

Executive Summary of Industry Issues

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Natural Gas Industry Commitment

INGAA, AGA, APGA

- We Support Integrity Management
 - Investments
 - Research
 - Public Policy
 - Education
 - Communication
- We are Committed to get the Integrity Rule Right
 - Development
 - Implementation

Issues Discussed Today

1. Refine the Definition of an HCA to Focus the Priority and Simplify the Determination
2. Prevent the Overlap of the Re-Inspection Period on the Baseline Period Causing Additional Capacity Constraints
3. Utilize Available Research and Understanding for Inspection Requirements for Low Stress Pipelines





Issues Discussed Today (cont.)

4. Adopt the NACE ECDA Standard and Accept as Equivalent Inspection Method and Clearly Define Confirmatory Direct Assessment Methodology
5. Utilize Established Technical Criteria for Defect Investigation and Remediation and Clarify Applicability of Inspection Technologies to Detect Excavation Damage
6. Clarify Basis for Pressure Testing of Vintage Materials and Systems


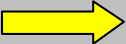

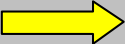




Environmental and Safety Impacts - HCA Definition

	<i>Incremental Environmental Cost</i>	<i>Environmental Benefit</i>	<i>Incremental Safety Cost</i>	<i>Safety Benefit</i>
OPS: HCA Definition Aug 2002 (Base)				


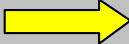

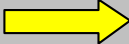








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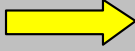
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Revised INGAA / AGA Consequence Based				

Environmental and Safety Impacts - Baseline and Reassessment Overlap

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Congress: Complete Baseline Then Begin Reassessment				

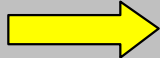
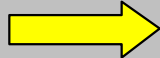


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Overlap of Baseline and Reassessment Periods				









Environmental and Safety Impacts - Confirmatory DA

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ASME B31.8 and NACE DA				

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OPS NPRM including CDA				

Environmental and Safety Impacts - Confirmatory DA

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ASME B31.8 and NACE DA				
OPS NPRM including CDA				
INGAA / AGA Clarification				

Safety Performance

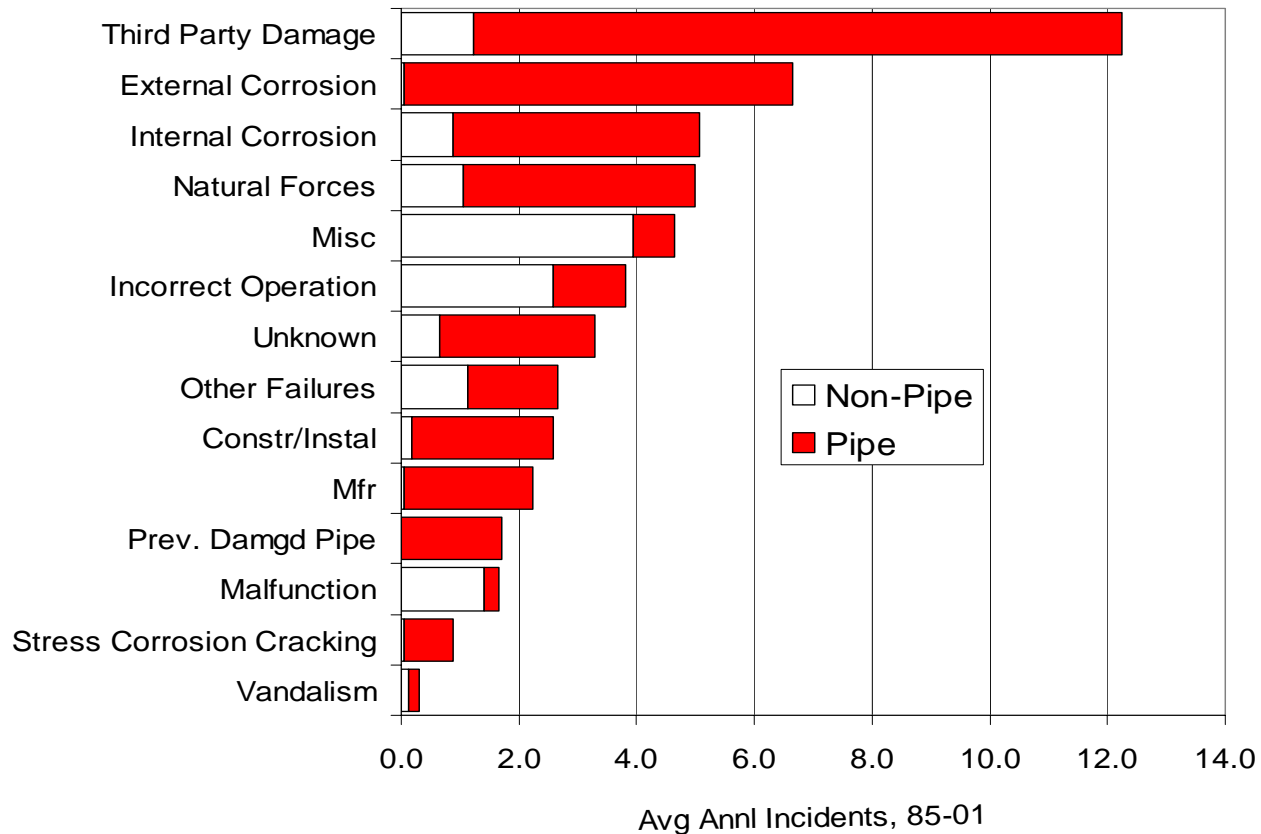
March 14, 2003

Role of Safety Performance

- We have to understand historical performance to understand how to improve
- To achieve the goal of Zero
- Allegro-HSB Safety Performance Report

Summary of Incident Causes

ASME Causes of Gas Transmission Incidents



Threat - Based Analyses of Performance

- Understand current level of performance
- Drive integrity management work to improve performance building on existing practices
- “Right tools, for the combination of threats”
- Evaluate performance on periodic basis

Threat - Based Analyses of Performance

- As we progress to Zero, we need measures along the way
- One such measure is Six Sigma - reduce error rate or defects to “1 in 1 million”
- Used in manufacturing to manage “defects”

Threat - Based Analyses of Performance

- 310,000 miles of transmission pipe
- Consider that there are 4 “circles” / mile
- Yields 1.24 million units to be managed

Threat - Based Analyses of Performance

- Internal corrosion
- 3 incidents per year, for line pipe
- Using the 1.24 million integrity management units
- Yields 2 in a million

