

Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Michael A. Albert
Chairman



April 8, 2011

Cynthia L. Quarterman
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Avenue, S.E.
Washington, DC 20590

Dear Ms. Quarterman:

Thank you for the invitation to attend a Pipeline Safety Forum on April 18, 2011.

Our Commission is not able to have a representative at the Forum. I have a long-scheduled family commitment in Alabama, and David Hippchen, our Gas Pipeline Safety Section Manager, is scheduled for surgery.

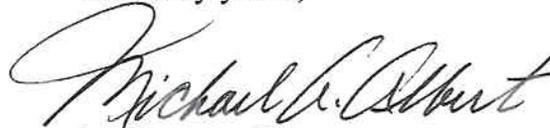
In response to your question about "replacement plans" for bare steel pipe, cast iron pipe, and pipe whose integrity is questionable, the Commission considers those replacements on a case-by-case basis. Historically, we have included rate increments in utility rates to cover the cost of pipeline safety programs:

- (a) The Commission has included separate surcharges designed to provide a current recovery of costs for bare steel pipe surveys, cathodic protection and replacement. Receiving an annual surcharge to compensate utilities for the costs of these programs reduces or eliminates most, if not all, financial disincentives for following through on these programs.
- (b) In some cases, the Commission has coupled the rate increments that we give utilities for pipeline protection and replacement programs

with requirements to survey, protect or replace a certain percentage or a certain footage of pipelines.

- (c) The Commission sets limits on unaccounted-for gas and requires utilities to report the levels of unaccounted-for gas in annual purchased gas cost rate proceedings. This requirement provides annual data within a formal docket where a utility is seeking recovery of its purchased gas costs that allows the Commission and other parties to monitor any changes in levels of unaccounted-for gas, that are largely, although not entirely, related to leaky pipelines.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Michael A. Albert".

Michael A. Albert
Chairman

MAA/klm



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

Administrator

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

MAR 31 2011

Mr. Michael A. Albert
Chairman
West Virginia Public Service Commission
P.O. Box 812
Charleston WV, 25323

Dear Chairman Albert:

Recent tragedies involving natural gas explosions and spills of hazardous liquids highlight the need to take a hard look at the integrity of the Nation's pipelines. As you are keenly aware, some of this infrastructure is aging and requires prompt attention to ensure the safety of communities across the country.

On April 18, 2011, U.S. Transportation Secretary Ray LaHood will convene a Pipeline Safety Forum with the goal of accelerating the rehabilitation, repair, and replacement of critical pipeline infrastructure with known integrity risks. This forum will bring together pipeline safety experts, researchers, industry representatives, State partners, other Federal agency officials, and members of the public to share their expertise, experience, research, and ideas.

On behalf of the Secretary, I invite you to participate in this very important discussion. You may RSVP to pipelineforum@dot.gov with the name(s) and contact information of attending individual(s) from your organization or register on-line at our Pipeline Safety Forum website: www.phmsa.dot.gov/pipelineforum.

As a Commissioner with responsibility for safety oversight of pipelines in your state, I know you share my concern that these facilities are operated correctly and provide safe and reliable service to the American public. In preparation for the Forum, I urge you to review your State's current replacement plans for the highest risk pipelines (for example, bare steel, cast iron pipe, and pipe whose integrity is questionable or not confirmed), and consider what would be necessary to accelerate these plans. We encourage you to bring your findings to the Forum.

Please reply with this information and any related studies or reports by April 10, 2011. We will post your submissions on the Forum website, www.phmsa.dot.gov/pipelineforum. Our plan is to issue a Report to the Nation on the steps needed to achieve the Secretary's goal within the next six months.

Together, we can improve public safety through infrastructure assessment and reinvestment, open communication of concerns and creative solutions, and strong, effective oversight and robust excavation damage prevention programs including promotion of "Safe Digging Month" this April and the national "Call Before You Dig" (811) programs.

Thank you in advance for partnering with us for public safety.

Regards,

A handwritten signature in black ink, appearing to read "Cynthia L. Quazerman". The signature is fluid and cursive, with a large loop at the end.

Cynthia L. Quazerman

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

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Washington, D.C. 20590

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