U.S. DEPARTMENT OF TRANSPORTATION
Pipeline and Hazardous Materials Safety Administration
Technical Pipeline Safety Standards Committee
Technical Hazardous Liquid Pipeline Safety Standards Committee

JOINT COMMITTEE MEETING

U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, D.C. 20590

1:00 p.m.
Thursday, August 6, 2009

Technical Hazardous Liquid Pipeline Safety Standards Committee

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A G E N D A

P R O C E E D I N G S

1:12 p.m.

Call to Order

Committee and Staff Introduction

MR. WIESE: Thanks, Tim. Appreciate that, and as we said, I want to remind myself to talk to Tim about Kenny G as background music.

Any rate, welcome, everyone. If you'll allow me, I think it's really probably more appropriate for me to turn to Cheryl right off and you want to take care of some business and then introduce Lula first as chairing the meeting.

MS. WHETSEL: Welcome, everybody, and thank you for dealing with all of our newness to this webinar.

I'll just repeat again when you all are speaking, if you could, please, state your name first, and I'm just going to turn it over to Lula.

MS. FORD: Thank you, Cheryl. Good afternoon, everyone, and welcome to the Joint Committee Meeting of the Technical Pipeline Safety Standards Committee and the Technical Hazardous Liquid Pipeline Materials Committee.

I'd like for the committee members to introduce themselves in any particular order, Cheryl.

MS. WHETSEL: No, that's fine.

MS. FORD: Okay.

MS. WHETSEL: Wait. Let me do a roll call. That might be easier.

MS. FORD: Okay. I think it would.

MS. WHETSEL: I was trying to follow earlier and it was a little bit difficult. So we do have Lula.

Is John Bresland on the line?

(No response.)

MS. WHETSEL: Massoud, we know you're here, right?

MR. TAHAMTANI: I'm here, and I want to tell you that I have to leave about 3:30. I've got a doctor appointment. So I'll be here until then.

MS. WHETSEL: Okay. Thank you. Larry Davied?

MR. DAVIED: Yes, I'm here.

MS. WHETSEL: Thank you. Denise is here. Denise Hamsher.

MS. HAMSHER: Yes.

MS. WHETSEL: Craig Pierson?

MR. PIERSON: Present.

MS. WHETSEL: Thank you. Larry Shelton?

MR. SHELTON: On the call.

MS. WHETSEL: Tim Butters?

MR. BUTTERS: Tim Butters is here.

MS. WHETSEL: Thank you. Rick, you're here.

MR. KUPREWICZ: I'm here.

MS. WHETSEL: Carl Weimer?

MR. WEIMER: Here.

MS. WHETSEL: Okay. I know Drue Pearce is not here. Don Stursma?

MR. STURSMA: Is here.

MS. WHETSEL: Lisa Edgar?

(No response.)

MS. WHETSEL: Jeryl Mohn?

MR. MOHN: I'm here.

MS. WHETSEL: Pete Terranova?

MR. TERRANOVA: Here.

MS. WHETSEL: Mike Comstock?

(No response.)

MS. WHETSEL: Andy Drake?

MR. DRAKE: Here.

MS. WHETSEL: Jim Wunderlin?

MR. WUNDERLIN: I'm here.

MS. WHETSEL: Paul Rothman?

MR. ROTHMAN: I'm here, but I also have to leave at 3:30.

MS. WHETSEL: Alan Shuman?

(No response.)

MS. WHETSEL: Richard Feigel?

MR. FEIGEL: Yes.

MS. WHETSEL: Ted Lemoff? Ted's actually going to be joining us later because he had some comments that he wanted to make. So he's on travel.

And Rick Pervarski?

MR. PEVARSKI: I'm here.

MS. WHETSEL: Thank you. That would be all.

MR. KUPREWICZ: Cheryl, --

MS. WHETSEL: Yes?

MR. KUPREWICZ: -- there's more than one Rick here. So just for the record, there's a Rick Kuprewicz, as well, and I am not able -- it's denying me live access to the meeting. So I don't want to tie you up too much, but I don't know if that adds value or not.

MS. WHETSEL: Rick, if you want to -- I think the only thing the live meeting is really going to bring you is the slides.

MR. KUPREWICZ: Yeah. And I've got those.

MS. WHETSEL: Okay.

MR. KUPREWICZ: Thank you.

MS. WHETSEL: Good. All right.

MS. FORD: Thank you, Cheryl. We will now have Remarks and Program Overview from our Executive

Director Jim Wiese.

Remarks: Pipeline Program Overview

MR. WIESE: Thank you very much, Lula. Appreciate, by the way, your chairing the meeting. It's a little difficult to do remotely, I understand. So everybody bear with us and I know that between Lula and I, we'll manage to get us done on time and through the material. So thanks again, Lula, for your help.

MS. FORD: Thank you.

MR. WIESE: I've just got a few brief remarks. Cindy Douglass had hoped to be here but won't be. Our department has scheduled a regulatory review concurrent with this meeting and there's two regulations that I know all members of the committee are keenly interested in that are front and center in that reg review. So you can't be in two places at one time.

So I guess it was that she's there and I'm here. So she asked me to make her apologies and when the committee gets together again face to face, Cindy will definitely be here and with any luck, we may have an administrator by then and we'd have an administrator for our face to face meeting.

So, first of all, welcome. We've got about four hours ahead of us. I did want to point out there

are no scheduled breaks in this. So those of you on the phone will know how to take care of yourselves. Those of you who are gathered here together and some of you who are visitors, if you'd just walk through those double doors out to the glass wall, turn right for the men's and turn left for the women's. If you really get thirsty or hungry, you can go down one floor and take care of yourself.

I will remind people, and I'll do that myself, to, if you would, put your cell phones on buzz or mute. It will just make the meeting go a little easier. So I think took care of that.

I want to again thank Lula for jumping in and taking over. It's important to do that.

One of our perennial champions has now resigned because he was not reappointed in Massachusetts. So I'll come back to that in a second.

Part of the reason I wanted to take time to thank the committee was again one more time since I wasn't all together there when we did it face to face, I want to thank the committee for working with us, I think, really in the spirit that the committee was intended to do, to craft the control room and the DIMP rules, and I think we did really good work there, despite bad circumstances.

There were a lot of people sick, myself included, but great work was done, I think, and I think the committee provided invaluable service, and I wanted to thank you.

But I knew you wanted to talk about it some more, so we've set aside two hours to talk about control room and DIMP. Just kidding.

So I did say there is good progress on those. As I mentioned, Cindy's up right now and our packages are poised to go to the Office of Management and Budget. It's been a painfully slow process. You know, some of it's transition and a new Administration. So bear with us. We will get those things moving.

We wanted to be respectful of your time, so we called the webinar and the phone meeting. We really don't have any votes today. This is really an informative meeting. It's not intended to, you know, be terribly informal. So bear with us, if you will. We thought phone call would be sufficient for that instead of bringing you together for a half a day.

Let's see. Other things. I wanted to specifically acknowledge a couple of people who have left the committee, you know, and I'm really sorry to see this because really the committee's kind of coming together as the people work together more, but as I

mentioned, Bob Keating, the Commissioner for Massachusetts, has had to resign. He was not reappointed there.

Jeff Hatch-Miller, Commissioner from Arizona, has resigned. He was not reappointed there.

And then O.B. Harris, some of you may not know, O.B. had to resign, and I'm really sorry to see that. O.B.'s been with the committee for quite a few years, you know, eight-nine years by now. I'm not sure exactly how long, but, you know, that was a business transaction. O.B.'s, you know, going to be moving on, I know, and doing other things. So we wish him well as we wish Bob and Jeff well.

Right now, we have appointments before us. Yep. We have appointments and we'll probably have one more because I just learned about O.B. So there will be one more appointment we'll need to make and then we'll be back to full strength. It will be our goal to do that before we meet face to face. We'll do whatever we can to do that, and I think there's a good chance to that.

I guess before I really get into talking a little bit about -- you know, I just have a couple of comments and we'll start on this.

I thought, since Cheryl was so kind to remind

me, I should have said earlier it would be helpful for people, particularly on the phone, to hear who's in the room. So with your permission, I want to make it really fast, just say name and who you're with and I'll start.

I'm Jeff Wiese. I'm with the Office of Pipeline Safety in PHMSA.

MR. ISRANI: I'm Mike Israni. I'm Senior Technical Advisor and Manager of National Standards with PHMSA.

MR. LITTLE: Roger Little, Manager, Information Technology and Analysis with PHMSA.

MR. LAURENCE: Mike Laurence from Jack Klaus and Associates.

MS. HAMSHER: Denise Hamsher, Committee Member, Enbridge.

MR. LIDIAK: Peter Lidiak, API.

MR. PAUL: Raymond Paul, Association of Oil Pipelines.

MR. SAUERTHEID: Cameron Sauertheid, Office of Pipeline Safety Regulations.

MS. WHETSEL: Cheryl Whetsel, Office of Pipeline Regulations.

MR. BENNETT: Philip Bennett, American Gas Association.

MR. ALEW: Andrew Alew, American Gas Association.

MR. ADAMS: Jack Adams, Boardwalk Pipelines.

MR. PATES: Jim Pates, Office of Chief Counsel, PHMSA.

MR. COIL: Keith Coil, Office of Chief Counsel, PHMSA.

MR. FOWLER: Perry Fowler, Associated General Contractors of America.

MR. KNUTSON: Niels Knutson, Committee on Transportation and Infrastructure, U.S. House of Representatives.

MR. PERNELLA: Warren Pernella, Econometric Consulting Firm.

MR. EEREO: Richard Eereo, Consultant.

MR. HILL: Damon Hill, Office of Government and International Public Affairs.

MR. WIESE: Okay. I think that's everyone here. So thanks for that reminder.

So any rate, my remaining comments are very brief. I just want to say that the purpose of our meeting today is again to reiterate we're not here to take votes. We're really here to keep the committee informed on a couple of initiatives that are going on, but I think as importantly, we want to prepare you for

votes that we will likely take as a committee later in the year.

So we'll try to give you an update on that but just recognize we're not in a state of the regulatory process. We're ex parte. There's only so much we can talk about, but we'll tell you what we know on these things and move forward.

I did want to raise for the committee's consideration later, you know, really after you've heard the updates on the so-called "One Rule" and the "standard rule," to consider whether or not, if it becomes necessary, we can move to a phone vote on those.

I don't think either of those rules is highly controversial and, of course, that depends on what happens on the comments. I think Mike was telling me that the docket so far is still clear on both.

I know several folks in the room plan to file comments. They just haven't done it yet, but just wanted to mention the possibility of a phone vote if it turns out to be non-controversial, trying to be wise about using your time.

The last thing I wanted to say is I wanted to ask for your indulgence on the agenda a little bit. As I mentioned, the reg review is going on. John Gale was

scheduled to be here to start speaking immediately but he'll be up there for a little while. So I'm going to do a little swapping around on the agenda.

John was going to cover kind of a response to some questions that you had raised in the last committee meeting. We always want to try to be responsive to the committee members. If you have questions about what we're doing, we should respond to you, and then also he's going to participate in the Low Stress II discussion.

So I think that's really it. So really appreciate again everybody's time, taking time out to come and talk with us. We will provide for the public, we'll provide a question and answer session at the end of this, but in recognition that there are no votes today and there's a lot on the agenda to get through here, we're going to ask that that be put at the end of the day.

So there will be obviously discussion amongst the committee members and the presenters, but then we'll open it up to the general public at the end.

So, Lula, I think with that, that concludes mine and we'll bypass John Gale for now and I'll mention, you know, when he comes back in to the room.

MS. FORD: Thank you. So we'll go directly

to Agenda Item 1, One Rule and Changes to Incident and Accident Forms with Roger Little.

Agenda Item 1: One Rule and Changes to Incident and Accident Forms

MR. LITTLE: Good afternoon. Happy to be able to give you an update on our rulemaking, the One Rule. The name for that is the Pipeline and LNG Reporting Requirements. We call it the One Rule because we had so many elements in that thing, that we had to debate for quite some time about multiple rules and we decided we had to have One Rule instead and sort of the name stuck.

We're already talking about maybe a two-rule later on for the things that didn't make it into the One Rule, but the intent was to try to be efficient and to -- we had a lot of recommendations from a variety of sources, a lot of mandates and a variety of things that we needed to address, as well as our own internal data gaps and identification and improvements that we needed to make. So we tried to create a rulemaking that dealt with all these things in one swoop.

Jeff mentioned that today is basically an informative discussion about this. There's a possibility we might have, as I understand it, a vote possibly before the Fall Technical Advisory Committee

meeting, but there are a number of votes slated for the Fall that we would have comments and, you know, a little bit more discussion and give you a little bit more indepth presentation at the Fall session.

The One Rule, as I mentioned, addressed multiple things. If you'd go to the next slide?

We had mandates in the PIPES Act 2006. We had some recommendations from GAO, IG, NTSB recommendations. We also had a petition from INGAA. In addition to these things as primers for the One Rule, we also have a blurry lens on being able to say who is who in industry.

One of the other things that we're trying to do in this rulemaking is basically improve that lens in terms of being able to track basically who owns which assets. We have right now sort of an ad hoc discovery with our operator identification number process that occurs through multiple filings and occurrences through the year.

We have an SF report, for example, that's file and we'll maybe determine at that point we've got, you know, a merger of some assets that had happened. We've got a mapping submission that shows mileage that isn't in sync with the mileage that is in our annual report.

So this hopefully will give us a little better lens down into things. We tried to take an approach that was as cost-effective as we can. We're not really requiring essentially new information or proposing that we're recast the OPIDs. We're looking for a notification process of major events and the rule goes into some detail about where we're trying to go with that.

Also, we are also trying to address information needs from our state partners. Information on a state basis is something that we've had some requests for for improvements from state partners and we thought that was something important, and we're trying to make some inroads there.

Go to the next slide. I mentioned that there were multiple areas within the rulemaking. I'm going to tick those off briefly. There was an oversight in the gathering rule. Actually, I'm sorry, that's another later element.

The first element is reacting to the petitions from INGAA and to a GAO recommendation to move to adopt a volumetric basis for reporting gas loss to help normalize, I guess, the cost of skewing that occurs with natural gas price inflation over time.

We're proposing three million cubic feet in

the rulemaking and also we're also proposing to change the definition to add an element that has been present for liquid reporting that wasn't in the gas reporting criteria to make the reporting consistent. This goes toward a GAO recommendation and that was to add a requirement for reporting an explosion or fire not intentionally set by the operator.

You know, we certainly realize that that may have some concerns for the gas industry. We've had some feedback about that. We look forward to your comments on that.

MR. KUPREWICZ: Roger, Rick Kuprewicz, a member of the public here.

MR. LITTLE: Yes.

MR. KUPREWICZ: Just a question. Where does the three million cubic feet come from?

MR. LITTLE: Basically, we did an assessment of the reporting levels that were reporting for gas loss across both the Distribution Incident Report and the Transmission Incident Report. The three million cubic feet is the sweet spot that would continue trending from both of those incident reports based on past amounts reported between the two. So it's a median of the distribution reporting amount and the transmission reporting amount to basically try to, you

know, keep the baseline from being affected as we move toward adopting that amount.

MR. WIESE: This is Jeff. I wonder if I could just do a procedural check, would be to say it'd be helpful, you know, balancing being respectful and balancing being helpful and making sure we get through the presentations if we let the presenter finish because we've only given him 15 to 20 minutes, and then we've left 10 or 15 minutes for discussion.

So with apologies to committee members, I guess I would ask if you'd just note your questions and we'll deal with them all at one time. Sorry, Rick.

MR. KUPREWICZ: I don't see you guys, so I can't see what's going on.

MR. WIESE: Understood.

MR. LITTLE: And also, just in recognition of the fact that we do have the limited time here, I'll give you my phone number. You know, keep in mind we're ex parte, but if you've got a question, something that you need clarifications on, you know, you can call me at 202-366-4569 if you don't have an opportunity to ask something, you know, sort of a general question, I'll be happy to try to field some questions offline, too.

MR. KUPREWICZ: No problem. Moving right along.

MR. FEIGEL: Could you repeat that phone number?

MR. LITTLE: Yes.

MR. FEIGEL: Slow, so I can write.

MR. LITTLE: 202-366-4569. The third element in the rulemaking is a proposal to address two NTSB recommendations.

They recommended that we require operators to have and use a procedure to calculate and report a reasonable initial estimate of the released product and also a second recommendation to provide additional telephonic reports if significant new information becomes available during the emergency response phase. So those two elements are proposed in the rulemaking.

Next slide. I mentioned that we're trying to address a need for better state information. The Hazardous Liquid Annual Report currently is not on a by state basis. The Gas Transmission Annual Report is.

