe rather than further study of pipe already replaced and retired.

Detailed Discussion

Part A - NGA has no objections to the minor changes in section A. PHMSA may wish to suggest that further contact information be provided under part N, moving forward. It seems beneficial to have the operators' full contact information if PHMSA has a need to perform quality control of the information submitted. PHMSA has determined that the eliminated sections provide limited value to all stakeholders and should be removed. NGA believes that Part A8 could provide some value. It could be modified to allow for the identification of updated information in the new Parts Q and R, if that should occur.

Part B – NGA supports the changes.

Part C –- NGA supports the changes.

Part D and E – NGA's understanding is that it is PHMSA's intent for Part D to summarize the separate interstate, intrastate and outer continental shelf transmission reports that may be associated with an individual operator ID and which will be submitted through separate reports under the new Part P. NGA supports the change to including the proposed additional of Part E's contents to Part D and to report the amount of composite pipe in use.

Part F.6.d & e – PHMSA proposes to revise the gas transmission annual report to collect the number of anomalous conditions eliminated by pipe replacement and abandonment in Part F of the report. NGA disagrees with the changes as being unfeasible to identify all anomalous conditions removed, as that would require additional direct examination of retirements and abandoned pipe in order to collect the data for classifications needed to report this data. Replacing pipe and meeting certain criteria should be the priority, not counting all defects removed, as that would be a waste of resources, a huge burden for operators, and provide no substantive value to the public.

Parts H, I, J, K - NGA supports the minor changes. However, please note the changes that are recommended for Part K below.

Part J – NGA suggests a change from 'Pre-40' under the column heading to 'Pre-1940' in order to be consistent with other column headings used.

Part K - The boundaries of the second and third groups should be changed in order to capture the correct delineation of pressures as specified under the NPRM (page 22388). The second group should include all pipe greater than or equal to 20% SMYS

up through pipe equal to 30% SMYS inclusively, and the third group should be changed to include pipe Greater than 30% SMYS but less than or equal to 40% SMYS.

Part L – NGA supports the change.

Part M – NGA suggests that the cause definitions match the definitions in the distribution annual report, except for the threat of stress corrosion cracking.

Part P – NGA supports the changes discussed in Parts D and E.

Part Q - PHMSA proposes to revise the annual report to provide a mechanism for owners and operators to identify those "segments" of pipelines for which it is unable to verify the MAOP. Portions of the forms and instructions seem to interchangeably use the term segment and mileage. The term "segments" has no uniform measure and should not be used in data collection. The instructions for reporting should include a hyperlink to or provide the full text of the applicable sections of code for § 192.619, as it does for other parts of the report referring to specific code sections.

Part Q – NGA believes that Part Q has burdensome time constraints and is further complicated because the 2011 Act only requires MAOP verification of pipelines in Class 3 and 4 locations and in Class 1 and 2 HCAs to be reviewed in the first 18 months following enactment of the Pipeline Act. Pressure test records may not be located and analyzed by the end of 2012.

Part R - The data collection proposed for section R of the annual report goes beyond the Congressional intent in the 2011 Act. This includes reporting of the total miles of pipelines which have not been subjected to a post-construction hydrostatic pressure test of at least 125% of the MAOP, and total miles of pipelines which are not able to accommodate the passage of instrumented internal inspection devices. The instructions for reporting only request information on lines that have had a pressure test of 125% MAOP or above. The instructions do not specify that it must be a hydrostatic pressure test. The report and the instructions are inconsistent. Again all methods of pressure testing should be considered in the analysis and reported, not just "hydrostatic pressure tests."

PHMSA is only asking for reporting of a post-construction hydrotest testing standard of 125% of MAOP, no other post-construction pressure testing information is proposed to be collected. This rigid "one-size fits all" standard is inappropriate. Even new pipelines installed in Class 1 locations under current regulation are only required to be subjected to a post-construction test of 110% of MAOP. For pipelines located in other Class locations that were constructed before the effective date of the pipeline safety

regulations in 1970, pressure tests less than 125% MAOP will often be sufficient. PHMSA should consider all pressure tests, not just hydrotests.

The stress applied to a pipeline through hydrotests, natural gas, or inert gas tests provide the same verification of integrity. Each engineering approach is effective in identifying possible pipe defects and in confirming a pipeline's integrity. There is the safety concern that a rupture of a pipeline being tested with a gas will cause more damage to surrounding areas because of the energy release associated with a compressible fluid. However, since the pressure testing data collection is historical, it should make no difference whether water or a gas was used as the test medium. Existing pipeline test requirements contained in Subpart J (192.503) allow post-construction pressure tests using *"liquid, air, natural gas, or inert gas".* The important issue is that PHMSA should expand the data collection to include these other engineering practices for pressure testing, particularly as we look back at prior post-construction practices from a historical perspective.

The percent SMYS information in section K needs refinement and does not provide information on whether the pipe had a post construction pressure test. This will probably require another box to separate by class and HCA in Part R.

A definition needs to be provided defining what is meant by being able to accommodate an instrumented internal inspection device. There are ranges of "piggability". For example, does the lack of a launcher and receiver make the line unpiggable? If a tether pig or the new robotic pig is possible, is the line piggable? A proposed definition for "piggability" has been provided earlier in this document as pipe that can accommodate an internal inspection device using an acceptable assessment process.

Timing – PHMSA should reconsider the time frame and manpower necessary for operators to properly conduct the MAOP verification process necessary for implementing the new reporting requirements. A budget analysis of the implication of the changes must consider the fact that the data requires significant man-hours to perform the verification process and should also consider the total impact of the changes in the level of data and details necessary for what will be reported by pipeline operators under the proposed changes.

Rulemaking Process

NGA supports the notice and comment process for rulemaking, but believes that submitting comments to the docket during the comment period without the ability for follow-up discussions between those making comments and personnel from PHMSA can result in poorly constructed regulations. Rulemaking is too complicated to be left to a

single exchange of letters in hopes that the information conveyed has sufficient detail to be fully understood and that the resulting regulation will accomplish the intended purpose. There were repeated face-to-face meetings when PHMSA last revised the transmission and gathering annual report in 2011. These meetings were necessary to understand exactly what PHMSA was attempting to collect with the information request and to explore the feasibility of accurately supplying the requested information. It is NGA's understanding that these types of collaborative discussions with industry and the public are now prohibited once a request for comments is released. NGA is submitting written comments to address numerous issues related here on the proposed reporting changes. We have tried to be as complete as possible.

Conclusion

NGA appreciates the opportunity to provide comments to the notice of proposed rulemaking to amend the DOT Gas Transmission and Gathering Annual Reports. It is hoped that post comment period discussions with PHMSA will be possible to ensure that the final regulation will provide the appropriate details, interpretation and appropriate timelines for implementation to effectively address the intentions to gather specific details on the status of our nation's gas transmission infrastructure. These would include the amount of pipe where the verification MAOP has been fully completed, the mileage of pipe assessment using specific assessment methods (pressure testing and acceptable internal assessment devices), and other pertinent details determined by PHMSA as necessary data to be collected under the 2011 Act.

We hope that our comments will help PHMSA in this review process. We look forward to working with PHMSA, the American Gas Association and others to help develop a practical and reasonable final rule on these matters.

Respectfully submitted,

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