



October 23, 2012

Office of Information and Regulatory Affairs
Records Management Center, Room 10102
NEOB, 725 17th Street NW.,
Washington, DC 20503

ATTN: Desk Officer for the U.S. Department of Transportation
PHMSA.OIRA_Submission@omb.eop.gov

Re: Comments of the American Gas Association on Pipeline Safety: Information Collection Activities, Revision to the Gas Transmission Systems Annual Report, Docket No. PHMSA-2012-0024

Dear Sir or Madam:

I. Introduction

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 71 million residential, commercial and industrial natural gas customers in the U.S., of which 92 percent — more than 65 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies and industry associates. Today, natural gas meets almost one-fourth of the United States' energy needs.

AGA appreciates the opportunity to comment on the above referenced notice of Information Collection Activities published in the September 21, 2012 Federal Register, 77 FR 58616. In accordance with the Paperwork Reduction Act of 1995, the Pipeline and Hazardous Materials Safety Administration (PHMSA) published a notice in the Federal Register of its intent to make several minor revisions to the "Accident Report - Hazardous Liquid Pipeline Systems" and the "Incident Report - Natural and Other Gas Transmission and Gathering Pipeline Systems." In addition, PHMSA proposed major revisions and additions to the "Annual Report for Gas Transmission and Gathering Systems" (hereafter called the Annual Report). The notice invited comments on:

- (a) The need for the proposed collection of information for the proper performance of the functions of the agency, including whether the information will have practical utility;
- (b) The accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

- (c) Ways to enhance the quality, utility, and clarity of the information to be collected; and
- (d) Ways to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques.

AGA commends PHMSA for incorporating many of the comments submitted to the public docket in response to its April 13, 2012, Federal Register notice (77 FR 22387) proposing changes to various annual and incident reports. The revisions to the Annual Report are critical because Congress mandated that pipeline operators report the results of the verification of the Maximum Allowable Operating Pressure (MAOP) on natural gas transmission pipelines located in class 3 and class 4 locations and class 1 and class 2 HCAs on or before July 3, 2013. The revised annual report forms are the vehicle that PHMSA decided to use for reporting the information. Therefore, approval of the forms needs to be received without delay. Because of the short time-line to gather and analyze MAOP records, AGA has suggested that operators use the red-lined forms posted by PHMSA in the docket, as the template for reporting 2012 calendar year data in 2013, until the final forms are approved and published.

There are some important issues that were not adequately addressed in PHMSA response to comments to the 60-day public notice. Specifically:

1. The paper work burden estimate presented by PHMSA grossly underestimates the hours that operators will spend collecting data to complete the revised Annual Report. While the PHMSA notice stated that only two additional hours are required for an operator to complete the form, it is well documented that the new information PHMSA is requesting in sections Q and R is not currently available and operators confront an enormous paperwork burden and a short time frame to generate this new information. The paperwork burden varies greatly between pipeline segments and operators. AGA estimates the average paperwork burden will be 10 hours per mile of transmission line. Therefore the additional paperwork burden will be 300,000 in 2013.
2. AGA sees no way to avoid this paperwork burden, but minor revisions to the instructions can streamline the process. PHMSA can modify the instructions to provide operators with more flexibility in submitting the data in new sections Q and R on the annual report form. The revised instructions tell operators to submit data as known on December 31 of the reporting year. This is logical for data that is tracked and trended, such as miles of pipe installed by material or leaks repaired. The MAOP verification data in sections Q and R are essentially one-time verifications, required by Congress, which must be submitted by July 3, 2013. There is no reason to arbitrarily limit the reporting to the status of the record review as of December 31, 2012. This reduces the 18 months that Congress gave operators to submit MAOP verification data to 12 months. Under

the proposed instructions, AGA believes that almost all operators will submit reports on March 15 and supplemental reports closer to the July 3, 2013 deadline. AGA believes that the instructions can be changed to allow operators to submit the information requested in sections Q and R as of the date of the March 15 submission. This will reduce the number of operators that will have to file supplemental reports.