We're looking for more parity in by state information and we've actually proposed some expansion of information also on the existing form for by state for transmission.

I mentioned the OPID Registry. Basically, the intent there was to have notification about certain events. We've got, I think it is, six discrete

elements proposed in the rulemaking that would trigger basically a reporting within 60 days is what we're proposing. They're essentially things like mergers, acquisitions, construction of a project of $5 million or more, some other similar types of criteria that we believe were significant enough, an asset change that we wanted notification.

We also are -- we've moving to electronic reporting broadly. We want to require electronic reporting. We'll propose, if possible, an exemption, recognizing the small businesses that may need that. We seek comment about, you know, companies that may need a waiver or something that they, you know, can't get on the Internet to do electronic reporting.

One of the consequences of moving to electronic reporting, we had a couple of forms that weren't standard OMB-approved forms, the Safety-Related Condition Report and the Offshore Pipeline Condition Report. So we're also in this rulemaking proposing to get OMB approval for those two forms.

The Safety-Related Condition Reports have been faxed in to us, you know. Currently again, we're just creating a standard form. We're not proposing new elements there.

The same thing with the Offshore Pipeline

Condition Reports. There's a list of things that are currently required to be reported. We're creating standard forms.

Those are essentially the elements that are proposed in the One Rule.

Next slide. I mentioned that the OPID Registry or Operator Registry is a mission critical element. We really believe that that's very important for us to be able to maximize the information collection we have.

Right now, our analyses are limited. We believe the industry's analyses are limited by, you know, some of the current information. So we're trying to, you know, basically make some broad improvements.

We also have had a lot of discussion with industry over the last six months on incident reporting improvements and this somewhat goes hand in hand with some of that thinking.

In those sessions, we've talked a little bit about some aspects of where we're going in this rulemaking. So we have done some outreach, you know, on some of these topics. We're looking forward to more comments as we move forward.

And the by state information, really I think that's probably our single most important data gap that

we've identified internally right now that we want to address and we believe that's mission critical for us. That's really the overview that I've got.

Next slide. We had the rulemaking proposed July 2nd. There's a 60-day comment period. We, as I mentioned, will be doing a more formal briefing and seeking a vote later on. We're hoping to have a final rule out by Spring of 2010.

At that point, that generally concludes the overview that I had.

Do we have questions?

MR. STURSMA: This is Don Stursma from Iowa.

MR. LITTLE: Hi, Don.

MR. STURSMA: And I thought maybe I'd give you a quick overview of some things I'm going to be ask you about in the comments I plan to file and if you care to respond to any of them then as I go through them, I would appreciate it.

The first one, now that you've added gas volumes to it, some of our larger operators, gas volumes may not be that technically hard to compute. Some of our smaller operators, like I've got municipal operators, I've got industrial customers with lines that could lose enough gas, I'm not sure they would have the faintest clue how to calculate gas loss.

So I'm hoping somewhere, either in this rulemaking or in the website location, so forth, you can provide some kind of assistance to these people so they know what to do in that case.

Also in your reference to gas loss distribution systems, I wonder are we talking the actual in-town distribution or are we talking laterals and feeder lines which we can argue whether those are transmission or distribution or not.

If we've got people operating in-town distributions here who can easily come up with the volume of the pipe internal volumes evacuated, good luck. I think that would be pretty much a nightmare computation.

So I will probably file something that will look at that a little bit.

MR. LITTLE: I appreciate the heads up. I certainly will be thinking about how we can get through instructions and online procedures, maybe, you know, help give some clarification about how to standardize and assist with the volume computations.

MR. STURSMA: The next item which you propose is the requirement that states get copies of some of these reports.

I don't recall if you asked the states how

they felt about that before you proposed it, and I am going to propose that NAPSR do a survey of its members because, you know, states generally seem to want these reports. In fact, PHMSA more or less requires that we look at them and do a little quality control on them and I don't know to what extent states rely on that rule to get copies of them and don't have any state rules that requires them. So that's probably something that needs to be checked out.

MR. LITTLE: Okay.

MR. STURSMA: I'm not sure -- one of the things that I thought was going to be addressed in this rulemaking was the question of fire first incidents. For example, a house starts on fire for reasons having nothing to do with gas, but the heat melts the regulator or a wall falls and breaks the service line or something. Then you have gas involved in the fire.

I know that NAPSR and some other persons, as well, I believe, have felt that those should not be reported as incidents because their root cause is totally outside anything to do with the gas system.

I don't see that addressed in this rulemaking. In fact, the part about any fire that's not intentionally set, I interpret that to be inclusive of fire first incidents. Would you comment on that?

MR. LITTLE: Don, I'd just like to add that, you know, we did consider whether to put that in this rulemaking. We've had some discussion, especially with the American Gas Association. There were comments filed in the docket to that point in the Federal Register Notice for our incident collection and so we've got a dialogue going on.

We know, we're aware of the NAPSR recommendation. We've got a study of that ongoing, and we hope to deal with that outside of this rulemaking, but we do have it on our agenda to track it. We're happy to talk more with you about that as we move forward.

MR. STURSMA: And while we're -- the next item would be that -- I'm trying to find it with my pile of paper on my desk as we speak.

But there has been at least some proposals in the past to collect additional information on gathering line incidents, including a direction from the House Committee on Energy and Commerce back before the 1992 law changed, some statements made in Amendment 102 on gathering lines. They all seem to say that there was going to be some additional data collection on gathering lines, potentially including those that are not considered jurisdictional for other purposes.

I do not see that addressed in this rulemaking. So I was wondering why not.

MR. LITTLE: Well, there were some additional requirements that were included in reporting in the Low Stress Rule that went out that go to some of that, but, you know, it didn't explicitly target something about gathering -- non-jurisdictional gathering. That's something that we'll take under advisement.

You know, certainly I would welcome you to file that comment and we will, you know, formally address it.

MR. STURSMA: Okay. And then the last item I had is whether this is really a good time to start messing with the Distribution Annual Report because assuming an approval is issued at some point in the future, it also in its proposed form would contain some additional items that would go in the annual report.

MR. LITTLE: That annual -- some elements are proposed in the pending DIMP Rule that go to performance measures for an expansion of the annual report.

Beyond that, we don't have anything on the table. We've been considering a Federal Register process that we would start shortly looking at, you know, broadly changing that, but I'm hearing that, you

know, the current proposal was basically in the current rule that's pending for DIMP, the DIMP measures would be proposed in an annual report form for the cost collection for that information along with that rule that's pending now.

MR. STURSMA: Let me make sure I have this straight. The annual report that you're currently proposing do or do not include things related to the DIMP rule?

MR. LITTLE: They do. In the DIMP Rule itself, the annual report, as I understand it, is to be published for, you know, comments for what is being proposed for integrity management-related performance measure elements that are being added to that form.

MR. STURSMA: Okay. Added at some point --

MR. LITTLE: During this rule that's pending very quickly. It's about to go out.

MR. STURSMA: I'm talking about in the One Rule process.

MR. LITTLE: The One Rule does not, no. The One Rule does not address the Distribution Annual Report at all.

MR. STURSMA: So you could very well be doing an annual report now and another one in a few months?

MR. LITTLE: Well, the Gas Transmission

Annual Report is moving in the One Rule and the changes to the Distribution Annual Report, we saw that as hand-in-foot with the DIMP Rule and we intentionally did not put that in the One Rule. We weren't sure at the time about the synchronization of when these rules might go out and we thought it was safer and cleaner to basically keep that annual report change tied to the DIMP Rule.

MR. STURSMA: Okay. My point is, I guess, we know some additional annual report requirements are coming out of the DIMP Rule. I guess I'll just wait till they're out.

But I will let it go at that, and I think that's the end of my list here, unless I come up with more stuff.

MR. WIESE: All right. Keep them coming.

MR. LITTLE: We always appreciate your comments, Don.

MR. WIESE: Just one comment that we didn't respond to. I don't know that the committee meeting is meant to be a point counterpoint, although we're happy to talk about everything.

The one thing we didn't respond to, Don, was the business about, you know, why should suggested operators not have to file in two places and that is

that, as you know and we'll continue working with NAPSR on, we're trying to provide that to you electronically. So if the operator files once, it's going to be available to you, you know, just pure and simple. All you do is log on to that system that we were showing you and that's something that continues to evolve.

So I think it's a fair comment, but it's our goal to try to reduce reporting burden where we can, yet make the information available to you as quickly as possible.

MS. HAMSHER: Denise Hamsher, Committee Member, from Enbridge.

I have a couple of comments on the telephonic report for spill volumes. I just continue on to urge being realistic. We can have accurate or we can have facts. You often can have both. They're in the middle of the might with a spill of unknown volume when you're shutting down and there's a lot of unknowns. You simply do the best you can and, yes, we can create procedures and do that to make the best, most reasonable estimate that they can, but, you know, hold people to doing due diligence, not perfection. Those are very difficult.

And as you well know, you could have a spill a hundred times greater than another and have it be of

little consequence if it's contained in a fairly non-permeable area. I'm talking about liquid spills. You know, its impact and repercussions and federal, state, local emergency response is a different animal than one a tenth that size that affects more sensitive areas or is flowing.

So I just urge everybody not to have a perception of gotcha because it is unrealistic to be fast and 100 percent accurate.

The other issue, and maybe this is a longer discussion or one for written comments, I urge you to look at the comments that were filed with the annual report initially for liquid in 2002.

Enbridge, in fact we filed comments. The concept of trying to do things like integrity or inspections or volumes by state is simply not aligned with the way we operate our systems. I'll give you a particular example right now.

We have one segment of our system that crosses three states. Halfway through, so, you know, a state and a half, you have seven parallel pipelines with different types of products, some HVL, some not, and then you have a delivery point and then from there you go all the way to the next delivery point which is in another state.

We don't track the volume, except at those key hubs, and they're not related to the state line. So one is the burden. The other one is what are we really gaining?

I know there's a lot of like-to-have information out there, but is it related to the risk of those systems. So I'd just urge on this one we take a real hard look at the cost-benefit of collecting data when systems really just aren't quite set up to capture that kind of information and you may end up getting real distorted type of information, repetitive over state by over. You're not going to be able to add it up. So, you know, what real value is it as it relates to driving the pipeline safety?

MR. LITTLE: Appreciate your comments. We'll definitely take a look back at the previous set of comments.

MR. WUNDERLIN: This is Jim Wunderlin. I'm on the Gas Committee, representing Industry. I want to make a few comments here.

Roger, I appreciate the intent of the One Rule trying to make things more efficient by putting everything in One Rule. I think that's commendable.

I'd like to follow up on fire first. We're going to file comments later this month that will

include some of this. We're concerned about that this is going to skew the data and it really does not truly represent a failure of the gas system or failure of the operator to control the hazard and in fact if you go back to the April 2005 Report on Safety Incidents and Natural Gas Systems: Understanding the Hazards, which was prepared for the Office of Pipeline Safety, they concurred that this does not represent a failure of the gas system or a failure of the operator to control it.

So I think we have to be careful in thinking through that, whether we want to include that data or not. It may not be helpful to do that.

MR. LITTLE: We're looking at Cheryl's comments and taking that in as a factor.

MR. WUNDERLIN: Okay. Appreciate that. As far as the volumetric, the 3,000 mcf, I think that it was stated, you know, some of the operators have a difficult time determining in the field when we might reach that level of 3,000.

We're a large natural gas utility and we think of ourselves as being fairly sophisticated, but we would still have a difficult time determining when we've reached that threshold.

Roger, you explained how you came up with that number, but we're going to file comments because

we think that may be too low. If you calculate off the dollar amount in today's dollars, that might be in that $7,500 range where normally they're reporting for a DOT incident that's at $50,000 and that $50,000 in itself goes back to 1984. It has never been the index. It probably should be over a $100,000 today.

So you may think about raising that maybe to 20,000 mcf as the threshold and what that would do is eliminate a lot of the small operators having to worry about whether they met that criteria or not.

We can say casually, well, you know, we didn't understand. We know, you know, when you're in the field during an incident, we may not take that, you know, -- it could become a gotcha.

I've been in a contest with a state regulator before on the amount of gas lost and what levels we were at. So the states are going to take that number very seriously and, you know, 20/20 hindsight, we're going to have to go back and defend that. So that's something to keep in mind.

I'll make a comment. You mentioned LNG. We didn't talk about it. The Incident Annual Reports. I would like to recommend, and we'll probably file comments to be consistent with the liquid, that this be moved to Part 193.

As far as reporting, we do report on a semiannual basis to FERC and it's a very detailed report and I think it includes most, if not all, of everything that you're asking for as far as an annual report, and I may recommend that rather than just duplicate what we do for FERC, maybe we should either copy DOT or file with DOT at the same time and that would be helpful to us if we did that.

Basically that's my comments.

MR. LITTLE: I appreciate that feedback.

MR. WIESE: This is Jeff. I wonder if you'd allow me just a quick response, if I can.

I'm not -- and I'm speaking more for me, I think. It's always difficult to do this, speaking more for me than the organization.

I want to say that I don't think we underestimate the difficulty of reporting gas volumes lost. So, you know, I think that's something we can clearly work on.

Something I'm going to bring before the committee, I've asked Cheryl to clear it for the next face to face meeting, is a discussion on greenhouse gases and emissions, methane emissions.

EPA has been here. We've been talking with them. They're doing some pretty active in the area of

trying to quantify methane emissions. So not to underestimate the difficulty of it, but I'll just say that I think we're at a point, you know, in our evolutionary history where if we can develop good data, EPA is happy to use it.

Right now, they admit that some of the data that they're using on the pipelines, they showed me their data and I asked them how'd you get that, you know, how did you come up with those totals, and I think we can do better, you know.

So I just think it shouldn't be lost. We shouldn't give up because it's difficult. We ought to decide whether or not pipelines are being quantified. They showed me all the charts for pipelines. We ought to think about whether we can do a better job.

I think that's really the only comment I had. Sorry. Should be turning to the committee members.

MR. KUPREWICZ: Jeff, Rick Kuprewicz here. Just a couple observations from a public perspective.

Looking at it from a safety aspect, I guess if I was the public, they're probably going to want to know about fires and explosions and so if your focus is fires and explosions, that's your first call. Your second call is I can give you situations where three million cubic feet is real bad and I can give you

situations where three million cubic feet is not bad and so in the hierarchy, you know, threshold, depending on the pipeline specific -- and it sounds like there may be some industry discussions and feedback.

The last thing you want to do is collect more data that just creates confusion to whoever's trying to get the safety. So when we lowered the liquid volume threshold, I can tell many cases where the public was misperceived and misinformed because they thought a lot of leaks meant badly when they were taken out of context.

So you guys needs to think about that. I'm not going to give the answers to that, but it sounds like there's some give on both sides here to get where you need to be.

MR. WIESE: Okay. Thank you, Rick.

MR. DRAKE: This is Andy Drake. I'm a Gas Industry Representative on the TPSSC. I agree with Rick. I think one thing that we have to do here, I think, is provide some platform of stability for trending of the data and when we move the volume amounts around, you know, and we don't take into account, you know, financial changes that have happened over time, you know, I think we start to report smaller and smaller volumes to make it look like our leak count

is going up, which is not what's happening, you know, we're just changing the bar, which we may need to do, but I think we need to do that very consciously and so I guess I would second that comment.

I think Jim Wunderlin had kind of made a similar comment about the volume hurdle rate.

One thing that I think that we could do here that would really help clarify some things is define, you know, for things like leaks, we need to define a rate, you know, amount of gas lost today, because when we find a leak like we found a release valve leak in one of our stations here a couple years ago, we didn't know -- you know, first of all, that is the purpose of the release valve, is actually -- it was functioning as it's supposed to, but the calibration point had drifted and it started to open.

But how long that had been happening, we don't know, and I think if we could close some of this and it does present a little bit of gamesmanship by defining a rate per day or rate per period because even if you dig up a corrosion leak in the field, I have no idea how long that could have been there, and I think it just would help kind of clarify how we're going to look at those kind of issues and calculate this volumetrically.

It also helps provide consistency with what was the intent, you know. Pinhole leak that's been there for, you know, a long period of time is not, you know, as big of a safety threat as some significant event that's happening that releases a lot of gas in a very short period of time and I think we just need to help clarify that, so that people's conclusions about what we're telling them when we talk about leaks starts to get more consistent.

You know, I do think that, you know, one thing that we might have to clarify here that would help is how do we handle gas lost when we make a repair to a finding, you know, or gas that's lost through a, you know, system that is designed to release the gas.

You know, if we had an ESC in a station because of a program malfunction, is that an unintentional release of a gas? That's exactly what it's designed to do, you know, and I think we need to kind of distil some of those things out because I really think they're masking the important data that, you know, we as the operating community, the regulators, and the public need to see.

