

July 24, 2017

Online submission via regulations.gov

Mr. Michael A. Smith
Office of the General Counsel
U.S. Department of Transportation
1200 New Jersey Ave. SE.
Washington, DC 20590

**Re: Transportation Infrastructure: Notice of Review of Policy, Guidance, and Regulation,
82 Fed. Reg. 26,734 (Jun. 8, 2017), Docket No. OST–2017–0057**

Dear Mr. Smith:

The Interstate Natural Gas Association of America (“INGAA”) is a trade association that advocates regulatory and legislative positions of importance to the natural gas pipeline industry in North America. INGAA is comprised of 26 members, representing the vast majority of the interstate natural gas transmission pipeline companies in the U.S. INGAA’s members operate approximately 200,000 miles of pipelines, and serve as an indispensable link between natural gas producers and consumers.

INGAA appreciates the opportunity to provide comments as the Department of Transportation reviews existing regulations to identify unnecessary obstacles to transportation infrastructure projects. Pipeline safety is the top priority of INGAA and its members. INGAA strongly supports regulations that advance improvements in pipeline safety practices and that embrace modern integrity management processes and technologies, with the intent of achieving a perfect safety and reliability record for the pipelines operated by our members. In that spirit, INGAA suggests an alternative to existing Pipeline and Hazardous Material Safety Administration (“PHMSA”) regulations governing the actions that operators must take when there is a change in the class location designation of a pipeline segment.¹

When a class location change is triggered by the construction of new structures near an existing pipeline, the current regulations may require operators to replace pipe even when the existing pipe is in good condition. INGAA estimates that gas transmission pipeline operators incur annual costs of \$200 – \$300 million nationwide replacing pipe solely to satisfy the class location change regulations.² Such replacements do not necessarily improve public safety, because processes and technologies are available for effectively managing pipeline safety in these segments. In fact, the substantial costs associated with these replacements may divert resources away from elective work that would enhance pipeline safety.³

¹ 49 C.F.R. § 192.611.

² Based on historical and forecasted INGAA member data representing approximately 100,000 miles of operating pipelines, and extrapolated for the 300,000 miles of gas transmission pipelines nationwide.

³ Examples of work that may be deferred include pipeline modification projects enabling the accommodation of advanced inline inspection tools, as well as pipeline assessment projects using such tools.

INGAA suggests an alternate approach to class location changes (detailed below) that focuses on recurring Integrity Management assessments. If adopted, this alternate approach will leverage advanced assessment technologies to determine whether actual pipe condition warrants replacement, thereby minimizing the arbitrary replacement of good pipe. This approach also would capitalize on and further promote the expansion of Integrity Management processes and technologies throughout the nation's gas transmission pipeline network, a goal shared by industry, PHMSA, and public safety advocates. This alternate approach also would improve economic efficiency by reducing the regulatory burden on gas transmission pipeline operators associated with class location changes and by allowing additional resources to be directed towards expanded use of Integrity Management processes. Finally, this alternate approach would fulfill the purposes of section 5 of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, which directed the Secretary to evaluate whether to "remove redundant class location requirements for gas transmission pipeline facilities that are regulated under an integrity management program...."⁴

Background

The class location concept, which pre-dates federal regulation of gas transmission pipeline safety, was an early method for differentiating areas along natural gas pipeline rights of way based on the potential consequences of a postulated pipeline failure. Current PHMSA regulations require operators to establish class location based on the number and type of structures within a specified distance from a gas transmission pipeline.⁵ The rule that first incorporated class location in federal pipeline safety regulations was adopted in 1970 and predated the development and utilization of many of the pipeline integrity management processes and technologies that are commonplace today. Despite this, the class location change requirements have not fundamentally changed since 1970.