3. AGA believes that PHMSA needs to address legal issues caused by the way it has used the term “without records” in the form and instructions. There is a high probability that PHMSA and operators will incur legal liabilities because the form and instructions are written in a manner that encourages operators to submit, and PHMSA to knowingly publish, inaccurate information to the public. The verification of MAOP records is important to provide regulators and the public with confidence in the safety of the nation’s pipeline infrastructure. AGA is confident in the safety of the nation’s pipeline infrastructure. The industry’s safety performance over many years has demonstrated its commitment to safety. The instructions should clarify that operators are not operating some pipelines “without records.” Instead, they are operating some pipelines “with incomplete” records. That is to say, the records do not meet the newly defined traceable, verifiable and complete policy that PHMSA is adopting. The Annual Report Form description and instructions should not use the term “without records,” rather it should be “with incomplete records.” The incomplete or inadequate record description is consistent with federal legislation. There is no basis in law or fact to support PHMSA’s use of “without records.”

II. Details

A. The Annual Report Revisions are Necessary

AGA supports PHMSA’s decision to revise the Annual Report to collect information related to the NTSB Recommendations and the recently signed *Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011*. 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 in-line inspection (ILI) devices.

In previously submitted comments, AGA suggested that PHMSA take the opportunity to collect even more information than was suggested in the proposed 60-day Federal Register notice of April 13, 2012, 77 FR 22387. AGA believed it was important to collect additional information in the new sections Q and R that appropriately reflect important aspects of the nation’s gas transmission pipeline infrastructure. AGA is satisfied with most of the proposed Annual Report and associated instructions, but provides suggestions to ensure that operators can submit

information in an efficient and timely manner and ensure that the public is not misled by the new record verification data.

B. The Paperwork Burden Estimate is Grossly Underestimated

AGA is certain that PHMSA has grossly underestimated the time it will take to complete the information in the revised Annual Report. PHMSA states:

PHMSA estimates that these revisions will add a burden of two hours per response to the gas transmission annual report. PHMSA receives approximately 1,440 gas transmission annual reports each year. Therefore, PHMSA estimates the burden of the information collection to increase by a total of 2,880 hours (1,440 reports x 2 hours).

AGA does not know how PHMSA calculated the estimated burden. We can only assume that PHMSA believes the requested information is already available and it will take only two additional hours to place the information in the report. In reality, the information in new sections Q and R will require operators to undertake enormous efforts to gather, analyze, and report the information. AGA does not object to the increased paperwork burden, but believes that OMB should be informed about the enormous increase in work that is required by Congressional mandates to submit MAOP record verifications. The legislation states:

SEC. 27. MAXIMUM ALLOWABLE OPERATING PRESSURE.

(a) VERIFICATION OF RECORDS.—

(1) IN GENERAL.—*The Secretary of Transportation shall require each owner or operator of a pipeline facility to conduct, not later than 6 months after the date of enactment of this section, a verification of the records of the owner or operator relating to the interstate and intrastate gas transmission pipelines of the owner or operator in class 3 and class 4 locations and class 1 and class 2 high-consequence areas.*

(2) PURPOSE.—*The purpose of the verification shall be to ensure that the records accurately reflect the physical and operational characteristics of the pipelines described in paragraph (1) and confirm the established maximum allowable operating pressure of the pipelines.*

(3) ELEMENTS.—*The verification process under this subsection shall include such elements as the Secretary considers appropriate.*

(b) REPORTING.—

(1) DOCUMENTATION OF CERTAIN PIPELINES.—*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.*

(2) EXCEEDANCES OF MAXIMUM ALLOWABLE OPERATING PRESSURE.—*If there is an exceedance of the maximum allowable operating pressure with respect to a gas transmission pipeline of an owner or operator of a pipeline facility that exceeds the build-up allowed for operation of pressure-limiting or control devices, the owner or operator shall report the exceedance to the Secretary and appropriate State authorities on or before the 5th day following the date on which the exceedance occurs.*

(c) DETERMINATION OF MAXIMUM ALLOWABLE OPERATING PRESSURE.—

(1) IN GENERAL.—In the case of a transmission line of an owner or operator of a pipeline facility identified under subsection (b)(1), the Secretary shall

(A) require the owner or operator to reconfirm a maximum allowable operating pressure as expeditiously as economically feasible; and

(B) determine what actions are appropriate for the pipeline owner or operator to take to maintain safety until a maximum allowable operating pressure is confirmed.