It might be good to have a little forum to clarify some of those kind of things because I really think they're not helping us in looking at the data.

MR. LITTLE: Andy, we appreciate your feedback and look forward your comments. A lot to think about there.

MS. FORD: Any other questions for Roger?

MR. WEIMER: This is Carl Weimer, Public Representative, and just4 a couple overarching comments.

We started looking at the rule and one of the things we found as a group that doesn't have to fill these out, thank goodness, was that a number of the forms, as they're written, really don't clarify things.

There's a number of terms that aren't defined. There's some terms that are the same or closely related, definitions, but they're used interchangeably. There's places where the forms actually seem to be in the wrong order. You're asked to do Step 3 before you get to Step 5 and it doesn't make any sense.

So just from a technical writing standpoint, I think there needs to be some review of these things because, at least from an outside group looking at these, I would find them very hard to fill out accurately and if they're not being filled out accurately because of lack of definition or because things are ordered wrong, it probably would cause some

problems with the data.

So that was just one overarching thing that will be in our comments.

The other thing, just to get to the collection of data state by state, is we certainly support that idea because more and more often states are regulating pipelines differently as states take on authority.

We're putting more emphasis on damage prevention with states. So it's nice to be able to tease out of the data whether one state somehow is doing a better job than another. So we certainly support that.

I think Denise brought up some excellent points. Some of the data may just not lend itself to that and collecting data state by state for some things may just add more confusion than clarity, but for the most part, we would certainly support collecting state by state data where it really will lend greater clarity to the difference between states.

Those are just what I wanted to say.

MR. LITTLE: We appreciate your comments. Just a very quick response to the data quality issue.

In the incident improvement, we spent a very lot of time talking with industry about how we can

improve exactly what you're talking about. I hope you'll be pleased when you see the electronic implementation and what we're trying to do to simplify, you know, exactly your points, that there's a certain natural order for how you file these things.

We've done a lot of things that are going to be a big improvement to simplify the reporting in itself. We appreciate your comments.

MR. WEIMER: Thank you.

MR. LITTLE: I know we're running a little longer than we had intended.

Any other significant, you know, comments that anybody wants to raise at this point?

MR. DAVIED: This is Larry Davied with Magellan Liquid Pipeline Group.

I need to continue to repeat we're largely in support of most of the One Rule, but the comment on the state information, I know we've touched on that somewhat, what I've seen of the data is just an extension of the existing information that's gathered.

It's forcing us -- not only is it difficult, it's beyond difficult, it's impossible to get the clarity of the information. So I'm going to be very resistant to where it's forcing operators intending to do well to be essentially making data with the

granularity that the report currently looks like.

So I'm kind of echoing Denise's comments and some of Carl's as we need to be very careful that it's not just an extension of the existing information. The information needs to be obtainable and reflecting on Jeff's comments, I'm not shying away from it because it's hard, we just don't have the capability and most operators don't to cross state boundaries to be able to get that information. So that needs to be reflected in it and I think the industry comments will speak to that.

MR. WIESE: This is Jeff.

MR. TAHAMTANI: This is Massoud. I'm on the Liquid side. I've heard all these and getting the data is difficult. I think if we're trying to address safety and risk, you need specific data. You need to know where these things are happening and state by state data clearly points you to the places where you need to improve your systems.

MR. WIESE: This is Jeff. Just a quick question, really, more than anything else and maybe we can make this rhetorical. I think we can make up for the time later. This is one of the rules the committee's going to face later. So it's useful to have a discussion on this point.

I'd be interested in the Industry, if you're going to respond, and I'm gathering that you're going to respond that way, tell us what you think you can report state by state.

I'm sympathetic, Denise, to your point about the volumes. That would be challenging. Somebody else might come up with a great way of doing that, you know. I'm not the sharpest knife in the drawer, so I can't figure it out. But the infrastructure information, you know, which is essential to calculating risk, you know, and combining that with the incident information, like Massoud was talking about, helps you really sharpen your focus on risk.

MS. HAMSHER: This is Denise Hamsher. I think that's exactly it. You have geographically-spatial infrastructure data, a piece of pipe within a state. You can come up with the number of miles and all that.

It's the other information that's more operational-type data, whether that be, you know, integrity assessments or whatever. It's just not the way that pipelines are run. They're run segment to segment, hub to hub, terminal to terminal, whatever the structure of that system is, and so miles by state, you know, I think is really important, you know, and

obviously incidents by state are achievable and we're reporting that.

MR. TAHAMTANI: Denise, it's very difficult to hear you. Am I the only one that can't hear you?

MR. WIESE: Hang on, Massoud. We're going to move a mike.

MS. HAMSHER: They're just getting a speaker closer. Sorry.

You know, just I won't go over the -- there is certain information like infrastructure and all that that is very easy and I can see how it could be relevant. Number of miles, going back to the statement made about One Call Systems, is in fact very relevant.

But preventing, you know, one calls based on volume is irrelevant to a state. So a lot of -- like Larry said, a lot of impossible, very difficult information to collect with no outcome or volume.

So I think point taken. Instead of complaining, we ought to be able to come back with some reasonable alternatives that in our best judgment may not agree with you, but in our best judgment balances the value of that information with its achievable ability to collect and report and again we all avoid the gotchas because if you have something that's very difficult to do, you're going to have mistakes and then

we end up getting these oftentimes misperceived allegations that we're playing games when that's not the case at all.

MR. WIESE: Okay. Appreciate those comments. Any other comments or questions from the committee on the One Rule?

MR. MOHN: Jeff, this is Jeryl Mohn, Gas Industry Representative, work for a transmission company.

Just to clarify, the One Rule does, as we understand it, for an interstate operator, not an intrastate but an interstate operator for IMP information, integrity management rule management, to report that on a systemwide basis, although our annual report of mileages, as we submit today, will continue to be on a state by state basis.

So from our perspective, that's why you haven't heard from us relative to this state by state issue because the information will be reported on a systemwide basis, like we do today.

MR. LITTLE: This is Roger. That was the intent and that is what's proposed. The heading in that is Part F and G are the sections that we are proposing to let you continue to report, rolled up like you currently do.

MR. MOHN: Okay. Thank you, Roger.

MR. WIESE: Of course, you know, we're asking for comments on that one, too, and I'm sure the gas transmission industry will want to be thankful that we've molded the biannual reporting requirement into the annual report. So we're eliminating one cycle of reporting hopefully.

MR. MOHN: Yeah. One more quickie comment. Jim Wunderlin made the about LNG facilities. As a baseload operator, certainly it will be helpful that we align the PHMSA reporting to that that we do to FERC, so that we report the same information to both.

MR. KUPREWICZ: Jeff, Rick Kuprewicz here. I'll make one more comment and then shut up on this issue.

It sounds like within the room here that the Industry, the Public, and the Regulators and everybody are all moving forward in a positive manner. There ought to be a way where we can get there and I appreciate a lot of good effort that Roger and you guys have been doing here.

I would just caution you that more data in itself is not necessarily -- I'm in the heart of Microsoft. These guys just love data, but they don't know what to do with it. So the quality data is the

relevant data here, not the fact that we're going to get more data. So I'll leave that and shut up.

Thank you.

MR. WIESE: Thank you, Rick.

MR. SHELTON: Jeff, this is Larry Shelton, Liquid Industry rep.

One comment I would like to add with regard to volume, as well. While greater granularity can maybe improve the data analyses, that greater granularity, especially when we start talking about volumes on a state by state basis, could have the effect of putting some of our customers' proprietary information in the public domain and we would not be able to report that.

MS. HAMSHER: Maybe there's a point that -- that might be some more background information that we should discuss with PHMSA and in the interest of time just offer whether you want that now.

You know, under certain Acts, Interstate Commerce Act, we can't disclose customer by customer. If there's only one refinery, I'll use crude oil, in the state and you do deliveries by that, you are by default disclosing your deliveries to it.

So we just need to be careful and maybe that's a side discussion that goes on about better

understanding of the restrictions under those -- on disclosing customer-specific data, whether or not there's such value in that data that you would still ask for it, that it be shielded as we do certain times when we're reporting or building in a state and have information before Public Utilities Commission, we keep that information proprietary and confidential, again if there's a value in that information.

MR. WIESE: This is Jeff. Unless there are any other committee comments, I'll close out with something I think that maybe Denise opened with and just for perspective.

We've had substantial conversations with the NTSB and others about spill reporting and I know that the industry is aware and I know you've talked with them, as well.

The fundamental point for the other committee members who haven't been involved in those discussions is that response agencies, whether it's EPA, ourselves, NTSB, whomever, oftentimes use the information in the NRC reports to decide whether to launch or not.

So I am sympathetic to Denise's point about do you want fast or do you want accurate. I think my discussions at least with the NTSB, they've been very reasonable about it. They're just basically saying

have a methodology, you know, for calculating that. Do your best and then if you see a significant variation, provide an update to the NRC so that the other response agencies see the update.

Now, I know that's not without its problems because I do remember several significant events where the NRC failed to say it was an update. So that's something we can all work on with the NRC and others, but I just wanted for the other committee members' to understand that and then, of course, in the 30-day report the industry files, plus others, that number gets refined, but that number's not used for response.

MS. HAMSHER: You're right, and just for the record, this is Denise Hamsher from Enbridge, Liquid, again be careful. The NRC is -- and I respect the reporting and the federal launch of families, but trust me, the response to an incident is mobilized at that local level.

You have all sorts of people all over that. So it's not as if a telephone call with an underestimate of the amount means that it's being ignored at that state and local level.

MR. WIESE: True, true.

MS. HAMSHER: That's not in the federal reporting requirements under PHSMA, other than our

emergency preparedness under Part 194 requirements.

MR. WIESE: Some of the national organizations may not launch. NTSB, for example, have talked to us about, hey, you know, if we had understood the magnitude of this, we might have launched. You know, why are you, you know, not more on top of it? So I think this is -- they're seeking a compromise here that just said have a reasonable methodology for calculating the initial volume of the loss and then if it exceeds some percentage increase in there, they're not even defining that percentage, you know, try to be sensitive to the need of providing an update. So any rate, enough on that one.

MR. STURSMA: One more item on this topic. I know you're getting ready to leave it, but I have one more question. This is Don Stursma.

A year ago, you had a PHSMA docket or Docket Number PHSMA-2008-0211, Information Collection Activities. It did at that time propose new incident report forms.

Now, are the forms proposed at that time still on the table? Are they off the table because this current One Rule rulemaking is going to take all that over? What's the status of the forms from a year ago?

MR. LITTLE: We're very close to having the final Federal Register Notice that seeks OMB approval published. I'm not sure, a week or two. It's moving for final clearance.

MR. STURSMA: So once again, we're in a state where the next round of revisions before the prior version is even released.

MR. WIESE: Probably a fundamental flaw in the fact that it takes a year or two to move a regulatory initiative, but, yeah, there's been substantial input to those forms done. You know, we actually extended the comment period quite a bit and, you know, there was a lot going on at the end of last year, as most people remember.

I think we extended the comment period at least 60 or 90 days to give everybody more time to look at that one. So these things are drawing themselves out.

MR. STURSMA: I guess I'd just suggest that in this rulemaking and the decision on the One Call rulemaking and when those new forms are released, you point out that we've got two different forms of projects going on and try to keep these people from being confused about having multiple sets of forms floating around.

MR. WIESE: Okay. Good idea. Okay. I think then with that, go ahead.

MS. FORD: Is that the end of your report, Roger?

MR. LITTLE: Yes, it is. Thank you very much. Appreciate all the feedback, everyone.

MS. FORD: Thank you. Now we'll move on to Agenda Item 2: Periodic Updates of Regulatory References to Technical Standards. Mike Israni.

Agenda Item 2: Periodic Updates of Regulatory References to Technical Standards

MR. ISRANI: Thank you, Lula. This is Mike Israni.

I just want to start with the NPRM on Periodic Updates of Reference Standards got published on July 22nd, just about two weeks ago.

As you know, much of our code, 49 CFR, is based on consensus standards and we have currently 60 or so covered by reference.

Second slide. Okay. And we have National Technology and Transfer Advancement Act of 1995 that, according to the existing OMB Circular A-119 policies, that requires that standards are to be adopted in lieu of writing our own standards, meaning government standards, except where inconsistent with law or

otherwise impractical.

So we have been trying to adopt all the new consensus standards and new additions as quickly as possible. Last rulemaking on the Periodic Updates was published in July 2004. Our goal is to have it every two years. The final rule got published on April 6th, and we all know that the consensus standards did get updates every three to five years.

So when we try to put out a rule every two years, we like to catch as many as possible. So this proposal being out, our goal is to have the final rule out by early Spring 2010.

Next slide, please. As I mentioned, we have currently 60 consensus standards covered by reference or regulation. This proposed rule picks up roughly about 40 standards which have updated their new editions. Forty-six have been updated by the industry, by the consensus bodies, but six standards have not been covered by reference, and one standard which is partially being adopted which is NFPA-59A, and the two new standards are being covered by reference. Actually, one of them is totally new for both Part 192 and 195 and one is existing in Part 192 but is new for Part 195. I'm going to give you those standards.

Next slide, please. Okay. I'm on Slide 4.

This list shows you that we have six standards here that we are not picking up the latest editions of those standards, plus four are the ASTM standards on the plastic or composite materials.

The reasons for not picking up those latest editions are that PHMSA believes a number of the issues that need to be fully addressed by ASTM Committee have not been resolved and those issues involve walking, stressability, increase in design factor, qualification requirements, et. cetera.

Our preamble explains some of these and we have committee members on the Standards Committees, Richard Sanders and Max Gebault. They do participate on all these committees and I get input from them and based on their inputs, I try to see what we can accomplish in this Periodic Update Rulemaking.

NFPA Standards, NFPA-58, which is the Liquefied Petroleum Gas Code, and NFPA-59, which is the Gas Plan Code, these two standards, the latest editions, 2008 Editions, have not been adopted. So we are retaining 2004 Editions of both of these standards.

We have a committee member on both NFPA-58. We have Stan Costanza and 59, and the reason is there are a number of issues with NFPA-58 and 59 that needs to be resolved first before we can take the new

editions, and as well as NFPA-59A, which is the LNG Standard, the newest edition is 2006. We only are partially adopting that. We are adopting only the ultrasound inspection and seismic design loads, those two sections.

We are retaining the older editions for the rest of the requirements, and again as committee members also know, there are certain requirements are in conflict with our regulations and when we are concerned about certain issues, we tend not to adopt those until we resolve those or come to a common ground.

Next slide, please. As I mentioned, there are these two new standards. One of them, API5LW, is Transportation of Line Pipe on Barges and Marine Vessels. This is thoroughly new for both parts, Part 192, which is Gas, and Part 195 for the Liquid.

This was based on NTSB's recommendation which came in 2004 and API5L1, which has been existing in our Gas regulations, Part 192, is being produced in Part 195, and API5L and API1104, these two standards had the new editions come out in 2007 and there was urgency to adopt both of these standards because the shops which develop all of these pipelines, they were already developing to the latest editions, and our regulations

were still referencing old documents, you know, API5L, we have 43rd Edition, and API1104, we have 19th Edition, and we couldn't get the rule out in time to meet the requirement.

So we issued a direct final rule for these two standards and the direct final rule was issued on April 14th of this year which makes the new editions applicable. So operators can use the new editions for this API5L and 1104.

We also have still enforcement for the inspectors cannot cite you for using the new standards. Now the rule that has come out is a proposed rule until the new one is final. Then the new editions will officially come into place, but because of the final rule, direct final rule, 5L and 1104, operators can use the newer editions.

And next slide shows more clarifications, corrections, edits we have in this proposed rulemaking. Typically in the period of federal rulemaking, we try to pick up minor -- changes of a minor nature. You know, those are mostly where we see some edits and some corrections and clarifications. We do not want to put a separate rulemaking all for that where we don't see any controversy.

There's one change here which is the very

first one, the first one that you see, changes regarding the standards to Part 192 for conflicts regarding 192 and the NFPA standards. Some of you may feel that those -- that change may cause some concerns with the propane indust4ry.

We had some reasons why we made that change and let me tell you that before we get comments from you guys on that particular requirement. Although propane requirements are in 192.11 section, currently states that the NFPA standards prevail in the event of conflict during Part 192 and the NFPA standards and we had this change brought about somewhere in ’94-95 time frame, just when I came onboard, so I’m very familiar with when the change came into place, at that time the reasons given were that there were many issues with the interpretation and they also felt that because NFPA-59 is adopted in its entirety, it makes sense for us to give, you know, in case there’s a conflict, reference to these standards.

