

PI-74-0105

APRIL 02, 1974

Mr. W. C. Cochrane
Lakehead Pipe Line Company, Inc.
3025 Tower Avenue
Superior, WI 54880

Dear Mr. Cochrane:

This responds to your letters dated February 26 and 27, 1974, giving reasons why certain pipeline accidents were not telephonically reported under 49 CFR 195.52, although property damage exceeded \$5,000 in both incidents. With regard to estimating damage to property of the carrier or others for purpose of reporting under section 195.52(a)(3), you ask whether damage is "the value of the pipe or other items which failed or if it is the cost of making the necessary repair."

At the earliest practicable moment following discovery of a failure described in 49 CFR 195.50, a carrier must estimate the total amount of property damage involved. this amount include the cost of material, labor, and equipment to repair or replace the damaged property but does not include the value of any commodity lost or fittings used during repair which become permanently attached to the system.

We trust this information is helpful to your understanding the telephonic reporting requirement.

Sincerely,
/signed/
Joseph C. Caldwell
Director
Office of Pipeline Safety

Mr. Edward F. Cygan
Office of Pipeline Safety
Department of Transportation
Washington, D.C. 20590

Dear Mr. Cygan:

This is in response to your letter of February 20, 1974 inquiring why telephonic notice pursuant to 49 CFR Sec.195.52 was not made with respect to a pipeline leak caused by contractor equipment on September 5, 1973 in Kittson County, Minnesota. Presumably the reason for your inquiry is that the report of the incident on DOT Form 7000-1 shows estimated damage to property of the carrier and others in excess of \$5,000, none of the other factors set forth in Sec.195.52(a) requiring a telephonic reporting having occurred.

The major element of damage reported was to carrier property and the amount shown is the cost of repair which includes an extensive amount of premium time due to the practice of calling out several maintenance crews in the event the leak is large. The actual pipe section damaged had a value of less than \$500. At the time immediately following the leak it did not appear that the costs of repair would go to the level shown in the written report, hence no telephonic report. The oil was all contained in a small area and the estimated damage shown on the written report to property of others was in fact somewhat excessive.

From our experience in the past few months, it appears that in almost every leak situation, the costs of repair, if the premium time for all emergency crews which are called out is included, will be such as to come within the parameter of Sec. 195.62(a) and we have instructed our field people to make the required telephonic report in all such cases in the future. We are still somewhat vague as to whether it is intended that the damage to carrier property is the value of the pipe or other items which failed or if it is cost of making the necessary repair. If the latter, the damage amount is in almost every case considerably larger.

Very truly yours,
W. C. Cochrane

February 27, 1974

Mr. Edward F. Cygan
Office of Pipeline Safety
Department of Transportation
Washington, D. C. 20590

Dear Mr. Cygan:

This is in response to your letter of February 20, 1974 inquiring why telephonic notice pursuant to 49 CFR Sec. 195.52 was not made with respect to a pipeline leak which occurred in Polk County, Minnesota on September 11, 1973. As shown on the Pipeline Carrier Accident Report (DOT Form 7000-1) filed with respect thereto, the item which would appear to require a telephonic report is the fact that it was estimated that the total of damage to carrier property and property of others would be \$6,000.

The property of the carrier which was damaged had a value of less than \$500; however the costs charged to repair, which we have been using in estimating damage to carrier property, is significantly increased by the fact that more than one maintenance crew is called when a leak is reported and the fact that significant premium time is involved. Immediately following this particular incident, it did not seem that the costs of repair would reach the level shown on the accident report, therefore it was not reported by telephone.

From our experience in the past few months, it appears that in almost every leak situation, the costs of repair, if the premium time for all emergency crews which are called out is included, will be such as to come within the parameter of Sec. 195.52(a) and we have instructed our field people to make the required telephonic report in all such cases in the future. We are still somewhat vague as to whether it is intended that the damage to carrier property is the value of the pipe or other items which failed or if it is the cost of making the necessary repair. If the latter, the damage amount is in almost every case considerably larger.

Very truly yours,
W. C. Cochrane