(2) INTERIM ACTIONS.—In determining the actions for an owner or operator of a pipeline facility to take under paragraph (1)(B), the Secretary shall take into account potential consequences to public safety and the environment, potential impacts on pipeline system reliability and deliverability, and other factors, as appropriate.

(d) TESTING REGULATIONS.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this section, the Secretary shall issue regulations for conducting tests to confirm the material strength of previously untested natural gas transmission pipelines located in high-consequence areas and operating at a pressure greater than 30 percent of specified minimum yield strength.

(2) CONSIDERATIONS.—In developing the regulations, the Secretary shall consider safety testing methodologies, including, at a minimum—

(A) pressure testing; and

(B) other alternative methods, including in-line inspections, determined by the Secretary to be of equal or greater effectiveness.

(3) COMPLETION OF TESTING.—The Secretary, in consultation with the Chairman of the Federal Energy Regulatory Commission and State regulators, as appropriate, shall establish timeframes for the completion of such testing that take into account potential consequences to public safety and the environment and that minimize costs and service disruptions.

(e) HIGH-CONSEQUENCE AREA DEFINED.—In this section, the term “high-consequence area” means an area described in section 60109(a).

Without attempting to go through the engineering requirements necessary to verify MAOPs, AGA will simply state that to complete the information in new section Q will require member company operators to locate and review records for at least 30,000 miles of pipelines. Many of those records were created more than half a century ago. Some operators only have a few miles of transmission pipelines, while other operators have several thousand. Pipelines installed after the adoption of federal pipeline safety regulations in 1970 used uniform methods to establish MAOPs. Pre-1970 pipe used various methods that were required by state regulations or were consistent with industry consensus standards or practices.

Operators estimate that the hours that will be spent verifying the records to complete the new section Q will range from 2 to 15 hours per mile of transmission pipe. Therefore AGA estimates that the paperwork burden will be increased for the 2013 reporting year by an additional 300,000 hours. Subsequent years may only require an additional two hours per form, which is similar to the PHMSA estimate.

C. Ways to Enhance the Quality, Utility, and Clarity of the Information to be Collected

AGA is exceedingly concerned with the use of the term “without records” in the form and instructions. AGA raised this issue in its comments to the 60-day notice, but it was not addressed in the Federal Register response from PHMSA. The columns that use the term “without records” should be changed to clarify that operators are identifying mileage “with incomplete records”. There is a significant legal difference between having no records and having incomplete records. The PHMSA regulations allow

operators to safely operate pipelines with incomplete records per 49 CFR 192.619(c). It does not allow operators to operate pipelines without records related to establishing the MAOP. The use of the term “without records” unnecessarily opens the Secretary of Transportation and pipeline operators to legal liabilities.

AGA presents below the relevant regulations for MAOP determination. 49 CFR 192.619 details the type of records that are needed to establish the MAOP of natural gas transmission pipelines. The least restrictive clause in the subsection is 192.619(a)(4), which allows operators to operate a pipeline at “The pressure determined by the operator to be the maximum safe pressure after considering the history of the segment, particularly known corrosion and the actual operating pressure.” In addition, 192.619(c) provides that “An operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column of the table in paragraph (a)(3) of this section (49 CFR 192.619).

The Annual Report instructions should clarify that operators are not operating some pipelines without records. Instead, they are operating some pipelines with records that do not meet the new traceable, verifiable and complete policy that PHMSA is adopting. The form description and instructions should not be “without records;” it should be “with incomplete records.” The incomplete or inadequate record description is consistent with federal legislation. There is no basis in law or fact to support PHMSA’s use of “without records.”

§192.619 What is the maximum allowable operating pressure for steel or plastic pipelines?

(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:

(1) The design pressure of the weakest element in the segment, determined in accordance with subparts C and D of this part. However, for steel pipe in pipelines being converted under §192.14 or uprated under subpart K of this part, if any variable necessary to determine the design pressure under the design formula (§192.105) is unknown, one of the following pressures is to be used as design pressure:

(i) Eighty percent of the first test pressure that produces yield under section N5 of Appendix N of ASME B31.8 (incorporated by reference, see § 192.7), reduced by the appropriate factor in paragraph (a)(2)(ii) of this section; or

(ii) If the pipe is 12¾ inches (324 mm) or less in outside diameter and is not tested to yield under this paragraph, 200 p.s.i. (1379 kPa) gage.