And one of the reasons we also considered was because technology changes that take place in the propane industry or the consensus standards are much faster than our rules come out, so we felt appropriate at that time to make that change, but since we made that change, we have noticed we have total

inconsistency with regards to interpretation of these standards and our regulation states that constantly complain. Our own inspectors have seen the problem with this requirement.

Nowhere in our Codes 192 or 195 we ever have a requirement that we mention that in case of conflict, standard prevails. So that we switched this time in this proposed rule to in case of conflict, the rule, the code prevails.

And other changes what we have made in this rulemaking are, for example, there were some requirements under 192.17 and 195.401. These changes were made to just clarify that, you know, we had some repair requirements in both the Gas and the Liquid Code where it said that do the repairs in a reasonable time period and because of the Integrity Management Program, we have specific intervals on what different repairs to be done and we go into a lot more detail.

We just want to clarify that in the non-high-consequence areas, these prevail, like reasonable time frame, but in the areas in Subpart A, which is applicable to high-consequence areas, we are to follow the sections we have mentioned.

So all we've done is given more clarification in these two sections to look at also integrity

management requirement for the repairs.

And other changes that we have made in this -- go to the next slide. There was some comments from GPTC that we have had over the years. The GPTC Committee, as you know, is the Gas Pipeline Technology Committee which has suggested some changes to the rule, mostly clarifications and guidelines that they provide and they suggest, you know, the wording or word languages causing problems. So their suggestions are being incorporated in this rulemaking.

I know you all have not had time to go through the proposed rule to see what all the changes are and, you know, what the reasons or basis behind that is in the preamble part of it.

So I would say that if you have any questions or comments on those changes that we have made, you can send your comments to the docket since the proposal is out and also when we go to the next meeting and we take the vote, we can discuss those further.

And with that, I would like to end this presentation and respond to any questions or comments.

MR. LEMOFF: This is Ted Lemoff. Can you hear me?

MR. ISRANI: Yes, go ahead.

MR. LEMOFF: Hi, Ted Lemoff. Am I coming

through okay?

MR. WIESE: Yes.

MR. LEMOFF: Okay. I would say briefly NFPA as well as the other standards developer appreciates the forum the committee has established with us to try to work with you on developing the standards and that's been working well.

I am concerned about not adopting some of the latest editions of NFPA standards, but I don't want to -- those are minor concerns.

I do have a very significant concern about the clarification of the update and I understand the concern about, as you stated, the non-government standard, specifically the NFPA standard in this case.

However, my major concern is that this will result in very substantive changes. First, I have not done the further analysis. I want to point out, too, that I have identified that there will be very significant -- and I'm saying this is not an editorial. This is not just a clean-up. This is substantive.

Any propane plants, and there are quite a number of them in the United States, currently under NFPA-59, test their pressure relief valves every five years. These are the pressure relief valves on the propane tanks.

By making Part 192 govern, it will become every year. Now, it indicates if there's any problem with the five-year testing. These valves have been working just fine, we haven't seen failures. Yes, we take some out and they find there's a lot of crud and they, of course, update them and this would be at very significant cost to sample.

Second, this does have a very, very serious effect on small propane systems, jurisdictional systems, such as in trailer parks and a few homes. Because of the pipeline regulations which require this testing, it will result in extra friction in the system. That friction is not a problem with natural gas because you have lots of pressure coming in the line.

With propane, the only pressure you have is in the tank. When it gets (inaudible), the pressure drops to approximately -40, the pressure is zero in the tank, you can't get any gas out. But as long as it's -20, and this based upon calculations done by a regulated manufacturer, they're telling me the pressure in the house, in the trailer will drop the point where the furnace will not work.

And I plan to submit to you in detail. My point is nobody wants to have homes where it gets very

cold and the furnaces don't work. I would say that the regulators, and I have no problems with the regulators on the natural gas pipeline system. With the propane, the regulators are a different type of regulator. They need a U.S. standard. They accomplish the same as the pressure protection as the monitor regulator by a different method, and I'll cover the details.

So these are examples of two significant items. I think it's well within PHMSA's responsibilities to make this type of change. I'm just saying you should look at this.

I think there should be some clarity. I think that Part 192 was intended for it and it's excellent for underground pipelines. I think to apply it to aboveground tanks and piping is questionable and I think therefore that ought to be looked at.

So I'll be providing comments to you.

MR. STURSMA: This is Don Stursma from Iowa. I want to add something to the comment about NFPA-58 and that is that generally when people are installing some kind of propane distribution system, the work's done by a local plumber who's probably never heard of Part 192 but is hopefully at least aware of NFPA-58.

So I'm going to operate on the assumption that the system is, if it's installed to any standards

at all, it's probably going to be to the NFPA-58 standards. So when the regulators eventually find out about this place, if it's jurisdictional, that's the way the system works, it sure would be helpful if we can say that if it was built to NFPA-58 standards, we feel that the original construction at least met reasonable standards, not come back and say, well, it did not meet Part 192 standards, so therefore you need to replace the system.

I think we ought to at least recognize that if gas piping is installed under NFPA-58, we should be able to accept that without requiring any major changes to meet any different standards in Part 192.

MR. TERRANOVA: This is Pete Terranova, representing the Industry. I think I would echo the concerns of Ted and Don, but I also think what this points out is that the change that you're proposing to 192.11, to have 192 control instead of NPFA-58 and 59 is a substantive change that possibly ought to be issued for notice and comment. I don't think it falls into the category of non-substantive edits.

So just that suggestion as one way to handle this one might be, because of the nature of the change, might be to do a notice and comment.

MR. STURSMA: Don Stursma coming back again

on that. In the preamble, it says that the 192.11(c) is being consistently misinterpreted by operators. How are they misinterpreting it? What are they coming up with that is being a problem that needs a rule change?

MR. ISRANI: Okay. Don, I can answer that. You know, I'll just give you just one or two examples and there was several that we have heard so far.

One of the examples -- and this goes back to when I was on the NFPA-58 and 59 Committees way back in the '90s when the change came about.

Every meeting I went to, I would clarify to them that there are gaps in the standards, even between 58 and 59, and there are gaps which are considered, if it isn't 58 and 59, but they're not in our Part 192. It's only those areas where we have additional requirements in 192 that apply to them and the various written -- when there's a conflict between the rule and the standards, we are only talking about the same requirement which differs, and Ted Lemoff pointed out the issue.

The question comes that, you know, there are a number of other requirements that are going to be introduced in the DIMP requirements and if we had left the language the way it is, you know, in case of conflict, the standard applies, they would not even

pick up all these requirements. You know, it goes for OQ and damage prevention and number of other requirements and another example I can give you is the scope, what is under Part 192.11, 192, where we have the propane gas, where more customers are to be picked up in our Part 192 regulations, customers of propane operators that they do not have any portion of the pipeline on the public property. Otherwise, if they are less than 10 customers, if they have a line in the public property, those are to be picked up.

But those are requirements only in 192 but not in the 58 or 59.

MR. STURSMA: Is it fair to say that what's happening is because they think NFPA-58 controls, they don't ever need to look at Part 192 and so they're not picking up the requirements of Part 192 that are in addition to whatever's in NFPA-58? Is that the root of the problem?

MR. ISRANI: That's just one of them. Yeah. I was just giving you just a few examples of what could happen, you know, and as I was mentioning, like even OQ, public awareness, excavations, safety and all these new requirements, that we are adding 192 which apply to all 58 and 59, they're not picked up if the rule says that in case of conflict, you know, only the standard

applies.

So, you know, there are conflicts on both sides. You know, it's -- we feel that nowhere in our code we have ever referenced any standard where we say in case of conflict the standard stands. That, you know, you do not see anywhere in the code and this particular standard for propane, 58 and 59, was the first time introduced and it has been kind of questionable, you know.

We have had issues with this and our inspectors have constantly battled this issue on the field on, you know, how the new requirements can be applied.

There are some other areas, also. For example, 58 and 59, they cannot be applied retroactively, meaning some of the existing facilities, even the new editions which come, do not apply to existing facilities and when we have certain rules, like DIMP and, you know, all this OQ and other requirements, we apply it to all the pipeline systems and all operators, including existing facilities.

So, you know, these are the areas and the conflicts come out of the field. That's why we feel that it was important before even DIMP comes out to put this change in this regulation, in this proposed rule.

MR. TERRANOVA: Mike, this is Pete Terranova again, representing the Industry.

I apologize. I haven't heard anything that would cause me to change my views that this is a substantive change that requires more input and more thought. So that would be my recommendation, that this one ought to be pulled out and treated separately and put out for notice and comment.

You may end up with the same point, but I think what you're hearing is that there are some significant issues that would face operators if this change is made.

MR. ISRANI: We do have 60 days comment period on this rulemaking and, you know, if the need arises because of this particular issue, we could always consider extension for that particular topic, you know, some extended period, but I don't see why they had this in this rulemaking.

MR. LEMOFF: This is Ted Lemoff. I'd like to make one additional comment.

Mike does make a very good point about things like this in integrity management and it would not -- you know, 58 and 59 are basically standards on the plant and the aboveground piping.

I fully agree, and I think it's everybody's

fault that when DIMP comes in, when integrity management came in, it wasn't specifically stated that it's also applicable to the underground portion of propane, too. That part of it is going to need clarification, but to say that it's now going to affect relief valves, boy, that's significant, and I appreciate what PHMSA's trying to do. I can certainly support part of it.

The rest I think is, as Pete Terranova said, going to cause some hardship and some difficulty.

Thank you.

MR. ISRANI: You know, with the DIMP rule, we do have cost-benefit analysis done which takes care of propane industry and, you know, these small operators, also. So that rule addresses the concerns about propane industry expense involved, but we didn't feel this particular change here was going to impact much because before '95, we didn't hear industry had any concerns, you know, other than the Propane Industry Standard Committee which brought up the issue, you know.

I don't think we had any conflicts on this issue, but we can discuss this further. As I'm saying, you can always, you know, send other comments in the docket or you can e-mail me your comments and we can,

you know, put that also in the docket or discussions.

Any other comments on this subject?

(No response.)

MR. WIESE: Okay. Thank you, Mike. Lula, I think we're back to you.

MS. FORD: Mike, there are no more comments, we'll go to Item Number 3.

MR. STURSMA: I'm sorry to say this, but I did have one more. This is Don Stursma again.

The proposed change to 192.557 which, as I understand it from the preamble, is supposed to take care of this issue of prior pressure tests not being recognized during an operating process, but what the proposed rule does is it takes an exception to 192.619(a)(2) which has to do with pressure testing and sticks in the rule on how many pressure increments are needed to do an operating and I just can't see the two jive.

I can't see how the proposed rule change does what the preamble says you're trying to do. I couldn't logically track that.

MR. ISRANI: Don, in the GPTC, you know, comment that came and this was recommended in their comment, we reviewed our regular test, we reviewed that change, but what you see in the regulations, that one

is accurate because our test here for -- we were allowing high-stress pipelines, means more than 30 percent SMYS pipelines, to use prior pressure testing and all we're doing here is allowing the lower-stress pipeline, which in this case is below 30 percent SMYS, to also be able to use prior pressure testing.

MR. STURSMA: Yes, I know. That's what the preamble says. I don't see how the actual rule language you're proposing does anything like that.

MR. ISRANI: Actually, it is -- the rule language is more correct, but the preamble -- there was some confusion in the statement which we intend to correct. Our intent is that the reference there about 192.619, which is causing the confusion here, we're going to further clarify that, Don, and we can -- I can discuss this further with you and we'll put that in the docket so that everybody comes to know.

This goes quite into detail on what GPTC's recommendation was and what they recommended what we considered the changes.

MR. STURSMA: Is the text of the GPTC recommendation available some place so I can read it?

MR. ISRANI: Yes, in fact, yes, what we'll do is I'll try to post that also in the docket and I can see you that by e-mail to all the members.

MR. STURSMA: Okay. I would appreciate that.

MR. ISRANI: Okay. Thank you.

MS. FORD: All right. Thank you. Agenda Item 3: Low Stress II- 2nd Round Survey Results. Mike?

MR. ISRANI: Yeah. Lula, this is Mike Israni. All right. So we can go with that. We were thinking of switching before, but John is here, he just walked in. He will discuss part of this presentation. I'm going to begin.

Agenda Item 3: Low Stress II - 2nd Round Survey Results

MR. ISRANI: We are back. All right. The goal here for PHMSA is to revise our regulations that we put out based on the risk, the ones which are high-risk. We want to put out those regulations first, you know.

When we have some incidents, like some recent major incidents happened, Congress mandated requirements for low-stress lines, then those rules also take priority, but as you all know, we started with the Liquid Integrity Management Program, you know, and then we went into Gas Integrity Management Program.

We started working on the Distribution Integrity Management Program and some of these

regulations we took collectively before the mandates came into place and so on the low-stress pipeline, as I mentioned, Congress asked us in 2006 Act to extend the requirements for Part 195 to all low-stress pipelines, regardless of where they operate, areas in which they operate.

So in the 2006 Act, the Secretary required us to issue this low-stress pipeline which they also referred to as the pipeline which is 20 percent or less of specified minimum yield strength in its entirety. You know, they kept the definition the same which we have been following on the low-stress pipeline.

Next slide, please. And in that PIPES Act, they also gave us exceptions that some of the low-stress pipeline may not be regulated which are the low-stress pipelines currently being regulated by U.S. Coast Guard or the pipeline that serves refinery, manufacturing or truck and other facilities, and also we were focusing on the areas, rural areas and areas which can impact the environmental areas..

Next slide. So to include all the unregulated low-stress pipelines per the PIPES Act, it required us to have substantial analysis done because we have never had any data on the low-stress pipelines and so we, because of the urgency, we tried to do this

rulemaking in two phases.

In the first phase, to expedite the protection of the pipeline which was exposing risk to environmentally-vulnerable areas, USAs, we considered the larger pipelines which were affecting USAs within that half-a-mile buffer zone, and in the Phase 2, we like to pick up all the remaining pipelines.

Next slide, please. Now, these next couple of slides are going to show you the graphic representation of low-stress pipelines that were before this Phase 2 that comes out.

If you see those white areas on this slide, like navigable waterways and urban areas, those were already pre-existing in Part 195. What Phase 1 of low-stress pipeline was to pick up the lines, the larger diameter pipelines which are affecting -- which are within the half-a-mile buffer zone of USAs.

And next slide. Okay. Now as you see, all the white lines that show here the low-stress pipeline, what it looked like under Part 195 regulations after the Phase 2 is implemented, and this diagram, of course, this slide shows upstream of refining and then a similar drawing on the downstream side of the refining.

Next slide. Okay. Here, you see this is on

the downstream from the refining. Those white patches there you see are navigable waterways and non-rural areas. Those were pre-existing and they were part of 195 record and they're in there for years. Phase 1 picked up buffer zone around USAs and these are again the 5/8 inch pipeline and larger diameter and the reason we picked up larger diameter, as I mentioned, we already had some data that we worked on and we did not have much information on the smaller diameter pipeline.

Next slide. So now as you see in this slide, all the areas that we're going to pick up on the downstream side of the refining, these are low-stress pipelines which includes all the large and small diameter pipeline that will be regulated under Part 195.

Next slide. Now in order to determine the cost-benefit of implementing the regulation for the unregulated low-stress hazardous pipeline, we thought we need to have three steps here.

First, to demonstrate the risk, probability times consequences. Probability is pretty much like likelihood or frequency which we do not know at this time. There have been no consequences for the cost-benefit study.

Infrastructure size, total non-stress

pipeline mileage, which is what was there before populated and navigable waterways of Phase 1, low-stress pipelines fall under the USA buffer zone, and what we need for the rural areas for the Phase 2. We need to know the infrastructure size and we need to calculate the reasonable cost for infrastructure.

And John Gale is going to take over from this point on.

MR. GALE: Thank you, Michael. What I'm going to do is I'll go over some of the numbers or give you an idea of where we're at in our cost-benefit analysis and we're doing this for a couple of reasons.

One is just to give you an idea of where we're at, but also to solicit your feedback if you, you know, have any comments or questions on some of these numbers or any other kind of ideas on any types of methods we should use to appropriately cost out and look at the benefits for moving forward on Low Stress II.

When it comes to the benefit side, some of the problems we have is that we had very little to no incident data. We did change the regulations under Part 195 in Low Stress I to require the submission of incident data but we've only gotten that for less than a year now. So we don't have a really good body of

incident data to draw from.

So what we did in March of 2009 was to solicit nine of the states that we believed had the most mileage of these types of low-stress lines in their state to see if they had any incident data that we could review and analyze.

However, when we contacted these states, many of these states thought it was going to be very difficult or if not impossible in some respects to really glean that information from their existing incident data and to separate out an incident involving this type of low-stress line from their other types of lines that they regulate in their state.

