



April 29, 2019

To: The Honorable Bobby Rush
The Honorable Fred Upton
Committee on Energy and Commerce
Subcommittee on Energy
U.S. House of Representatives
Washington, DC 20515

From: Donald F. Santa
President and CEO
Interstate Natural Gas Association of America

Re: Reauthorization of the Pipeline Safety Act

Dear Chairman Rush, Ranking Member Upton, and Members of the Subcommittee:

The Interstate Natural Gas Association of America (INGAA) appreciates the opportunity to submit this testimony regarding the 2019 reauthorization of the Pipeline Safety Act. INGAA is a trade association that represents the interstate natural gas pipeline industry.

INGAA's members transport the vast majority of the natural gas consumed in the United States through a network of approximately 200,000 miles of interstate transmission pipelines. These transmission pipelines are analogous to the interstate highway system; in other words, they are large capacity, critical infrastructure systems spanning multiple states or regions.

INGAA's members bring the nation's natural gas to market. That natural gas is used to heat our homes, cook our food, power our nation's industries and generate electricity in an environmentally responsible manner.

INGAA asks that the subcommittee consider four principal points in its deliberations regarding reauthorization of the Pipeline Safety Act:

First, INGAA members will continue to incorporate new technologies and advanced engineering practices that enhance our pipeline safety performance. As an industry, we are relentlessly committed to transporting natural gas in a safe, reliable, and environmentally responsible manner. Not only does this make good business sense, but far more importantly, it is core to our function as operators of critical infrastructure. We are obligated to the communities we serve and in which we live to operate safely, reliably, and responsibly.

Second, our members support sensible regulation and completion of pending rulemakings in a timely and workable fashion. It is critical for an infrastructure industry of our national



importance to have regulatory certainty. Regulatory certainty fuels improvements to safety performance, supports ongoing investment, and sustains and creates jobs.

As you know, the Department of Transportation is finalizing a rulemaking to fulfill many of the gas transmission pipeline safety mandates that were at the center of the last two Pipeline Safety Act reauthorizations. All told, this rulemaking represents the most significant enhancement to gas transmission pipeline safety regulations since the federal code was first promulgated in 1970. INGAA members strongly support prompt completion of these new regulations.

INGAA applauds PHMSA for picking up the pace on this rulemaking within the last few years. Nevertheless, INGAA recommends that in the future PHMSA pursue more precise rulemakings, instead of the single, omnibus rulemaking that was used for the pending gas transmission safety rules. We believe this approach would expedite future rules.

Third, the PHMSA Gas Pipeline Advisory Committee (GPAC) process has proven effective in facilitating broad stakeholder review of proposed regulations. The GPAC should remain an active participant in PHMSA's work. The GPAC is a transparent and balanced forum that has demonstrated the ability to build consensus around complex regulatory issues, including the pending gas transmission pipeline safety regulations. In fact, several organizations that participated in the GPAC meetings recently sent a letter to Secretary Chao to express our support for expeditiously publishing a final gas transmission rule to address the outstanding congressional mandates. The signatories included INGAA, other pipeline trade associations, and public safety advocacy groups. Such consensus would not have been possible prior to the GPAC discussions.

Fourth, outdated regulations that do not reflect current technologies and engineering practices should be updated. These outdated regulations result from a code of federal standards established over the past 50 years, one rulemaking at a time. While those regulations reflect the technology and best thinking available at the time of adoption, they have not kept pace with advances in pipeline safety technology and modern engineering practices.

As an example, PHMSA should be commended for considering updates to the class location change regulations. With today's processes and technologies, pipeline safety can be managed effectively through data-driven inspection and maintenance, instead of the haphazard pipe replacements required by the current class location change regulations. These unnecessary replacement projects can disrupt natural gas service and require the release of up to 800 million standard cubic feet of natural gas every year, which is equivalent to the annual natural gas use of over 10,000 homes and the annual greenhouse gas emissions of over 80,000 passenger vehicles. And each year the class location change regulations divert hundreds of millions of dollars towards replacing less than 75 miles of pipe. There are much more productive ways to



invest these substantial resources to enhance pipeline safety. For example, we could instead assess 25,000 miles with internal inspection devices for the same cost of replacing 75 miles.

Congress directed PHMSA to consider updating the class location change regulations in prior reauthorizations. We hope Congress will continue to support this much-needed update.