(2) The pressure obtained by dividing the pressure to which the segment was tested after construction as follows:

(i) For plastic pipe in all locations, the test pressure is divided by a factor of 1.5.

(ii) For steel pipe operated at 100 p.s.i. (689 kPa) gage or more, the test pressure is divided by a factor determined in accordance with the following table:

Class location	Factors ¹ , segment		
	Installed before Nov. 12, 1970	Installed after Nov. 11, 1970	Converted under §192.14
1	1.1	1.1	1.25
2	1.25	1.25	1.25
3	1.4	1.5	1.5
4	1.4	1.5	1.5

¹ For offshore segments installed, updated or converted after July 31, 1977, that are not located on an offshore platform, the factor is 1.25. For segments installed, updated or converted after July 31, 1977, that are located on an offshore platform or on a platform in inland navigable waters, including a pipe riser, the factor is 1.5.

(3) The highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column. This pressure restriction applies unless the segment was tested according to the requirements in paragraph (a)(2) of this section after the applicable date in the third column or the segment was updated according to the requirements in subpart K of this part:

Pipeline segment	Pressure date	Test date
—Onshore gathering line that first became subject to this part (other than §192.612) after April 13, 2006. —Onshore transmission line that was a gathering line not subject to this part before March 15, 2006.	March 15, 2006, or date line becomes subject to this part, whichever is later.	5 years preceding applicable date in second column.
Offshore gathering lines.	July 1, 1976.	July 1, 1971.
All other pipelines.	July 1, 1970.	July 1, 1965.

(4) The pressure determined by the operator to be the maximum safe pressure after considering the history of the segment, particularly known corrosion and the actual operating pressure.

(b) No person may operate a segment to which paragraph (a)(4) of this section is applicable, unless overpressure protective devices are installed on the segment in a manner that will prevent the maximum allowable operating pressure from being exceeded, in accordance with §192.195.

(c) The requirements on pressure restrictions in this section do not apply in the following instance. An operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column of the table in paragraph (a)(3) of this section. An operator must still comply with §192.611.

[Part 192 - Org., Aug. 19, 1970 as amended by Amdt. 192-3, 35 FR 17559, Nov. 17, 1970; Amdt. 192-27, 41 FR 34598, Aug. 16, 1976; Amdt. 192-27A, 41 FR 47252, Oct. 28, 1976; Amdt. 192-30, 42 FR 60146, Nov. 25, 1977; Amdt. 192-78, 61 FR 28770, June 6, 1996; Amdt 192-85, 63 FR 37500, July 13, 1998, Amdt. 192-102, 71 FR 13289, Mar. 15, 2006; Amdt. 192-103, 71 FR 33402, June 8, 2006]

The solution proposed by AGA to define that record verification category as “with incomplete records” addresses the concern that AGA expressed in its 60-day comments regarding operators that may not

have completed their record verification process, but will be required to report to PHMSA before the congressional deadline of July 3, 2013. PHMSA stated:

AGA, NGA, Texas Pipeline Association, and SCANA Corporation suggested that PHMSA allow for reporting relative to the proposed Parts Q and R be extended, thereby, coming closer to the congressional mandate of July 3, 2013, (18 months from signing date of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011). AGA, National Grid, NGA, and Texas Pipeline Association also suggested that PHMSA revise the table to include a "miles yet to be verified" column to allow for the reporting of pipeline segments where operators have yet to verify mileage.