So we tried to get that information from those states, but it didn't prove very fruitful for us. But, in general, when it comes to the benefit side, we're still looking at the types of benefits that would be associated with Low Stress II. We're not really ready to get into detail when it comes to what kind of analysis we're going to do there and we hope in our next advisory committee to give you a little bit more thorough briefing when it comes to the benefit side.

When it comes to the cost side, we have a little bit more information to share with you at this time.

Next slide. One of the things we wanted to do was figure out what was the infrastructure that could be potentially affected by Low Stress II. So in October 2008, we did a survey. We also, in March of 2009, we did a follow-up survey with some of the companies that seemed to have the most mileage to get an idea of what some of the costs would be for implementing some of the requirements in Part 195.

We're also using as a basis or at least as a starting point some of the assumptions, some of the ideas that were used in the regulatory evaluation for Low Stress I to move forward with any kind of regulatory evaluation for Low Stress II.

Based on the survey results we received and they were analyzed, we estimate that the total number of miles of low-stress lines that were covered by Low Stress I and that would be covered by Low Stress II is 1,575 miles.

Phase I picked up about 312 of those miles and then under the Phase 2 rule, we would be capturing another 1,263 miles and you'll see obviously where this becomes very important in terms of our cost analysis in a second.

And of those 1,263 miles, we estimate that about a 161 of those are in USAs which will have a cost

impact associated with any type of integrity management requirements.

Next slide, please. What this really busy chart shows you, this is a chart that actually comes from the reg eval that was done in Low Stress I, and what I want to point out to you is some of the assumptions that were made under Low Stress I and right now are guiding OPS in how we're evaluating the costs for Low Stress II and to get your feedback, if possible.

And basically what it does, it breaks it out to the different costs, based on the subpart of the regulations of Part 195.

As you can see from like Subpart B, there's no cost because that was already adopted in Low Stress I. There was a belief that the Subpart C requirements in Part 195 regarding design requirements would have a nominal to zero cost impact on the industry.

Subpart F, I'll come back to in a second, but there's various cost components associated with that subpart. When it came down to qualification of pipeline personnel, that was again considered a very nominal or zero cost impact on the industry. There's obviously a cost associated with corrosion control and that again the drug and alcohol testing requirements

would have a negligible or nominal cost impact.

Again, if you can flip to the next slide? And basically just to show you under Subpart F how the costs were looked at basically under Low Stress I and the different aspects of Subpart H.

Mainly if you look at line markers, there was an estimation of initial cost on line markers of $514 per mile. There's a recurring cost, but there's also a very important assumption in there that 90 percent of those miles were already being marked in accordance with the regulations.

So in terms of the cost-benefit analysis, what we're looking at then is only 10 percent of those miles would have been subjected to the marking requirements and we're going to further refine that number and do some additional discussions with some of the companies that are impacted, but that was -- in other words, that is the baseline from which we are starting from.

Integrity Management Programs, which was a significant cost component from Low Stress I, you know, right now we're only looking at those that are obviously in HCAs or those that are within the USAs, and we're evaluating that cost component, but it doesn't seem to be as significant a cost component for

Low Stress II as it was for Low Stress I.

The other one I want to point out to you is some of the assumptions that were made were made for corrosion control and there was an initial cost component of $15,000 per mile and then a recurring cost of $400 per mile, but there was also a statement in that reg eval that said 90 percent of those lines already comply with Subpart H.

Again, that's going to be kind of a base number that we're going to start with but just to let you know we're going to go back to the main companies that reported these types of miles to get a clearer understanding from them how they currently comply with the corrosion requirements, prevention requirements in Part 195 so that we can adequately cost those up.

So what we've done is we've identified about five or six different options that we're evaluating in terms of moving forward with Low Stress II. One option would be to apply all Part 195 to all low-stress pipelines that are currently regulated. We could apply all of Part 195 to all low-stress lines less than 8 and 5/8ths inside the half mile of USAs. All of Part 195 to low-stress lines, et. cetera, and you can read from there.

Some of the other options we're also looking

at is maybe just imposing things like just the corrosion requirements on these types of lines and what would be the cost-benefit associated with that type of option or just the Subpart H requirements and not the corrosion requirements and we could look at the different benefits and the different costs associated with those different alternatives.

I know those were a lot of numbers to digest real quick, but please feel free, if not now, if at a later time if you have any comments or suggestions on the methodology we're using for this regulatory analysis.

I'm going to be discussing reg evals a little bit later and one of the things we're looking at doing in this reg analysis is what's called a sensitivity analysis to evaluate basically some of the assumptions, some of the parameters we're utilizing in this regulatory analysis so that we can better quantify these costs and benefits.

MR. PIERSON: John, this is Craig Pierson on Lakewood. I've got a quick question.

MR. GALE: Okay.

MR. PIERSON: How do you feel about your data quality, the 161 miles estimated to be within USAs of the 1,263? Do you think you get a good response? Do

you feel like those are good numbers?

MR. GALE: My personal opinion is yes, and if the analysis that was done previously -- the survey that we completed, we received responses from 73 percent of those operators that have -- 73 percent of operator -- mileage of operators that report annually already. So that is a very high percentage of reporting that we received that we're extrapolating from.

To get 100 percent is almost impossible, but many federal agencies deal with numbers that are much lower than these kind of percentages.

Could it be 161? Is it 175? You know, I think we're at a point of fine-tuning at that point, but I think we're very comfortable that we have not missed this number by much and, if anything, we possibly overestimated it.

But, I mean, the thing is by bringing it to you, we're hoping to, you know, run it through you to see if there's anything that you know of that we're missing.

MR. FEIGEL: John, this is Gene Feigel.

MR. GALE: Yes, Gene.

MR. FEIGEL: You make a distinction between third party intrusion and human factors on the one side

and what I'll broadly call mechanical failure on the other. It seems to me that in terms of the, first, the intrusion and so on and so forth, you could use the experience with further regulated pipeline as something of a surrogate.

You've got, I assume, reasonable data on, you know, hits per mile, if you will, or hits per 10,000 miles or 5,000 or --

MR. GALE: Gene, you're talking about the benefit side of this analysis, is that correct?

MR. FEIGEL: That's exactly right.

MR. GALE: Yes, sir.

MR. FEIGEL: Yeah. And on the mechanical failure side, a couple of comments. One is that I think it's -- and this would bear a little more thought, but it's probably a fairly safe assumption with that low-stress pipe, you're not going to run cracks in that stuff for the most part. So you're going to have potential for straight corrosion and that gets back to whether there are current corrosion controls under it, as general industry practice, and coupled with your corrosion experience in regulated pipe under roughly similar installation situations.

MR. GALE: Okay.

MR. FEIGEL: My point is to distinguish

between the two issues of which I think are fundamentally different. One is what I'll call the intrusion and human factors and the other is the pure mechanical failure and, secondly, and this may be a leap of faith, I agree, but where the data is not available to see whether it's reasonable to extrapolate this data on the regulated pipe under similar circumstances and then finally -- I'm repeating myself.

MR. GALE: Gene, just to let you know, that's one of the things we're looking at, is taking existing data from those regulated lines and trying to extrapolate back to these types of lines.

MR. FEIGEL: The final thing, and I'll repeat myself and then I'll shut up, but is to take into account what I think is probably a safe assumption, the kind of pipe is not going to be subject to the full suite of failure mechanisms that higher-stress pipe has. There's a lot of cracks in this stuff.

MR. GALE: So that would decrease our frequency, is that correct?

MR. FEIGEL: That's exactly right.

MR. GALE: One of the things we're looking at, we're concerned about in that type of extrapolation is the types of incidents that occur in the regulated lines have costs associated with it that are not true

in these types of lines.

MR. FEIGEL: Yeah. I know. You have to normalize this some, but I'm at a loss to offer any kind of guesses about that.

MR. GALE: Sure, sure.

MR. FEIGEL: But you're sort of on the right track in my estimation.

MR. GALE: Thank you.

MR. ISRANI: Okay. If there's no other questions, --

MR. STURSMA: Don Stursma. I'm going to have one more comment.

But I noticed in 1991 already -- let me back up. One of the problems you have with this project, you don't have incident data. In 1991, you had Congress telling you it looks like you needed some data on whether gathering lines represent a risk to people and the environment and how much of a risk that was.

You did the gathering line rulemaking two years ago or a couple of years ago where you discussed in the preamble the need to do something to get more data on these gathering lines. Yet when you actually get around to doing the rulemaking you talked about earlier when you are collecting the additional information, it's not in there.

I mean, it seems like you've got -- I don't know if it's the one hand not knowing what the other one's doing, but it seems like on the one hand you're saying you don't have data. On the other hand, you're doing something that would give you an opportunity to get that data and you're not doing it. I'm not quite sure I understand.

MR. ISRANI: Don, let me answer that question. When Phase 1 was developed, whatever data we had, there were some assumptions made and the assumptions were based on good information, quality information that we had at that time and mainly on the larger diameter pipeline, and when we collected gathering line data, at that time there were no separate information that we could, you know, discern or use it for the low-stress pipeline.

So, you know, we tried to use information whatever we had when the Phase 1 was completed in June last year and what John was referring to here is mainly for the Phase 2 part, meaning we're talking about the lower diameter low-stress pipelines, lower meaning less than 8 and 5/8th inch diameter.

On that we do not have much information and even the survey that we did in October last year and the second survey we did in March, we have collected

some data and we are using that information.

MR. STURSMA: I fully understand that. The question is how come you're not seeking more information through the One Call rulemaking?

MR. ISRANI: How come we're not collecting more information on the One Call rulemaking?

MR. STURSMA: Mm-hmm.

MR. WIESE: In the One Rule?

MS. HAMSHER: Not a One Call.

MR. WIESE: We'd like to do a One Call rulemaking. That one's coming later.

MR. ISRANI: Yeah, right. Okay. Yes, Don, and any other comments that you have, we'd appreciate it if you'd send us. Send it to the docket, and we'll use that and any of the members, also, if they'd send us information on cost-benefit or approach or assumptions on how we can collect more data, the sooner the better, because this is the PIPES Act which required us to have the low-stress rule applied to the entire pipeline system and we're already late for that.

Thank you.

MR. WIESE: So, Lula, I think we're back to you.

MS. FORD: Okay. Back to you, Mike, on Agenda Item 4: Larger Applications in Apartments and

Commercial Property.

Agenda Item 4: EFC - Larger Applications (Apartments and Commercial Property)

MR. ISRANI: Sure. Okay. Let's start with excess flow valves, very familiar topic with most of the committee members because we've been dealing with this issue for over 20 years now.

As you all know, excess flow valve provides means to reduce risk of explosion by shutting off the unplanned excessive gas flows from the excavation damage to service lines and since 1999, we have had in the regulations, in the code, requirement for excess flow valve by customer notification process, meaning that the operators are supposed to notify customers and the customer needs an excess flow valve and the operators have to install excess flow valves.

We had NTSB recommendation which is P-01-02 that came in the year 2001 and that recommendation, NTSB says that the PHMSA should require operators to install EFVs on all new and replaced service lines, all customer classifications with suitable gas service conditions included.

What this means is beyond single family residences that we were focusing on in the past. Here, we're talking about from duplex homes to multiple

family residences, apartments, commercial, industrial users, gas users.

Next slide. And as you all know, the PIPES Act 2006 mandated that excess flow valves be required on the single family residences and that proposed rule came out on June 25th of last year and now the final rule which is almost on the stage of going to OMB and we expect that to come out this Fall, some time around October, would require excess flow valves for all single family residences.

It's a mandatory requirement. We have already put out an advisory bulletin on this, on June 1st, last year, because the mandate required us to have this excess flow valve installation on single family homes by June 1st, 2008. So we informed the operators that they look at this mandate and to follow it accordingly, but our rule is going to be out which will be mandatory requirement for all the valves to be installed.

Next slide. So this was merely focusing on the single residences, as I said, that, you know, we had enough information on those valves. We had quite a large database on those valves. Those valves are being installed by many operators. So there were a few million valves already in place before the regulation

came out. So we collected good information on those valves and did cost-benefit studies and also after the Act we put the requirement there.

But now to meet this NTSB recommendation, PHMSA is taking the initial steps to study this applicability for large volume excess flow valves.

We are not saying anything that is going to turn out to be a regulation yet because we are only in the initial stages. We are trying to figure out, study this issue. We want to see all the technical issues and then later on we get into cost-benefit for to see is it cost beneficial.

First we have to see the feasibility of this, even these valves can be mandated.

So first we formed a team of all the stakeholders and we had our first face to face meeting on June 23rd and the team that we formed includes all the regulators, NTSB, and our state partners and NAPSR. We also had five service representatives. We had Fire Chiefs Organization as well as Fire Marshal Association involved in this, the Public Members there, EFV Manufacturers are there, and the distribution operators and trade associations representation on this team.

Our intent was to share knowledge, to get experience, to see the capabilities of these valves, to

see if these can be installed in the service lines, in the commercial, multiple residences, et. cetera.

Next slide. So this is our action plan. By the way, the meeting that we had on June 23rd, and as you all recall, there was a Metro accident on the 22nd of June, so NTSB and the Fire Service representatives unfortunately could not participate. So we had the discussions with the rest of the group and we have another meeting, not face to face meeting but conference call, scheduled on August 25th, within the next couple of weeks, where we have NTSB as well as Fire Service representatives and even the Public Member who could not attend last time are intending to attend.

So we'd like to hear from them the basis for this recommendation, you know, whether, why and how they feel strongly that excess flow valves should be installed on these commercial and industrial service lines.

Action plan, as you see here, is that we first collect data on these valves. We want to see. We want to hear from NTSB what the recommendation is, what basis they used for the recommendation, what kind of accidents they have seen that they feel that these valves can prevent.

We'd like to get all the technical

feasibility on this. We'd like to look at the costs involved, the risks involved, you know. What are the safety issues with these valves? We want to review all the, you know, performance standards which are currently existing on these excess flow valves. We'd like to look at operations and safety.

We want to also look at what impact these valves will have if there are changing loads, there are snap loads or contaminants in the line because now we are talking about commercial and industrial application where the load changes are more prominent in single family homes than have been built in the past.

So this group will give us some findings, you know, and from all the data, information, experiences, we'll come up with some kind of report on these are the findings of the group and based on that, we'll pick the next step.

Next slide, please. This slide I just introduced to give you quick information on how we are proceeding with collecting the data on this.

Since 1984, all the records generated up through 2009, we have all the Incident Data Reports. We know how many incidents have taken place, close to 3,615 incidents have taken place since '84 through January 2009, and from that, as you see those green

areas, those highlighted areas, those are the areas of interest here because we are talking about service lines and the meter assembly lines only. We're not looking at the rest of the system. These are the areas where the excess flow valves would be installed.

And we find that about 1,500 or so, 1,557 incidents were related to those lines and the next bar chart shows you that in the end we find there are -- this is based on our current data, what we have, that there are about 268 incidents that have taken place on the commercial, industrial and multiple units.

So this is how we are collecting first the data on where these service lines are and what kind of incidents are taking place on those lines.

Next slide. We also are using some other information that was collected by the National Regulatory Research Institute. They did a survey on excess flow valves in 2007 and we have good information from them, but most of this information was on the single family, single residence excess flow valve services, and the key thing here is that we found out that these excess flow valves, they very seldomly close inadvertently because this was the doubt we had in the past, that these valves can close and cause service problems, but as you see, the percentage of that is

very small, and then also two percent of the EFVs installed on gas lines actually failed to function properly which is a very small percentage compared to the number of valves that they installed.

Again, this information is only on the single residence homes.

Next slide. Okay. The June 23rd meeting that we had, these are just a summary of bullets from that meeting. The thing to notice here is that currently the valves are available for large volume customers, up to 5,000 pound extended cubic foot per house. This may not go in many industrial facilities, you know, big facilities, but most of the small commercial businesses, these valves are available, and the pressures on these valves at the inlet site could be as high as 1,000 psig.

And we are saying it's that because the standards which are currently written on these valves have allowed these valves to be operated or be able to operate as higher pressure lines.

The second bullet shows you the nature of the customer changes and this was one of the most important points that all the stakeholders emphasized, that unlike your single family homes, you'll have problems here when you apply this to large applications because

the load keeps changing.

You might have a shopping center, a Radio Shack with a gas supply and certainly you have a laundromat in that area and you'll have a load that really goes, you know, way up and they'll have to replace the line and resize and commercial business, as you know, they keep changing constantly. So expense part will be very difficult here and very difficult to predict and also if you go with larger size lines to begin with, then the excess flow valve's impact will be lessened, you know, because then the whole rupture has to be really good size for the valve to trigger.

So this was brought up by the members or stakeholders during the discussions.