Integrity Management regulations, promulgated by PHMSA in 2004, specify the risk-based processes that pipeline operators must use to identify, prioritize, assess, evaluate, repair and validate the integrity of gas transmission pipelines that could, in the event of a leak or failure, affect High Consequence Areas ("HCAs") within the United States.⁶ Inline inspection assessments are often a key aspect of an operator's Integrity Management plan. Inline inspection technologies, such as high-resolution magnetic flux leakage tools, can precisely assess the presence of corrosion and other potential defects, allowing an operator to establish whether a pipeline segment requires remediation or replacement. In the preamble of the 2004 Integrity Management regulations, the Research and Special Programs Administration (PHMSA's predecessor) stated that "[t]he rule will provide a better technical justification to support waivers from existing requirements that mandate replacement of pipeline when population increases cause a change in class location. Experience may lead to future changes in the existing

⁴ Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 §5, 125 Stat. 1907-1909 (2012). *See* §5(f)(3)(B)(ii).

⁵ 49 C.F.R. § 192.5.

⁶ 49 C.F.R. Part 192, Subpart O.

requirements.⁷ There has now been more than a dozen years of experience to use as a basis for determining how best to harmonize class location changes with Integrity Management.

The alternatives to pipe replacement following a class location change now offered by PHMSA's regulations do not reflect the substantial developments in integrity management processes, technologies, and regulations over the last 15+ years. Consequently, INGAA suggests that an additional alternative to pipe replacement is warranted.⁸

Currently, operators may choose to reduce the operating pressure of the pipeline, perform a pressure test on the pipeline, or apply for a Special Permit in lieu of replacing a pipe segment for which there has been a class location change. There are limitations associated with each of the alternate paths now available under PHMSA's rules.⁹

Reducing operating pressure below that at which a pipeline had historically operated may unacceptably restrict deliveries to natural gas customers – homes, businesses, power generators, manufacturing plants, export facilities, etc.

Pressure testing a pipeline may be practicable in select cases, especially for segments that cannot accommodate inline inspection. Still, the ability to use this option may be limited, because the test pressure required at higher class locations may exceed what a pipeline is designed to accommodate. Furthermore, removing a line from service and filling it with water to conduct a pressure test may interrupt service to pipeline customers, and ultimately consumers, and is unnecessary and impractical where pipeline integrity is known to be in good condition through utilization of robust integrity management processes.

The Special Permit process has become protracted and unpredictable. The prescriptive data collection, inspection, and monitoring requirements that PHMSA often requires as part of a Special Permit can vary on a case-by-case basis and may undermine the benefit of using modern risk-based integrity management processes and technologies. Furthermore, since Special Permits require periodic updating and renewal, operators cannot rely on consistent permit conditions in the long-term. (Permits can be revoked or permit conditions modified during subsequent renewals.)

Gas Transmission and Gathering NPRM

PHMSA's Safety of Gas Transmission and Gathering Pipelines proposed rulemaking ("NPRM") aims to expand Integrity Management assessments outside of HCAs to a new class of Moderate Consequence Areas (proposed new § 192.710).¹⁰ INGAA and its members have long supported and have voluntarily begun to implement such an expansion of Integrity Management assessments, which leverage advanced inspection technologies. The NPRM would substantially increase the proportion of onshore gas transmission pipelines required to be included in recurring

⁷ Pipeline Safety: Pipeline Integrity Management in High Consequence Areas (Gas Transmission Pipelines), 68 Fed. Reg. 69,778 (Dec. 15, 2003).

⁸ The existing alternatives are important and should be retained, but INGAA suggests that an additional alternative is warranted.

⁹ 49 C.F.R. § 192.611.

¹⁰ Pipeline Safety: Safety of Gas Transmission and Gathering Pipelines, 81 Fed. Reg. 20,722 (Apr. 8, 2016).

integrity assessment programs. This would unquestionably be the most significant enhancement to the pipeline safety regulations in the past decade, but would come at a significant cost – over \$500 million per year on an ongoing basis.

The expansion of recurring Integrity Management assessments in the NPRM provides a framework for developing an alternate program for managing class location changes. Developing an alternate approach (while retaining existing alternatives) to the class location change requirements that is based on recurring Integrity Management assessments and reflects the advancements that will be achieved by the NPRM could help substantially to offset some of the costs of the NPRM. That is, by avoiding the cost of unneeded pipe replacement, an alternate approach that reflects the new NPRM requirements would mitigate, to some degree, the cost to implement the changes that will come when the NPRM results in a final rule. In addition, as noted previously, the alternate approach proposed by INGAA would fulfill the purposes of section 5 of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011.¹¹

