



July 12, 2011

Ms. Linda Daugherty
Deputy Associate Administrator
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
East Building, 2nd Floor
1200 New Jersey Ave., SE
Washington, DC 20590

Re: AGA supplemental information to the Pipeline Forum Docket
Docket ID No. PHMSA-2011-0127

Dear Ms. Daugherty:

This is a supplement to the comments provided by the American Gas Association (AGA) at the April 18 Pipeline Safety Forum. AGA hopes that the information provided supports the Department of Transportation's efforts to continually improve pipeline safety and assists in the development of the DOT Report to the Nation on Pipeline Safety. Please enter the information into the docket in your normal manner.

This docket submission includes the following:

- AGA Safety Principles
- AGA Principles of Responsible Natural Resource Development
- Description of Transmission Pipe Fitness for Service
- Description of Distribution Pipe Fitness for Service
- Setting Rates For Energy Pipelines (Cost Recovery Mechanisms)
- Natural Gas Pipeline Technology Overview, Argonne National Laboratory
- Natural Gas Pipeline Industry Safety Accomplishments Since 2002

The AGA Safety Principles were adopted by the AGA Board of Directors almost a decade ago. It has been revised several times as the Board promotes continuous improvement in safety. The Board Safety Committee has an action plan for employee safety, contractor safety, customer/public safety in homes, excavation damage prevention, vehicular safety and pipeline safety.

The AGA Principles for Responsible Natural Gas Resource Development were issued in June 2011. Over the past several years, a truly game-changing event has occurred in the natural gas industry thanks to improved technologies that are allowing energy producers to access significant and growing supplies of domestic natural gas from shale formations and other unconventional reservoirs. The completion practices required to produce natural gas, specifically from shale formations, have attracted considerable attention in both the media and public policy circles. Safe and reliable extraction, transport and delivery of natural gas to consumers remain the first priority for all natural gas industry participants. The AGA Principles for Responsible Natural Gas Resource Development address a foundation for the sustainable and responsible development of all natural gas resources in our country and underscore the commitment of local natural gas utilities to the communities they serve.

AGA technical committees have developed documents to explain how operators determine a transmission and distribution pipe's fitness for service. Fitness for service for new and existing pipelines is determined based on the ability of different types of facilities or individual components to satisfactorily perform their intended function, which is to safely and reliably deliver natural gas to customers. 49 CFR Part 192 regulations, state regulations and actions operators take outside of regulations help guide fitness for service. Over the last few years more comprehensive Integrity Management Programs for transmission and distribution pipe have been added to pipeline safety regulation and used to assess pipeline integrity.

Along with safety regulations, it is necessary to have structured processes for cost recovery to maintain the pipeline infrastructure. In the United States, pipelines that transport and distribute natural gas, petroleum, and other hazardous liquids are often natural monopolies because it is not cost-effective to have more than one pipeline delivery system in the ground to serve a community. As a result, pipelines operators are sometimes government monopolies, or if privately (i.e., investor) owned, the various sectors are subject to forms of public control and regulation ranging from local community-based councils and boards to state-wide government agencies. Ratemaking is the process by which a pipeline operator, its customers, and the operator's regulatory body determine a fair price for the pipeline's services. The rate mechanism document was developed with the assistance of the American Public Gas Association, the Association of Oil Pipelines, the American Petroleum Institute, and the Interstate Natural Gas Association of America.

Natural Gas Pipeline Technology Overview, Argonne National Laboratory, provides a detailed discussion of the components in the natural gas pipeline infrastructure, construction techniques, and operating and maintenance processes.

The natural gas industry has worked hard to implement the provisions included in the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006. It has also spent the past four years making significant progress on implementing major initiatives from the 2002 Pipeline Safety Act. From a regulatory perspective, the past ten years have easily included far more major pipeline safety rulemakings than any other decade since the creation of the federal pipeline safety code in 1970. A list of some of the major accomplishments in safety is presented.

Finally, research and development is critical to continuing to improve pipeline safety. The AGA issue paper on research and development provides questions and answers for the transparent processes used by government and industry to co-fund research and development.

If you need additional information, please feel free to contact me at 202-824-7339.

Sincerely,

Philip Bennett
Senior Managing Counsel
American Gas Association