Another thing that they all emphasized, that we are rushing into this commercial and industrial use of valves when we haven't even seen the results of DIMP and the Damage Prevention requirements that are being introduced now.

I was surprised. Even the manufacturers were not pushing for us going for this bigger valve yet because I guess they are pretty busy with the valves that are being ordered now for the single family homes and I also checked with the group, if there is any knowledge of any country outside USA, if they have

excess flow valve mandated anywhere and none of them knew of any country outside USA that has mandatory installation of excess flow valves in the service line as we put it.

And the standards that we checked, ASTM and MSS standards, those are based on operating these at 125 psig pressure. So these are the key points that we got from the last meeting we had on the 23rd, but as I said, you know, when we have the next meeting, we're going to hear more from NTSB and Fire Service people, you know, what good reasons they have for going to the excess flow valves for commercial application.

MR. STURSMA: Mr. Israni, this is Don Stursma. Why weren't NTSB and the National Fire Marshal Association at this past meeting? They're the ones pushing this.

MR. ISRANI: Yeah. And as I say, they were scheduled to come here, they promised they would be there, but we had a major accident in D.C. on the 22nd and both of them, NTSB, they got called into that and they called us at night time to tell us that they would not be able to attend and so the Fire Chiefs, because the Fire Service people, they're the first responders, they were all there, you know, as soon as the calls came.

MR. WIESE: I think Bob Chipkovitz was lead investigator on the Metro accident and I know that Fairfax County, Tim Butters is probably still on the line, you know, were probably involved in that, too.

It was a pretty significant event here in the town, just bad timing.

MR. STURSMA: Okay. I guess I gotta let them go this time then.

MR. BUTTERS: The incident did cause some problems for us, but the State Fire Marshals, I'm curious why -- they probably should have been on the line, but I don't know why they weren't able to participate.

MR. ISRANI: Yeah. Tim, we did not hear from them, you know, why they could not attend, but I'm hoping that in the next meeting that we have on the 25th, they'll be able to participate.

MR. BUTTERS: Yeah. I'm going to call Al Shuman to make sure that we're all on the call on the 25th.

MR. ISRANI: Yeah. Okay. Any other comments, suggestions, advice that the committee has on the excess flow valves for larger applications?

(No response.)

MS. FORD: Okay. If not, we'll move along to

Agenda Item 5: Technical Assistance Grant.

MR. WUNDERLIN: This is Jim Wunderlin. I'm sorry. I'd just like to make a comment.

I think Mike did a good job of describing where we are with the excess flow valve issue for commercial and large customers. I think we appreciate the process PHMSA is going through, you know, inviting the stakeholders in, all the stakeholders to take a look at this issue.

It's a complicated issue, much more complicated than residential EFVs. So we have to be careful that this is not just automatically mandated without a thorough discussion and that we take a look at this from all aspects. So basically just continue with your plans and we'll be participating from our end.

Thank you.

MR. STURSMA: This is Don Stursma again. I saw one little blurb about the benefit-cost study on this. I think that's going to be very important. Even single family dwellings could not survive -- well, a real cost-benefit study, not some of this trash that was thrown out, and I think the cost-benefit situation on these other types of customers could be even worse.

So I really think before anybody tries to go

down the road of due diligence, we need some kind of benefit-cost study that shows that it's worthy.

MR. WIESE: Don, this is Jeff. We would, of course, do that as a matter of practice if we were undertaking a regulatory initiative. So I just wanted to make sure it's very clear to people that this is more of a study group.

You know, it's a significant issue. It needs to be evaluated. It's of concern to the NTSB and we're trying desperately to be responsive to them, but I think the right way of going about it is the way we're going about it this time, you know.

Last time, we kind of rushed our way through it. We want to get anybody who's got a seat at the table to sit in there and put the information out very transparently, let people ask questions, talk it through, you know, and then if it makes sense, you know, we would consider rulemaking at that time, but just making clear there's no regulatory initiative on the table right now.

MR. KUPREWICZ: Jeff?

MR. WIESE: Yes?

MR. KUPREWICZ: Rick Kuprewicz, representative of the Public.

I guess I'd just want to compliment you guys

on trying to keep things open and transparent. It sounds like you're doing your homework and this process will flow through if the right parties come to the table and we certainly understand that there was an emergency there.

I just would comment from a public perspective this is an entirely different technical challenge than the residential issue. I think you guys will get there and figure out that real quick, if you haven't already figured it out.

So there isn't any blank solution here and the facts will speak for themselves and you'll get to where you need to be.

One last comment for the public record. The most dangerous safety device you can possibly have is the illusion of a safety device. So misapplication of a safety device, when it shouldn't even be in place, can create a lot of mischief. So I'll leave that as a matter of public record.

MR. WIESE: Okay. Rick, thanks for your comments.

MS. FORD: Thank you. Any other questions?

MR. WIESE: Lula, this is Jeff. I wonder if I could ask your indulgence on something.

We earlier had to pass on John's presentation

just quickly on the cost-benefit because he had to go to the Reg Review. I think he can do that very quickly.

Would you be receptive to --

MS. FORD: Please.

MR. WIESE: Okay. Thank you very much.

MS. FORD: John?

Response: Cost-Benefit Question

MR. GALE: Thank you, Lula. Before I get going on discussing cost-benefit, there's a couple of few housekeeping things I'd like to bring up to you.

One is our Docket Management System. As many of you are aware, we use a system called regulations.gov and most, if not all, of the federal agencies use this system for their managing of their rulemaking materials and other docketed materials.

Some of you probably have seen in using that system, it is not the most user-friendly system in the world.

The good news is that they recently changed the system and have given it a face lift. To some of us who have used it, it has not been an improvement. What I'm asking you to do is to please, when you submit comments, and I promise you we're going to be working with them to try to improve this system, to please

double-check that those comments are getting into the docket and if you like, if you want to even do a further check and cc us a copy of those comments so we can make sure that we're receiving all the relevant information that we need to consider in doing our regulatory work, it would be greatly appreciated.

The other little housekeeping thing I'd like to just mention real quick, I just received word from the meeting I just attended, is that the DIMP and the CRM Rule have been transmitted to the Office of Management and Budget for their review.

These rules are what are referred to as significant rulemaking actions and therefore require a review and approval by the Office of Management and Budget.

For those of you who are not familiar with this process, this usually takes about another 90 days to get this approval. So we're going to be working with OMB in the coming months. Mr. Wiese is glaring at the 90 days.

MR. WIESE: John is going to be offering a briefing to OMB to see if there's anything we can do to clarify any remaining questions they have.

MR. GALE: My goal is to get it out in 88 days.

MR. WIESE: Yeah. We're shooting for half of that.

MR. GALE: So we'll be working with OMB to get those rules through there, but after we get that approval and hopefully we will, we will then be able to go to the Federal Register for publication of those two rulemaking actions.

What I'm going to discuss -- go ahead.

MR. DRAKE: This is Andy Drake. Could you give me which rules you're talking about?

MR. GALE: I'm sorry. The DIMP and the Control Room Management Rule, the Integrity Management Rule for Distribution Systems --

MR. WIESE: The ones we voted on last December. It's now August.

MR. DRAKE: Okay.

MR. GALE: Okay. Any more questions on that information?

MR. DRAKE: This is Andy Drake. I guess if we're taking comments on this as we go, I don't know if we are or not, but --

MR. GALE: Go ahead.

MR. DRAKE: -- one concern, I mean, I hear it, it sounds very obvious, and that is, if we can't get information reliably off the docket, should we be

developing another system to communicate with each other?

MR. GALE: Well, we are mandated to use that system, Andy, and we're going to --

MR. DRAKE: I understand, but it's not working.

MR. GALE: Yeah. And we're going to work with them to improve the system. That's what I can assure you right now, and we just kind of gotta work together and realize some potential limitations in that system as we work through those hurdles.

MR. DRAKE: But we can't see anything on the docket or get any information off of it. I mean, I don't know what we have to do to communicate with --

MR. GALE: What are you not seeing, Andy?

MR. DRAKE: We can't get anything off the docket and it sounds like you're having the same problem. So if I submit comments to the docket, is there any confidence that you'll see them?

MR. GALE: Well, what I'm asking you to do while we work through these problems with this Docket Management System, if you could like cc us a copy, e-mail us a copy. We'll also guarantee you that we will work with that system with the people that represent, you know, who operate that system to try to improve it.

AS you probably are aware and we're learning the hard way, it's hard to get large federal agencies to move very quickly.

MR. WIESE: John, this is Jeff. Is it your understanding that this is a DOT-solely issue or is this --

MR. GALE: No. This is a governmentwide issue.

MR. WIESE: Well, I think I can assure you that as a governmentwide issue and all regulations, including some that are huge, there's going to be a lot of pressure on that Docket System to correct that very fast, but, you know, we'll have to make sure we take extra efforts, as Andy said, during the interim and at a minimum to make sure that we're communicating with the committee members and post things on our website, you know, where we can.

So our apologies. That one is a tad out of our control.

MS. HAMSHER: This is Denise Hamsher, Enbridge. To echo Andy's comments, while it is a burden, at the very least prior to anything coming to the vote of the advisory committee and in recognition of this, we would like a list of comments. You don't need to resend that out, except perhaps by request, but

at least a list of those commenters, so that if there's a vacuum in that, somebody might be able to raise their hand long before the committee's asked to vote and that way we can make sure that you've at least considered, whether you're swayed or not is another matter, but at least you've considered substantive comments.

PARTICIPANT: That should be a top priority, right after Cash for Clunkers.

(Laughter.)

MR. WIESE: That's one of the clunkers we're trading in apparently.

MR. DRAKE: I think it would be helpful -- this is Andy Drake again -- you know, if, in the interim, if you could find some sort of mechanic or methodology that you would recommend to us for getting information off the docket, I think that would be helpful.

MR. GALE: For getting information off the docket, Andy? Is that what you said?

MR. DRAKE: Yeah.

MR. GALE: Okay. What we'll do is we'll investigate to see if we can figure out the easiest way to get to that information or maybe to provide some direct links to that, to those dockets.

One of the things we did before is we were

linking directly to the dockets at regulation.gov for all of our rulemakings, new and old, and when they did this new face lift, all those links went away for us, but we'll try to see if we can put something on our Regulation page or somewhere very prominently where you can possibly easily link to that docket.

I spent the other day trying to look for comments and it probably took me a half hour to get to one of the dockets. It's not very intuitive, I have to agree with you, but we'll see what we can do for you.

MR. DRAKE: Thank you.

MR. GALE: Mm-hmm. I don't have any slides for this quick discussion. What I was just going to do is discuss some of the work we're doing on our regulatory evaluations and this was initiated by comment that Mr. Feigel made at our last advisory committee where he expressed some concerns regarding the quality of the regulatory evaluations that were under review at the time and if I remember correctly, Gene, even from past regulatory evaluation work that had been completed in OPS.

And following that meeting, myself and Ms. Whetsel contacted Gene to see, to more kind of flesh out what was exactly Gene's concerns on the regulatory evaluations that we've developed.

And basically what Gene stated was that his concerns were basically methodological in nature. Specifically, he believed that we should perform what is referred to as a “sensitivity analysis” or a Monte Carlo analysis of our costs and benefits that are in our regulatory analysis work.

By putting these reg evals through a sensitivity analysis, we would be more clearly -- we would be able to more clearly articulate the uncertainty we have in our estimations. In other words, let you know where our assumptions are, where some impossibilities for a given assumption to come to fruition or not to come to fruition. It gives you a range of benefits and costs based on these estimations and, most importantly, it can quantify any uncertainty that you have in your analysis.

And I believe, Cheryl, is it correct, did we provide a copy of the article on sensitivity analysis in the handout materials that you were provided?

MS. WHETSEL: Yeah.

MR. GALE: Some of the things that ERISA has to abide by in issuing its regulatory analysis includes an executive order, what’s referred to as Executive Order 12866, which is basically that the president at the time’s direction on how you perform regulatory

analysis.

There was some guidelines that were done by the Office of Management and Budget, referred to as OMB Circular A-4 or the Guideline for Performing Regulatory Analysis Work under that Executive Order.

And, Cheryl, was it correct that a copy of that was also provided? Is that right? Okay.

And then, of course, there's actually requirements in the Pipeline Safety statute. There's requirements under the Regulatory Flexibility Act, the Paperwork Reduction Act requirements, and also I think it's important to point out is that there is the collaborative framework for Office of Pipeline Safety cost-benefit analysis that was completed in September of 1999.

But I just wanted to point out that we're going to encourage the regulated industry and other stakeholders to work together to identify and provide any data and guidance as we go through our regulatory analysis and in some ways that's what we're trying to do in briefing you today on the reg analysis work we've initiated under Low Stress II because we want to get your feedback and make sure we're on the right course of action.

And also what we're going to do in terms of

Low Stress II is to put that rulemaking through a sensitivity analysis and see how that can actually benefit us, to see, you know, is it worth our time, is it worth our efforts to go through this? Is it going to be a good process to go through, you know, in certain types of rules, you know, the larger, more significant rules? Is it beneficial in the smaller rules?

So we're going to work through this process as a learning experience and getting feedback not only from internally and the contractors we utilize but also hopefully yourselves and the regulated industry.

MR. STURSMA: This is Don Stursma. It's nice to have these fancy processes, but I've tried to get the basics several times and I've gone through all those cost-benefit analyses. I've found averages of averages instead of weighted averages which totally distorted the data.

MR. GALE: Mm-hmm.

MR. STURSMA: And just plain math errors.

MR. GALE: Okay.

MR. STURSMA: There's some fundamental flaws and I won't even get into where did some of those numbers come from.

MR. GALE: Okay. Well, basically what I want

to leave you with today is our goal is to work with, you know, Mr. Feigel and any other members of the committee to improve the regulatory process or the regulatory evaluation process and the documents we produce through that process to make it the best that we possibly can, and we are going to listen to all comments that we receive and try to take any appropriate action to make them a better product.

And I just want to let you know we're going to be -- Gene's going to be hearing from us again and if there's anybody else that would like to have a discussion with us and to identify some issues and concerns that you've had with past reg evals, we can make sure we start to correct them, we'd be more than glad to meet with you.

MS. FORD: Are there any other questions for John?

(No response.)

MS. FORD: If not, we will go to Agenda Item 5: Technical Assistance Grant Program, Sam Hall.

Agenda Item 5: Technical Assistance Grant Program

MR. HALL: Thank you, Lula. This is Sam Hall with PHMSA.

If I may, I'd like to yield the floor to Jeff Wiese just for a few minutes to provide an overview of

how this Technical Assistance Grant Program fits into PHMSA's overall goals.

MS. FORD: Thank you, Sam.

MR. WIESE: Okay. Thank you, Lula and Sam. I appreciate that.

I wanted to just for the members of the committee, I was afraid that some people may not be familiar with this provision, I wanted to give you just a little bit of a segue for Sam.

Sam really has got all the important information here. I've got the fluff. But for what it's worth to you, there's been a requirement that the Congress put before the agency since 2002 to provide help to communities in the way of financial assistance to let them do their own technical work.

It's a long and sordid history, but suffice it to say that there was a chicken and egg thing between authorization and appropriations and I would just have to say in the long run, the error was ours, you know, and I think that the authorizers were proved correct.

We kept saying, well, no appropriations have come forward, so, you know, we're not moving on it. Eventually, we talked with House Energy, I think it was, and they made clear that they expected to see the

process and the criteria and everything worked out and asked that we consult with some of the public advocates, you know, in the country and so we have at least several of them on the phone at this point and in the committee.

So I took that advice pretty seriously. We undertook what I thought was a very good and collaborative process on developing criteria. The competitive procedures were pretty clear from the get go.

For what it's worth to you, we are required to use certain systems in the Federal Government, whether we like them or not, and generally we don't, but it is a requirement and there was no way out of that.

So Steve is actually -- Steve Fischer was heavily involved in that and Blaine Keener was, as well. Kudos to Carl Weimer and I think Carl involved others and maybe Rick and others on that process.

We generated the criteria and, sure enough, the appropriators came right behind it and provided funding. So our error but suffice it to say that I would see this as part of a broader effort by PHMSA to try to help communities.

We're helping in a lot of ways. You'll hear

a little bit more from Steve on some other initiatives. We have some emergency responders on the line. We've been working with emergency responders to improve it.

So I'll really say thanks to Sam for giving me a couple minutes. I mostly wanted to say to the committee this is long overdue. It's something we finally worked our way through. Sam will kind of give you the details there, but see it as part of a broader complement of initiatives to try to help communities play their roles, too, and not -- you know, it's not just a safety regulator and it's not just the operator who have responsibilities for pipeline safety.

We have to be really clear and say that there are a lot of things that are well beyond the control of the operator or the regulator and so by engaging communities and bringing them into the fold, I think it's going to benefit everyone.

