



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave., S.E.
Washington, DC 20590

OCT - 2 2008

The Honorable Mark V. Rosenker
Acting Chairman
National Transportation Safety Board
490 L'Enfant Plaza East, S.W.
Washington, DC 20594

Dear Chairman Rosenker:

Thank you for your January 22 letter, in part addressing the National Transportation Safety Board (NTSB) Recommendation P-07-9, in which you noted that the Board was pleased that the Pipeline and Hazardous Materials Safety Administration (PHMSA) will consider modifying the language in PHMSA's enforcement actions to explicitly require the operator to ensure that it addresses all risk factors. Safety Recommendation P-07-9 was issued to PHMSA in response to the NTSB's investigation of an October 27, 2004 hazardous liquid pipeline rupture that occurred near Kingman, Kansas. The NTSB recommended that PHMSA require an operator to revise its pipeline risk assessment plan whenever it has failed to consider one or more risk factors that can affect pipeline integrity.

PHMSA reviewed its regulations and finds that we do require consideration of all relevant risk factors. The Federal pipeline safety regulations (§195.452 (g)) specify that the operator's risk analysis process must consider all available information concerning the likelihood and consequences of pipeline failures. The application of the risk analysis in assessment schedule development (§195.452(e)(1)), evaluation of preventive and mitigative measures (§195.452(i)(2)), and periodic evaluations (§195.452(j)(2)) requires consideration of all important risk factors. Furthermore, Frequently Asked Questions (FAQs) on PHMSA's Implementing Integrity Management web site (<https://primis.phmsa.dot.gov/iim/index.htm>) further reinforce the need for a complete consideration of risk factors and a comprehensive risk analysis. The following FAQs all relate to risk factor consideration in integrity management programs: 3.3, 3.21, 4.7, 5.10, 8.11, 8.14, 8.15, 9.2, 9.4, and 9.8.

PHMSA has also reviewed its inspection protocols and process for adequacy. PHMSA's inspections provide a comprehensive and systematic approach to evaluating operator compliance with all integrity management program requirements in §195.452. PHMSA's inspection protocols explicitly address the completeness of an operator's risk analysis. Specifically Protocol 5.1 requires the inspector to:

Verify that the operator's process for evaluating risk requires consideration of all relevant risk categories and operating conditions when evaluating pipeline segment risk.

To support use of the protocols, PHMSA has developed a comprehensive set of inspection enforcement guidance to assist inspectors in evaluating operator integrity management programs. This guidance is an internal document used following each inspection to guide regional personnel in the preparation of enforcement cases following an integrity management inspection. It details the explicit steps that must be followed to select the appropriate enforcement action and to determine the relative severity of the issues identified in the inspection. This guidance provides additional information to help inspectors assure an operator has complied with the above-referenced requirements, and draws on the risk factors listed in §195.452, Appendix C to Part 195, and the API Standard 1160, "Managing System Integrity for Hazardous Liquid Pipelines." When operators failed to consider one or more risk factors, PHMSA has for years now, where appropriate, addressed these deficiencies through enforcement actions. Based on the NTSB recommendation, however, PHMSA has decided to modify our integrity management enforcement guidance to add the following explicit direction to inspectors and regional directors who prepare enforcement cases:

If one or more of the probable violations or inadequate procedures deals with the incomplete consideration of risk factors, then the proposed compliance order or Notice of Amendment must explicitly direct the operator to consider all risk factors in revising its information/risk analysis, periodic evaluations, assessment plans, and determining necessary preventive and mitigative measures.

Based on the above PHMSA action, this letter requests closure of Safety Recommendation P-07-9 and requests it is classified as "Closed--Acceptable Action." If you have questions, please feel free to contact me at 202-366-4433.

Respectfully,

A handwritten signature in blue ink that reads "R. Kowalewski" with a long, sweeping horizontal line extending to the right.

Rick Kowalewski
Acting Assistant Administrator/
Chief Safety Officer