1. INGAA members have improved performance using new technologies and enhanced engineering practices

In advance of PHMSA completing its pending rulemakings, INGAA members have committed to undertake major efforts in these same areas. For example, INGAA members have committed to utilize an existing American Society of Mechanical Engineers standard as the basis for expanding integrity management programs beyond high consequence areas. This commitment will cover 90 percent of the people living near our pipelines by 2020.

In addition, INGAA operators have been re-verifying records for pipelines constructed prior to the federal safety regulations and we have committed to reconfirming maximum allowable operating pressure (MAOP) for certain pipelines for which adequate records are not available. INGAA members have reconfirmed the MAOP of thousands of miles of pipelines since 2012. We have reduced the mileage of pipelines in high consequence (densely-populated) areas without complete pressure test records by more than 40 percent.

This work has contributed, in part, to an approximately 75 percent decrease in manufacturing-related incidents on onshore gas transmission pipelines since 2010¹, when a manufacturing-related failure on a pipeline in San Bruno, California prompted Congress to mandate new regulations for gas transmission pipelines.

2. INGAA supports the completion of pending rulemakings in a timely and workable fashion

Proactively implementing INGAA's pipeline safety commitments during the pendency of proposed regulations creates significant business risk for pipeline operators. This is because new regulations may require already completed actions to be redone at significant cost, effort and disruption to pipeline customers. Because our industry endeavors to keep pace with technological advancements and modern engineering practices, we have a vested interest in seeing pending rulemakings completed in a timely fashion.

¹ PHMSA public incident data for reportable onshore gas transmission pipeline incidents, 2010 – 2017.



For more than seven years, PHMSA has been developing a new gas transmission safety rule that will encompass a wide range of topics. INGAA members strongly support prompt completion of these new regulations.

This comprehensive update to PHMSA's gas transmission regulations will make great strides in incorporating modern technologies and engineering practices into our nation's pipeline safety program. Published as a proposed rule in 2016, this rulemaking will implement a number of Congressional mandates, including the expansion of the integrity management program beyond traditional high consequence areas and the reconfirmation of MAOP for pipelines constructed before 1970. The rulemaking also addresses numerous NTSB recommendations and includes PHMSA priorities that were not mandated by Congress.

All told, this rulemaking represents the most significant enhancement to gas transmission pipeline safety regulations since the federal code first was promulgated in 1970. For the next several years, natural gas transmission operators and federal and state regulators will be focused on implementing these important improvements to our pipeline safety programs. We ask Congress to recognize the sweeping changes that these pending rules will make to our industry's pipeline safety programs before adding any new gas transmission mandates.

INGAA applauds PHMSA for picking up the pace on this rulemaking within the last few years. Nevertheless, INGAA believes that there are opportunities to learn from this recent rulemaking in order to expedite future rulemakings. Going forward, INGAA recommends that PHMSA pursue more precise rulemakings, as opposed to the single, omnibus gas transmission pipeline safety rule that PHMSA proposed in 2016. While we are pleased to see the important changes that this rule will bring, in hindsight, INGAA believes that its development and review would have been substantially quicker had it instead been a series of individual rules organized by topic area.

INGAA members also anticipate a final underground natural gas storage rule. The PIPES Act of 2016 directed PHMSA to issue safety regulations for underground natural gas storage facilities and to consider consensus technical standards in developing those regulations. In advance of PHMSA's rulemaking, INGAA's members committed publicly to implement these technical standards, which describe integrity management program requirements for underground storage facilities. PHMSA elected in late 2016 to fulfill its underground storage mandate using an interim final rule, which allowed the rule to become effective without public comment. Unfortunately, PHMSA's IFR deviated substantially from the technical standards. These deviations are concerning and confusing for underground storage facility operators. In 2017, PHMSA issued a partial stay of enforcement and re-opened the comment period for this rulemaking as it considers how to ensure a clear and practicable underground natural gas storage final rule. We ask that a final rule be published as soon as possible.



Timely rulemakings are essential to PHMSA fulfilling its mission. Delays in completing important rulemakings slow improvements in pipeline safety and create uncertainty surrounding the industry's investment in the facilities and safety tools that will be subject to anticipated regulations. This uncertainty not only affects pipeline operators, but also service and equipment providers, including companies that develop advanced technologies that enhance pipeline safety.