So with that, Lula, if it's okay with you, I'll turn it back to Sam.

MS. FORD: That's good. Thank you. Sam?

MR. HALL: Thanks, Jeff, for that. I appreciate it.

Like Jeff said, I'm going to provide a bit more on the nuts and bolts of the Technical Assistance Grant Program. I've seven slides to show you and the

first three are really going to give you the background on the grant program and then I'll talk some about what we've actually done to award grants and move forward with getting this money to the folks who need it to do the work they're going to do.

Next slide, please. The purpose of the TAG Program, TAG -- I'll use TAG throughout. It's Technical Assistance Grant. The purpose of the TAG Program is to make grants to local communities and to groups of people or organizations specifically for technical assistance related to pipeline safety issues and the key point here is that these are not grants to states. These are grants to local communities.

Technical assistance in the context of this program is really defined as engineering or other scientific analysis of pipeline safety issues. So a fairly broad range of work is eligible for this grant program.

The funding can also be used by recipients to promote public participation in official proceedings pertaining to pipeline safety, bringing people to the table to talk about pipeline safety issues at a local level, and one requirement of the program of the grant recipients is that the grant awardees need to make their findings available to those who are interested,

relevant pipeline operators that are affected by the findings in the local communities, as well as other interested parties, including the public.

Next slide, please. A bit about eligibility. Again, these are grants to communities and communities are defined as what's listed here, cities, towns, villages, counties, parishes, townships, and other governmental subdivisions or consortiums of those subdivisions. So it can be multiple communities that are joined together to do common work.

Also eligible are groups of individuals, not including for profit groups of people, and the only requirement of those groups of individuals is that they must be affected or potentially affected by a pipeline safety issue and they need to be or be willing to become incorporated as a non-profit.

Next slide, please. As Jeff mentioned, the program was first authorized in Section 9 of the Pipeline Safety Improvement Act of '02 and it was titled Pipeline Safety Information Grants to Communities.

I don't think the words "technical assistance grants" are listed in either the PSIA or the PIPES Act of 2006, but we've taken on the name Technical Assistance Grants because it's shorter and it's a nice

acronym.

The program was, as authorized by the Pipeline Safety Improvement Act, was for $1 million with a maximum award of $50,000 to any single awardee. The funding was first appropriated in 2009 and, as Jeff mentioned, you know, for the reasons he already mentioned, and it's important to note that the money was from general revenue, not from user fees.

No match is required of the grant recipients. This is a 100 percent grant from the Federal Government, and again the program was reauthorized in the PIPES Act, Section 5, and one provision of the PIPES Act, as it was written, was that the first three grants that were issued under this program had to be what were termed "demonstration grants."

Those grants were really intended to demonstrate the viability of the program and the maximum award for each of those grants was to be $25,000 per awardee.

Next slide, please. In developing the demonstration grants, some of us saw a real opportunity to tie the grant program and specifically the demonstration grants to the effort that Steve Fischer is going to talk about in the next agenda item, the Pipelines and Informed Planning Alliance or PIPA, and

just briefly, PIPA, as you probably all are aware, is an effort to essentially take a look at land use in pipeline rights-of-way, and the PIPA effort, one of the outcomes of the PIPA effort is to develop best practices for land use and other issues in the vicinity of pipelines.

Some of us saw a real opportunity with these demonstration grants to tie the grants to PIPA and, in cooperation with the PIPA Steering Committee, we got buy-in and then we really tailored the solicitation that we posted to grants.gov, the solicitation for grant applications. We tailored that solicitation to really target implementation of PIPA best practices that were at the time in draft form and are currently in draft form.

The eligibility for these demonstration grants, again the first three grants at a minimum that were to be only $25,000 each, eligibility was limited only to the communities that had participated in the PIPA effort.

The solicitation for those grant applications was posted January 14th of this year and closed March 13th. We received four applications and those applications were reviewed by a three-member panel and all four of the applications were awarded in full.

Next slide, please. These are the grant recipients for the demonstration grants. The total award amount for these grants was $70,414, so just about approximately $70,000.

The first was to Brookings County, South Dakota, and that was a grant of $12,000, and the county is planning to use PIPA best practices pertaining to consultation or planning zones to develop a zoning ordinance that will protect pipeline rights-of-way or at least influence land use and development within pipeline rights-of-way to ensure pipeline safety in those corridors.

The second grant was to the City of Fort Worth, Texas, for a full $25,000, and the city is going to convert their paper-based pipeline records to a public GIS that will be useful in land use planning work.

The third grant was to Montgomery County, Virginia, for approximately 9,000. It was about 8,784, to be exact, and Montgomery County is actually putting up quite a bit of their own money on this demonstration grant and therefore has a much broader scope of work for the project.

They’re going to develop a GIS of pipelines and consultation zones that will be used in the land

use planning process. They're going to analyze pipeline consultation zones and revise the development review process, their land use planning and land development review process to emphasize pipeline safety.

They'll be looking at zoning ordinances, their own zoning ordinances in relation to the PIPA best practices to identify gaps and areas for improvements, and they'll also be developing some educational materials pertaining to consultation or planning zones in cooperation with the pipeline industry.

Finally, they'll develop a pipeline emergency response plan and they'll exercise the plan. So for $25,000 of our money, they are putting up quite a bit of their own and really doing a lot to improve pipeline safety at the local level.

The City of St. Peters, Missouri, is the fourth awardee, and they were awarded nearly $25,000, $24,630, and they are going to develop a public web page, an educational public web page for the public, but especially targeted to residents, property owners, contractors and developers to raise awareness of pipeline safety issues in the community.

Next slide. There is -- Cheryl actually sent

an updated briefing and hopefully you can disseminate that out. An updated slide show, I should say. Hopefully you can send that out to the committee members.

I added a slide that you're not seeing here that pertains to the evaluation criteria that were developed, as Jeff mentioned, in close connection with the Pipeline Safety Trust. Those evaluation criteria -- there were seven evaluation criteria, and I won't go through them in detail, but in the updated slide show that I sent to Cheryl and hopefully she can send that out, you'll see all those evaluation criteria.

This slide, the full, quote unquote, full TAG awards is really the meat and potatoes of the program. We've awarded the demonstration grants which were a requirement of the PIPES Act. That required at least three. We've awarded four for a total of $70,000.

We are currently in the procurement phase of the full TAG awards. Again, these are -- this is the full one million pot from general revenue, and it's $50,000 maximum award to a community. So if you do the math, you could have 20 grant awards of $50,000 max or more than 20, if the grant awards are for lesser amounts.

Unfortunately, that procurement is still in

process and so the application details are considered procurement-sensitive and under federal law, I can't discuss any details of any of the applications, but I can give you some information.

The solicitation was open April 9th through May 29th of this year. We did receive 25 applications that were considered responsive and those applications are reviewed by a four-member panel that was made up of a member of the National Association of Counties or NACO, one member from NAPSR, one member from the Washington State Utilities and Transportation Commission and one PHMSA employee and that was not me.

I coordinated the efforts of the review panel but did not serve on the review panel directly.

We are through our evaluations. We've made our recommendations. We are on the cusp of making those full awards and we fully expect those to be awarded within the next week or 10 business days or so, two weeks.

If all of those awards go through, and we fully expect they will, we will have awarded nearly all of the $1 million that was appropriated for the program, so certainly considered a success in this first year.

In 2010, pending appropriations, of course,

and what comes down through on our budget, we do anticipate funding a new round of grants in Fiscal Year 2010 and, of course, we'll apply the lessons learned from the 2009 application process as well as, you know, what grants we award and what results we're seeing to the 2010 award process.

And that concludes my presentation. Are there any questions or comments?

MR. WIESE: Sam, this is Jeff. I just wanted to add one point.

On this process, by the way, really positive response. In the first year, to get that many, I think is really positive.

The thing I did want to say to you is I know Sam and Steve are already at work building a website where half the point of this is for communities to teach other communities. So we will be posting up, you know, a lot of information on this. You'll be able to see all of the awards that are made, what their purposes are, but as importantly, one of the deliverables is for the community to write back and say what did they learn and that will be posted there, as well.

So I think this, you know, as it goes along, there will be a lot of things. We'll try to distil

things down, common themes, you know. I think it can feed to the next presentation, you know, as we get into talking about PIPA. So it is a General Revenue Fund, as I think maybe Sam pointed out, you know, the only general revenues worth noting here that we have in our budget, and so we aim to spend them and hopefully spend them well.

MS. FORD: Any other questions?

MR. FISCHER: I'll add to that. This is Steve Fischer.

In addition to this information being made available on the Web, each of those four reports that came back from the demonstration grants, we're working with those communities to tailor their results to fit into a specific format that we're going to include as case studies that will be incorporated into the PIPA final report, as well.

MS. FORD: Thank you. If there are no other questions, we'll go to Agenda Item 6: PIPA, Steve Fischer.

Agenda Item 6: PIPA

MR. FISCHER: Okay. Thank you, Lula. Hello. This is Steve Fischer, Director of Program Development, and so I want to take a few minutes to discuss the Pipelines and Informed Planning Alliance, PIPA,

Initiative that I've taken over this year, and as far as spearheading, you know, PHMSA's role in this initiative.

And I've got quite a few slides, I think there's about 20 slides in your packet. So I'm not going to spend a whole lot of time going through each of these, but I kind of wanted to give you a feel for what we're describing and discussing when we go out and meet with stakeholders.

We're already meeting. We've already sort of initiated a communication plan as part of the PIPA process and have been attending a number of conferences and meetings, including the American Planning Association, National Association of Counties, and we have quite a few other events planned for this Fall.

So this is essentially sort of a core pack of information that we've been providing and we will be continuing to improve it as we go along.

So given the fact that we're working a lot with stakeholders who generally don't have a lot of background with pipelines, part of what we're trying to do is provide them information about, you know, the importance of energy pipelines and really what they consist of, you know, where those pipelines are located across the country, the cities that they're serving,

and all the counties that these pipelines are traversing.

You know, obviously the importance that these pipelines -- the important role they serve in providing energy across the country, whether it be refined products or natural gas or other kinds of hazardous liquids.

Also, part of this process, and we've been spending a lot of time, especially recently in talking about, you know, what is the message that we want to relay to these stakeholders regarding the safety of hazardous liquid and gas transmission pipelines, and we are working on some additional material that we will be incorporating into the final report.

In addition to that, you know, some of the fundamental stuff that's coming out of the report are going to be recommended practices that -- or I should say best practices that will address land use planning adjacent to pipeline rights-of-way as well as roles that other stakeholders, including pipeline operators, roles that they play in ensuring the safety of the pipeline system as it goes through communities.

Next slide. I'm not sure how well this is coming off across on the Internet, but it looks pretty bad here.

This is just a map generated from the MPMS just showing -- yeah. You can just really appreciate the density of the pipeline network and once again we're only talking about gas transmission, hazardous liquid pipelines here because that's all that PIPA is addressing are those two systems. It's not dealing with gathering and it's not dealing with distribution.

Next, please. One of the other messages that we want to relay to these groups that we're meeting with are, you know, what are some of the data trends? What is the record of the pipeline systems? And so these are just a few of the graphs I've included here.

You know, overall, the message is that as far as serious accidents are concerned, you know, the trend line is in a downward direction, meaning, you know, decrease in the number of incidents by year, by serious incidents by year. That's what you're seeing in the upper left-hand graph.

The bottom left-hand graph includes both gas distribution, transmission, and liquid, but once again we're seeing downward trends. The upper right graph, while we're seeing this downward trend in serious pipeline incidents, this is occurring at the same time that we're seeing upward increases in U.S. population, energy consumption, and the amount that's being

transported via pipelines.

In the lower right is you're seeing, on the upper portion of that graph, those are the serious -- those are the -- sorry. Those are excavation damage by year and you can see the downward trend there, and then the lower portion of that graph is on the -- relates to the serious accidents across all -- both -- for all pipeline systems, including liquid gas and gas distribution.

Next, please. This is the pie chart that we pulled from the Stakeholder Communications website that we maintain and you can see here that this -- once again, this is for serious incidents from '88 through 2008 for all pipeline systems.

Excavation damage accounts for 34.5 percent of all those incidents. If you break that down just for hazardous liquid and gas transmission, it doesn't really decrease by much. Surprisingly, it's still 33 percent of all serious incidents are caused by excavation damage.

So when you have a lot of development that's occurring adjacent to these pipeline rights-of-way, that certainly is a concern about all this activity that's occurring in such close proximity to a lot of pipelines and, you know, a lot of times in the past

we're in fairly rural areas.

And then the other thing I wanted to point out, just if you look at all incidents, not even broken down by serious or anything else, just all incidents, from '88 through 2008, 17 percent of all incidents were due to excavation damage. So it's still a fairly large percent of the pie.

Next, please. So PHMSA understood a lot of these concerns back around 2000. We started having internal discussions about what did we need to communicate to communities to help them better understand pipelines and how could we bring them onboard as sort of part of this larger stakeholder group to ensure pipeline safety.

So beginning in 2000, we actually had convened a stakeholder group here in Washington to start these discussions on how we could develop better communication plans or products that could be utilized by local communities in better understanding how land use planning potentially has an impact on the pipeline rights-of-way.

And so based on the outcome of that meeting, we actually had initiated discussions with the Transportation Research Board on how they could work with us on developing some guidance.

We had initially approached the Common Ground Alliance but their feeling was that this didn't fit in well with their motto was. They were really busy with just trying to get their initial start-up moving along. So they felt that it wasn't really something they could take on. So we went to the TRB instead.

Along that time in 2002 then in the Pipeline Safety Improvement Act, Congress had instructed DOT to work alongside with FERC to study the issues of population encroachment and to analyze land use practices, zoning ordinances, and to determine what kinds of risk-informed guidance might be developed as an outcome of this TRB study.

Next, please. So when you look back at the Pipeline Safety Improvement Act, it really stated these four points that are listed here on the slide. It wanted us to, you know, determine what are the effective practices that might be able to be utilized to limit encroachment on the rights-of-way.

How can we address and prevent hazards, both to the public and the workers, associated with the right-of-way and the environment, as well? How do we raise awareness of the risks and hazards of encroachment, you know, the population encroachment on the rights-of-way?

And then the fourth issue was, you know, sort of balancing the issue of companies maintaining the rights-of-way while at the same time being sensitive to the environmental resources, you know, with the clearing of trees and so forth that's oftentimes necessary for companies to monitor their rights-of-way through the aerial surveillance.

Next, please. So this is really just, you know, a classic example of that that's being repeated across the entire country.

On the left-hand side you see from 1990 a very rural area, a lot of tree coverage, and you come back 12 years later and you've got a subdivision that's popped up all alongside this right-of-way.

Next slide, please. The next couple of slides are actually out of Fairfax County here in Northern Virginia, and, you know, this is something else that you probably don't have to look too far across the country to see these kinds of activities.

If you look on the left-hand side beyond that large pile of dirt from excavation, there's a school and obviously it's a relatively new school. The right-of-way, the pipelines, I think there are three pipelines there were in the right-of-way prior to the construction of that school, but when the school board

came along and decided to utilize that property for building a school, they placed the building actually very near the pipelines that are going through that corridor.

Next, please. And, you know, typical of Northern Virginia and Fairfax County, there's townhouses everywhere. I think this is probably the same corridor, just in a different location. You can see how this development of townhouses are fairly close to the right-of-way. There's actually other pictures that we've identified where the townhouses are so close to the pipelines and the right-of-way, it's very difficult for the pipeline operator even to get in there to make repairs on their pipeline.

Next, please. So the outcome of the TRB study was Special Report 281 that was published in September 2004. There's the URL, if you'd like to access that report.

They came back with a number of recommendations to PHMSA, including that we needed to evaluate further this issue of population encroachment on rights-of-way and to develop risk-informed guidance that could be utilized by local land use planners for making better decisions on land use adjacent to the rights-of-way.

They also wanted us to involve all the stakeholders that have played a key role in addressing these issues and that also we needed to incorporate expertise related to risk analysis, risk communication in developing these guidelines.

The guidance also included that the process needed to be transparent and peer-reviewed. As many of you know, these are very similar traits that we do in a lot of our initiatives and certainly the PIPA Project is no different, and then the last bullet as far as for PHMSA was that it needs to be refined and continued over time, therefore essentially becoming an evergreen document and that certainly is our intent, that hopefully we'll be wrapping this final report up soon and after its publication, our goal and intent is to continue working with stakeholders over time, learning from communities and from operators as we see these recommended practices or these best practices implemented locally and by the operators and to learn from the feedback, to see what kinds of changes need to occur over time.

The last -- there was a recommendation also for the pipeline industry and it had to do with developing practices for specifying and acquiring, developing and maintaining the right-of-way.