Alternate Approach to Class Location Changes

INGAA recommends that PHMSA develop an alternate approach for managing class location changes that focuses on recurring Integrity Management assessments to confirm actual pipe condition and determine whether pipe condition warrants replacement. PHMSA should leverage the proposed § 192.710, which would extend *recurring* Integrity Management assessments outside of HCAs. Existing § 192.611(a) provides three alternatives that operators can apply whenever a change in structure count indicates a change in class location for a pipeline segment. INGAA proposes a *fourth alternative* for managing class location changes within § 192.611(a) that would include compliance with proposed § 192.710 (outside of HCAs)¹² or with existing § 192.921 (within of HCAs). Baseline integrity assessments for segments new to the recurring assessment program could be completed within 24 months of the class location change – consistent with the current timelines in § 192.611.

Additionally, for any pipeline segment that does not have traceable, verifiable, and complete records of a hydrostatic pressure test to support the segment’s existing Maximum Allowable Operating Pressure (“MAOP”) and where a class location change has occurred, INGAA’s proposed fourth alternative within § 192.611(a) would require operators to perform MAOP Reconfirmation.¹³ MAOP Reconfirmation is a *one-time* process for confirming a pipeline’s material strength that PHMSA proposed in the NPRM (proposed new § 192.624) to address

¹¹ Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 §5, 125 Stat. 1907-1909 (2012).

¹² Although proposed § 192.710(a) defines the segments which PHMSA proposes to include within the assessment program outside of HCAs, INGAA proposes that *any non-HCA class location change segment* managed using INGAA’s proposed recurring assessment alternative should be required to be included within a recurring pipeline assessment program as described in § 192.710(a).

¹³ Although proposed § 192.624(a) defines the segments for which operators would be required to conduct MAOP Reconfirmation, INGAA proposes that *any class location change segment* managed using INGAA’s proposed recurring assessment alternative should be required to undergo MAOP Reconfirmation, if the segment does not have traceable, verifiable, and complete records of a hydrostatic pressure test to support the segment’s existing MAOP.

certain pipeline segments that do not have traceable, verifiable, and complete records supporting the current MAOP.¹⁴

Furthermore, the new corrosion control regulations proposed in the NPRM, and recently endorsed by the Gas Pipeline Advisory Committee, provide further support for an alternative approach to managing class location changes. These new corrosion control regulations will apply to all pipeline segments, including segments that have experienced a class location change. These regulations will require operators to implement additional preventative and mitigative measures to manage the threat of corrosion. New requirements include provisions related to coating surveys following backfill, cathodic protection monitoring and remediation, mitigation of interference current, and internal corrosion monitoring and remediation.¹⁵ The inclusion of such corrosion control measures as part of a program for managing the integrity of segments that have experienced a class location change provides further justification for developing the new codified alternative for managing class location changes using recurring Integrity Management assessments that INGAA is suggesting.

Conclusion

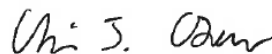
To ensure that operators can utilize the most effective and efficient methods and technologies for continuously enhancing pipeline safety, PHMSA should incorporate into regulation INGAA's proposed alternative approach for managing class location changes that focuses on recurring integrity management assessments. INGAA's proposed approach would retain, as an option, the current alternatives for managing class location changes that operators, PHMSA personnel, and state partners have utilized for decades.

Thank you for your consideration. INGAA stands ready to provide additional information and to work with PHMSA and other stakeholders to develop further technical specificity regarding this proposed improvement to existing pipeline safety regulations.

Sincerely,



Terry Boss
Senior V.P. of Operations, Safety, and Environment
Interstate Natural Gas Association of America
20 F Street, N.W., Suite 450
Washington, DC 20001
(202) 216-5930



C.J. Osman
Director of Operations, Safety, and Integrity
Interstate Natural Gas Association of America
20 F Street, N.W., Suite 450
Washington, DC 20001
(202) 216-5912

¹⁴ INGAA recommended targeted improvements to PHMSA's MAOP Reconfirmation process in its July 2016 comments to the NPRM.

¹⁵ Approved voting slides for the June 6-7 2017 GPAC meeting are located at the following link:
<https://primis.phmsa.dot.gov/meetings/FilGet.mtg?fil=872>.