3. The GPAC should remain an active participant in PHMSA's work

The GPAC provides an important forum for stakeholder input. The GPAC is an advisory committee to the Department of Transportation and to PHMSA on matters of natural gas pipeline safety and regulatory oversight. The GPAC is comprised of 15 members, with equal representation from the natural gas industry, federal and state agencies, and the public (such as safety advocates and emergency managers). The stated role of the GPAC is to review PHMSA's proposed regulatory initiatives to ensure the technical feasibility, reasonableness, cost-effectiveness and practicability of each proposal. This consultation is required by the Pipeline Safety Act.

GPAC can play an important role in completing our collective objective to enhance gas pipeline safety regulations. The time needed to complete a rulemaking is affected, in part, by the quantity and quality of dialogue with impacted stakeholders. Stakeholder dialogue is especially important when the subject of a rulemaking is a complex, technical topic such as pipeline safety regulation. New rules should leverage stakeholder knowledge and expertise to facilitate the deployment of new technologies and practices that are more effective, more efficient, and less disruptive than the legacy methods that may be reflected in existing regulations.

Additionally, the existing framework in the Pipeline Safety Act by which PHMSA conducts cost-benefit analysis is important for effective GPAC review of proposed regulations.² The Pipeline Safety Act requires PHMSA to submit its cost-benefit analysis of a proposed rule for peer review by one of PHMSA's advisory committees, such as the GPAC. This provides a unique opportunity for public discussion and input regarding the impacts of proposed rules. Furthermore, the Pipeline Safety Act provides clear and specific direction to PHMSA regarding how the agency's rulemakings must comply with various Executive Orders that require a cost-benefit analysis for significant regulatory actions.³ The requirement under the Pipeline Safety

² See 49 U.S.C. §§ 60102(b)(2)(D) and (E) and 49 U.S.C § 60102(b)(3).

³ PHMSA, like all federal executive agencies, is required to perform a cost-benefit analysis on significant regulatory actions under Executive Order 12866 issued by President Clinton on September 30, 1993, and Executive Order 13563 issued by President Obama on January 18, 2011.

Act to conduct a cost-benefit analysis is consistent with other environmental, health and safety statutes⁴, but the transparent and specific framework provided by the Pipeline Safety Act is superior. No PHMSA regulation has ever been overturned on the basis of the cost-benefit analysis requirement in the Pipeline Safety Act, indicating that the Pipeline Safety Act provides a clear, legally-defensible standard for cost-benefit analyses.

PHMSA conducted a series of GPAC meetings in 2017 and 2018 to consider the pending gas transmission pipeline safety rules, including the information contained in PHMSA's cost-benefit analysis for the rulemaking. Five multi-day meetings were held over an 18-month period to review the pending regulations. During these meetings, PHMSA and the GPAC succeeded in building broad consensus around many important and challenging gas transmission pipeline safety topics. As evidence of a process that works, several organizations that participated in the GPAC meetings recently sent a letter to Secretary Chao to express our support for expeditiously publishing a final gas transmission rule to address the outstanding congressional mandates.⁵ The signatories included INGAA, other pipeline trade associations, and public safety advocacy groups. Such consensus would not have been possible prior to the GPAC discussions.

4. Outdated regulations should be updated to reflect current technologies and engineering practices

It also is important that PHMSA review older regulations, especially where newer regulations address the same pipeline safety imperatives. The Department of Transportation is now reviewing older regulations to determine whether they effectively address today's challenges. This presents an opportunity to improve safety regulations by promoting the use of 21st-century technologies and engineering practices that did not exist when the federal pipeline safety regulations first were published in 1970.

As an example, last summer PHMSA published an advanced notice of proposed rulemaking to consider whether modern pipeline assessment technologies and engineering practices offer an alternative to existing class location change requirements for gas transmission pipelines. PHMSA should be commended for this effort. Several past reauthorization bills, including the

⁴ For example, the Federal Mine Safety and Health Act (Mine Act) requires the Mine Safety and Health Administration (MSHA) to conduct a cost-benefit analysis as part of its rulemaking process. (30 U.S.C. § 811(a)(1)). MSHA is required to request the recommendations of an Advisory Committee (similar to PHMSA's technical advisory committees) appointed under Section 102(c) of the Mine Act for any regulation that will have a significant economic impact. (30 U.S.C. §§ 811(a)(1), 812(c)). As another example, Section 301 of the Clean Water Act requires the Environmental Protection Agency (EPA) to select the "best available technology economically achievable" (33 U.S.C. § 1311(b)(2)(A)), and then requires EPA to take into account the cost of achieving effluent reductions when assessing best available technology (33 U.S.C. § 1314(b)(2)(B)).