So the outcome of this TRB report was the creation of PIPA. PIPA was really what we felt was the best way to achieve the charges that we were given in the study and so what we had decided to do was to initiate an initiative to bring stakeholders together and have them address the issues that came out -- and the recommendations that came out of the TRB report and so with the anticipation that resulting guidance would help all of us understand the risks associated to the communities from the encroachment as well as those risks associated with this encroachment on the pipeline infrastructure itself.

Also, a big part of this has been and is going to continue to be a need to educate local planners on pipelines. As I said earlier, many of them are not used to working or have any familiarity really with pipelines and helping them to better understand the associated risks with pipelines going through their communities.

Really one of the key elements, I think, that’s going to come out of the PIPA Initiative is communication. One of the things I think we most all strongly agree on is the need for communication between pipeline operators, between the pipeline operators, developers, and local planners to ensure that everyone

is on the same page when it comes to new development that's occurring along the pipeline right-of-way.

Next, please. So I've already mentioned this. You know, PIPA is a partnership of all these different stakeholders that have come together to work and to address these issues. We had our inaugural meeting on January 2008. That meeting, we had approximately a 130 different stakeholders from a very large group. This is only a partial list of stakeholders that have been participating in PIPA.

It really is probably one of the largest groups of stakeholders that we've worked with, really the variety. It's a very varied group of people that we're working with, more so than we normally work with within PHMSA.

We've included the National League of Cities, National Association of Counties, National Association of State Fire Marshals, all the pipeline trade associations, National Association of Home Builders, and FERC has also been along, as well. So it's been a heck of an effort.

Next page. The report essentially identifies key stakeholders when you look at the recommended practices that have been developed. Those include local governments. That can include zoning boards,

local planners, elected officials could all be grouped into local governments. Other groups include parking developers, owners, the transmission pipeline operators, and really to a lesser degree the real estate commissions.

I think initially the thought was that there probably would be more information related to real estate commissions than has been really produced and that's coming out in the final report.

It's been a consensus process. It continues to be a consensus process. We're working through some remaining issues which I'll touch on here in a second.

Next slide. This just shows you just some of the examples of the recommended practices. There are new development recommended practices, baseline recommended practices. There are currently new pipeline recommended practices and I'll get into a little more detail on that here in a second. But there's really a variety of practices that address issues, such as easements, mapping, communications, records management.

Next, please. The PIPA team was broken down into three groups: those focused on protecting communities who their primary concern was addressing lands adjacent to the pipeline right-of-way, the

protecting transmission pipelines which addressed concerns regarding activities within the pipeline right-of-way, and then the communication team who has been charged and still charged with working to determine how best to communicate PIPA to such a broad group of stakeholders and educate these people on pipelines and pipeline safety.

It's been a volunteer initiative and our contractor Cycla has been working very hard and I think has done a great job in helping to facilitate all of the face to face meetings as well as countless number of teleconferences that have occurred over the past about a year and a half.

I've already touched on this as far as the different types of recommended practices. I guess the main thing that I want to just get into here is there have been remaining concerns regarding a couple of the recommended practices. They include the consultation zones and the planning zones.

The consultation zones themselves, and I don't really have enough time to get into the details on all this, but they haven't been so much of a concern primarily from the pipeline industry as the whole concept of a planning zone.

Because of these concerns from the pipeline

industry, we actually have sort of pulled out a subgroup of stakeholders within PIPA to get together and to discuss and try to work through these remaining issues.

We held a meeting here in D.C. about a month ago with these groups. They include the pipeline trade associations as well as the National League of Cities, National Association of Counties, Pipeline Safety Trust, and the National Association of Home Builders.

And the purpose of the meeting was to discuss concerns and to identify, you know, a path forward on how we could try to come to some type of consensus on the remaining issues related to the planning zone and there were also new development -- Recommended Practices, New Development 11 through 23.

Those practices are viewed by the local communities as essential guidance needed to provide to local communities so they can make better decisions on land use planning that are pertinent to their communities and some of the language that is included in that section is of concern to the industry and we talked through a lot of those concerns during the meeting here in D.C. and were in agreement that we can go through and do a rewrite on some of those sections and hopefully resolve some of the concerns that exist

currently with how those sections were written.

But we are still -- there are still a few remaining issues that we're working with the industry and with the community groups in this subgroup to try to work through and as soon as we're able to come to an agreement as far as the final changes to incorporate into the document, then we will go back and conduct another teleconference for all PIPA participants to explain to them what we've agreed to within this sub team and to make sure that they're okay with the changes and if that goes well, then we'll move forward then with making the final edits to the document, and I'm hopeful that we'll be able to wrap this up some time this Fall 2009.

So our plan is to publish the PIPA Report on the Web. We're not going to be producing bus loads of documents. The intent, like I said earlier, was to keep this as an evergreen document and so therefore we want to keep it Web-based, allow people to access the site on Stakeholder Communications, print the document off if they choose to.

I've already gone through this before, but these really are the primary groups. Really it's the first three that the document is going to be of most interest to.

Next, please. So just wrapping --

MS. WHETSEL: He was trying to hurry you up.

MR. FISCHER: Yeah. I'm trying. So as I said, just to reiterate, consensus has been reached on a majority of the recommended practices.

We have the ongoing discussions. Hopefully we'll be concluding those discussions over the next couple-three weeks. Once we finalize the report, hopefully this Fall 2009, we will make it available on the Stakeholder Communications website.

We, along with whoever else we can convince to work with us, will be making presentations at national state conferences on PIPA and trying to educate local communities about what the intent of PIPA is and how they might be able to use PIPA recommended practices in their local communities.

It's going to be an evergreen document and stakeholders are encouraged to begin consideration of the recommended practices as soon as they are published.

So, you know, it will be interesting to see how the industry responds to the recommended practices as far as how they might incorporate them. There is some overlap as far as the intent of some of the PIPA recommended practices with some of the proposed changes

I've seen with RP1162. So as far as communicating safety messages to local communities, it will be interesting to see how those kind of marry up in the future.

I think this is the last slide, second-to-last slide. This is just our Stakeholder Communications website. On the left-hand side you might be able to see this if you're looking at it on your computer screen. It's not really legible here. But the green blob here says Land Use Planning and so that's a link that we currently have on our Communications website that you can access and it provides up-to-date information on PIPA and like I said, as the final report rolls out, we will make that available on the website, as well.

And the last slide is here's my contact information. If you have any questions following this committee meeting, feel free to give me a call. I'd be more than happy to discuss anything related to PIPA or anything else you have.

That's it.

MS. FORD: Any questions for Steve?

(No response.)

MR. WIESE: Is it the hour?

MS. FORD: If there are none, I'd like to

thank all of our speakers for their presentations being very thorough and informative, and I'd certainly like to thank our participants for their value-added questions.

Jeff, you're on.

Wrap-Up and Adjourn

MR. WIESE: Okay. Thank you, Lula. I guess I would say that we're probably at the point in the agenda where we would be open to public comments.

If you'll allow me just two seconds to put a capstone on a couple of things here, I hope the committee recognizes I wanted to largely say that this meeting, while we don't have any votes, is really intended to do something that I said we would do together, which was to start talking about things that are policy issues.

You know, we don't have to just talk about regulatory issues. There's a lot of expertise that resides within the committee. We have a lot of respect for your opinions. Obviously we wouldn't have nominated you for the committee. So we're trying to, you know, take more time to get information to you and get your feedback on policy initiatives, some of which will never be a regulation. PIPA is not going to be a regulation, clearly. You know, it's another attempt,

not unlike Common Ground, where we all came together with a lot of other people, and as Steve said, in this case, some really completely different stakeholder groups for us.

Shopping mall developers organizations, but, you know, when you really get down to it and you start looking at the incident data, you find a lot of these people were involved in the incident data through a lack of proper planning.

So it's part of the effort, I think that we're spending more time in trying to help communities play a meaningful role in pipeline safety. So I wanted to thank Steve and Sam and everyone else, John and others here who presented, and I'll close that comment by saying I'm sitting next to Jim Page for those of you who are not sitting here with me, and it was Jim who, I think, in January of 2000, when Jim was taking his usual pot shots at us in a public meeting where we went back to him and said, well, all right, Jim, what the heck would you do, and he said, I still remember, he said, hey, help me out. He was a planning -- he was an attorney for the City of Fredericksburg at the time.

He said, help me out because I'm getting a lot of pressure when I say it's inappropriate land use near that right-of-way. Everybody just said you're

being arbitrary and capricious, you know. We needed to have some form of a national guidance.

So, Jim, it takes us about a decade to deliver on any of these promises, but, you know, working together we're making good progress, and I hope your heart is warmed by that.

MR. PAGE: It is. I told Jeff I wasn't sure I would live to see all of this.

MR. WIESE: Jim loved it so much and understood our processes, he came to work for us and he's our attorney now. So we're particularly gratified by that.

MS. WHETSEL: You can't change from the outside.

MR. WIESE: That's right. He's working on me, too, let me tell you.

Okay. Any rate, with that, I think I would turn it over to ask if there are any members of the public. Why don't we start here so we can see visually? I think that, Phil, you had registered. So we'll maybe start with Phil and then open it up to any other members of the public who are here and then we'll go to the phone and ask for any members of the public there.

So Phil, want to introduce yourself?

MR. BENNETT: Thanks, Jeff. I'm Philip Bennett with the American Gas Association, and AGA would just like to say that PHMSA and staff put on an excellent briefing for the Pipeline Advisory Committee and the public. It really helped, and I think this might be the first time that you actually went with the live connection to the public and I think it was very helpful and informative.

I really will keep it brief. I think the briefing from the PHMSA members gave a lot of detail on a lot of different subjects and the members brought up a lot of important questions.

PIPA, actually I've been -- I was at the July meeting and it is a difficult issue just because you have so many different stakeholders, but I think the discussion was excellent and looking back, I think the thing I've seen over the last 10 years is just an outstanding increase in the amount of communication between stakeholders.

We have CGA. We have the Pipeline Safety Trust, and the operators and other stakeholders attend all those meetings, and I think PIPA is an extension.

As Steve said, we have some more work to do and we'll try and get consensus on some of the issues.

The EFV, again the only comment I will say

because the questions have already been asked and discussed, but Jeff said this is really an initial study group stage, and you want to study the issue, and I think Rick Kuprewicz mentioned that it is much more complicated than single family homes and that was really mentioned in the June meeting and really EFVs are a safety device that work on a very narrow set of safety issues and I think industry and the other stakeholders will work and investigate that issue with Mike Israni and put a report together.

I would say the industry has -- and it was mentioned at the meeting from the manufacturers that there has already been a great increase of the use of EFVs on single family homes. It actually is still voluntary because it's not a regulation, but I know essentially 100 percent of AGA members have been doing it since the congressional mandate.

So that's it on EFVs, and the One Rule, I'm not going to talk much about that because a lot of questions have already been asked and we'll work with Roger Little to get comments on that proposed rule.

As was mentioned, you want to focus on quality and accuracy, not just quantity, when you start looking at data and that form is getting to be very complex and asking for a lot of data and we really need

to work with stakeholders to figure out what's important, what's not important.

It's kind of like the Internet is out there and it's just information overload and how much of it is really worthwhile.

My last comment is really on the hard issue and it came up and it was good you had the briefing that talked about the proposed change to 192.11 and it was mentioned that we in industry and AGA view that as a significant regulation, whereas the proposed rule said it was a clarification, correction, and edit, and so there was a lot of complicated discussion about the different standards, NFPA-58 and 59, and 192, and I know there are different opinions from, you know, different regulators and operators.

But actually I'm an attorney for AGA and the legal simple way is to say that PHMSA put out the code, as Mike Israni said, 15 years ago and gave notice to everyone that this is the way they really wanted to have the good codes and 58 and 59 are very good codes. 59 is actually specifically written for utility plants, whereas 192 is written for transportation.

So it was really logical to have 59 to prevail over 192 and since that was the way everyone depended on them, you can't legally or regulatorily

make a change without going through the full regulatory process and that is kind of the legal perfective we look at. It's almost the uncomplicated example is if you decide to live with someone or marry someone for 15 years, you can't change the document and say we are unmarried.

The family law judge --

MR. WIESE: There are things we could all say about that.

MS. WHETSEL: There's an example.

MR. WIESE: Thanks for that analogy.

MR. BENNETT: The family law judge will not let you say that is a minor correction. They will go back and say they want 15 years of data. They want to know what your assets was.

MS. WHETSEL: Fifteen years of battle.

MR. WIESE: Let's just divide the assets now.

MR. BENNETT: I thought I'd use that analogy to tell you that it is really a complicated process that you can't do in a 60-day notice that says it's not significant and it was interesting. I was really impressed by John Gale's analysis on the low-stress liquids and that is really a full regulatory analysis.

You have to look at the alternatives. You have to look at the costs and benefits and that is

really the way the regulations are set up. I think NFPA-59, as per your regulations, prevail and to go a 180 degrees requires the full regulatory analysis that John Gale showed and that's why it really shouldn't be part of the regulatory updates.

The other things in the regulatory update really, I think, we support. We want to adopt the updated standards and the rules and regulations and keep them current, but we really have to be careful not to make rule changes because the Part 192 Code, the strength is the predictability and when you try and make changes too quickly, it really causes problems because people depend on stability.

So great briefing, and I know people have been here a long time, so I will end, and thanks for the opportunity to speak.

MR. WIESE: Thank you, Phil, for exercising that prerogative.

As the executive director, I'll say we appreciate actually the partnership we've had with the AGA and look forward to your comments, particularly on that point.

I would ask that you be as specific as possible because what I hear is generalized angst and I think we have to better understand the specific

reasons.

Now, Ted offered, you know, a few in there to chew on. So besides the generalized angst that we just don't like it that way, I think we would need -- I think you can understand that. We would have to understand for you to say it's significant, we would need to understand your basis. So hopefully your comments will address that and I'm sure we'll be listening closely for those.

So I guess anyone else in the room, member of the public who's interested in speaking. Peter? Peter, introduce yourself.

MR. LIDIAK: Peter Lidiak with API. I just wanted to note I, too, was happy with the analysis of the low-stress proposal because it's important that whatever comes out is cost beneficial and isn't just a knee-jerk reaction to what was in the statute.

I think the statute gave good direction that something has to be done with these lines, but obviously there's more than one way to skin the cat and make good oversight into these lines. So I'm glad that the agency's looking at what the different alternatives are, and I think that will be an important part of that rulemaking.

I'd just note from Steve's comment on PIPA,

regarding the updates that are forthcoming on 1162, you know, whether there are disconnects with what's in PIPA or even with the existing version of 1162, the work group is coming to closure soon and they will be circulating the draft document for public comment very shortly and I want to encourage everybody who's on the line, whether it's members of the public, members of the industry, governmental partners, if you would like to have a chance to review and comment on the document, you need to contact me, contact Bill Bush at API, make sure you get a chance to give some input to the public process because, as we complete our review under the ANSI requirements, we want to make sure we get that public input.

And those comments will be considered by the working group that's working on the report.

MR. WIESE: Peter, could we ask that you send a link to Cheryl so that we're sure at least the advisory committee members --

MR. LIDIAK: Absolutely.

MR. WIESE: We can post it on there and make sure everybody sees it.

MR. LIDIAK: Sure.

MR. WIESE: Thank you.

MR. LIDIAK: It may not be posted but

certainly if anyone contacts us, we will --

MR. WIESE: We will get ahold of you.

MR. LIDIAK: Yes. That's all for me.

MR. WIESE: Okay. Any other members of the public here?

(No response.)

MR. WIESE: How about if we turn to the phone? Anyone on the public line who'd care to step in with brief comments?

(No response.)

MR. WIESE: What? Terry, could you repeat that? I just want to savor that moment, Terry. I'm just teasing you, Terry. Thank you.

Any other members of the public, remembering that Tim has asked you -- Tim from Belgium has asked you to press your star, Star 1. Okay. Thanks, Tim.

(No response.)

MR. WIESE: Wow! No other comments. Great. Hey, Tim, thanks a lot for your help. We'll close out really quickly.

First of all, I'd like to thank Lula for helping us out. Appreciate that very much.

MS. FORD: Thank you.

MR. WIESE: I'd like to thank the members of the committee for taking time out of their day. It's

four hours and we've been at it for pretty much four hours. So it is a long time to sit and I know it's a pain, but it's important to get your input and your advice, and we thank you very much for your time and effort.

Thank the members of the public who have both come here and have dialed in on the line.

And I think unless I'm missing something, I wish you all well, safe travels, and thanks for joining us.

MS. FORD: Thank you.

MR. WIESE: Bye-bye now.

(Whereupon, at 4:48 p.m., the meeting was adjourned.)