A15. Response: PHMSA does not agree with the commenters' suggestion to extend the calendar year 2012 reporting requirements for the newly proposed Parts Q and R in the Gas Transmission Annual Report. Section 23 (MAXIMUM ALLOWABLE PRESSURE) of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 requires that each owner or operator report, not later than 18 months, on each pipeline segment for which they do not have sufficient records to validate the MAOP of the pipeline segment. PHMSA has determined that the most appropriate method to collect this information is by the next Gas Transmission Annual Report which has a due date of March 15, 2013. PHMSA is planning for owners or operators to submit the newly requested information in Parts Q and R in the Gas Transmission Annual Report by March 15, 2013, to ensure that owners or operators comply with the "not later than 18 months" provision in the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011. PHMSA does not agree with the comments from AGA, National Grid, NGA, and Texas Pipeline Association to include a separate column for "miles yet to be verified." PHMSA has determined that such mileage should be identified as mileage without records to avoid confusion and comply with the reporting requirements. Therefore, PHMSA has revised the instructions to specify that pipeline segments that have not been verified be reported under the appropriate "w/out Recds" column. Owners or operators that find verification records after filing their Gas Transmission Annual Report may file a supplemental report to update their submission. The Gas Transmission Annual Report instructions contain the procedure for filing a supplemental report.

The PHMSA December 31, 2012 deadline provides operators only 12 months of the 18 months that Congress gave operators to verify records. Additionally, PHMSA did not provide operators with the elements needed to verify records until it published a Federal Register notice on May 7, 2012. This clearly shortened the time operators had to complete the paperwork burden.

Finally, PHMSA is instructing operators to submit false information on the Annual Report. The underline portion of the paragraph above shows that PHMSA is instructing operators that have not completed their records verification process, or have incomplete records and have used available records to make conservative assumptions to establish the MAOP, to report that they are operating pipelines without records. This creates serious legal liabilities for the Secretary of Transportation and pipeline operators. The minor revisions suggested by AGA will eliminate these legal liabilities. It will also promote accurate reporting when records are incomplete whether it is because the transmission pipeline MAOP records are not traceable, verifiable or complete, or because the MAOP verification process is incomplete.

III. CONCLUSION

AGA appreciates the opportunity to comment on the above referenced notice of Information Collection Activities published in the September 21, 2012 Federal Register, 77 FR 58616. AGA commends PHMSA for incorporating many of the comments submitted to the public docket in response to the April 13, 2012, Federal Register notice proposing changes to various gas transmission and gathering systems annual and incident reports. AGA believes that PHMSA and the OMB need to address legal issues caused by the way the PHMSA has used the term “without records” in the Annual Report Form and instructions. The Annual Report Form description and instructions should not use the term “without records”; rather it should be “with incomplete records”. The incomplete or inadequate record description is consistent with federal legislation. There is no basis in law or fact to support PHMSA’s use of “without records.”

There is no reason to arbitrarily limit the reporting to the status of the record review as of December 31, 2012. This reduces the 18 months that Congress gave operators to submit MAOP verification data to 12 months. AGA believes that the instructions can be changed to allow operators to submit the information requested in sections Q and R as of the date of the March 15 submission. This will reduce the paperwork burden and reduce the number of operators that will have to file supplemental reports.

Finally, the information PHMSA is requesting in sections Q and R of the Annual Report Form is not currently available and operators confront an enormous paperwork burden and a short time frame to generate this new information. It must be completed because of Congressional mandates. The paperwork burden varies greatly between pipeline segments and operators. AGA estimates the average paperwork burden will be 10 per mile of transmission line. Therefore the additional paperwork burden will be 300,000 hours in 2013 instead of the 5,760 estimated in the Federal Register notice.

If you have questions or need more information, please feel free to contact me

Respectfully submitted

A handwritten signature in black ink that reads "Philip Bennett". The signature is written in a cursive, flowing style.

Philip Bennett
Managing Senior Counsel

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 23 day of October, 2012 a copy of the foregoing **Comments of the American Gas Association on Pipeline Safety: Information Collection Activities, Revision to the Gas Transmission Systems Annual Report, Docket No. PHMSA-2012-0024** was served by (1) Facsimile, 202-395-5806 and (2) Internet electronic delivery, to Office of Information and Regulatory Affairs Records Management Center, Room 10102 NEOB, 725 17th Street NW, Washington, DC 20503, and Desk Officer for the U.S. Department of Transportation PHMSA.OIRA_Submission@omb.eop.gov.



Philip W. Bennett
Managing Senior Counsel
American Gas association
\$00 North capitol, NW
Washington, Dc 20002
(202) 824-7339
pbennett@aga.org

cc: Mr. Blaine Keener
Mr. Cameron Satterthwaite
Ms. Vanessa Sutherland
Mr. Jeff Wiese