⁵ See Exhibit A



PIPES Act of 2016⁶, directed PHMSA to review this question. We hope Congress will continue to support this much-needed update.

The class location change regulations were published in 1970, based on industry standards from 1955, and have not been substantively updated since. These regulations often require operators to replace pipe when new structures are built near an existing pipeline, regardless of the pipe's condition. It makes little sense to require the replacement of safe, operable pipe solely for purposes of compliance with a regulation that was issued before most of the industry's inspection technology was invented. With today's processes and technologies, pipeline safety can be managed effectively through data-driven inspection and maintenance, instead of blanket pipe replacement requirements.

These unnecessary replacement projects can disrupt natural gas service and require the release of natural gas into the atmosphere. INGAA estimates that up to 800 million standard cubic feet of natural gas is released every year due to class location change pipe replacements, which is equivalent to the annual natural gas use of over 10,000 homes and the annual greenhouse gas emissions of over 80,000 passenger vehicles.

Furthermore, because of the high cost associated with construction work on existing pipelines, operators currently spend \$200-\$300 million annually replacing pipe under the class location change regulations. Unfortunately, we have little to show for these expenditures – less than 75 miles of pipe are replaced each year due to the class change regulations (less than 0.1% of all gas transmission pipeline mileage). There are much more productive ways to invest these substantial resources and enhance safety. For example, for the same cost of replacing 75 miles of pipe, we could instead assess 25,000 miles (8% of the system) with internal inspection devices. These types of assessments allow operators to learn a great deal about the condition of their whole pipeline network, in addition to addressing the segment of pipe where the class location happens to have changed. We encourage PHMSA to consider the comments received to its advanced notice of proposed rulemaking on class location changes and move soon to the next steps in the rulemaking process.

In conclusion, the interstate natural gas pipeline industry continues to support the fundamental mission of PHMSA, including completing the various statutory mandates for new regulations. Stakeholder outreach and involvement can improve and accelerate the end result of PHMSA's rulemakings, and the recent GPAC process appears to have produced such results for the pending gas transmission safety rules. As the Subcommittee considers the current reauthorization, we encourage you to continue to look for opportunities to leverage 21st-century technologies and engineering practices to enhance pipeline safety.

⁶ Section 4(b)(2) of the Act.

EXHIBIT A:
STAKEHOLDER LETTER TO
U.S. SECRETARY OF TRANSPORTATION
ELAINE L. CHAO

February 7, 2019

The Honorable Elaine L. Chao
Secretary
United States Department of Transportation
1200 New Jersey Ave. SE
Washington, DC 20590

Re: Support for PHMSA Safety of Gas Transmission Pipelines Final Rule

Secretary Chao:

Our organizations write to express support for the Department of Transportation's pending gas transmission pipeline safety rule.¹ As public safety advocates and representatives of natural gas transmission pipeline companies, we encourage you to act expeditiously to advance this important update to the regulations of the Pipeline and Hazardous Materials Safety Administration.

PHMSA's rule will advance gas transmission pipeline safety by defining specific requirements to facilitate the use of 21st-century pipeline safety technologies and processes. The rule provides a foundation upon which PHMSA can better promote the utilization of modern pipeline inspection technologies, recognizing the safety, environmental, and consumer benefits that such technologies can provide. For example, the rule will facilitate the deployment of non-invasive tools that can evaluate pipeline condition and identify pipe needing repair or replacement.

The rule also sets out requirements for operators to test certain existing pipelines to ensure that they meet today's safety standards. Thus, the rule provides a means for pipeline companies to continue advancing the safety initiatives identified by Congress in 2011.²

Our organizations are represented on the Department's pipeline advisory committees. During the public meetings convened by the Department throughout 2017-2018, the Gas Pipeline Advisory Committee provided PHMSA with recommendations on the technical feasibility, reasonableness, cost-effectiveness, and practicability of the proposed rule. While our organizations sometimes disagree about the specifics of pipeline safety regulations, in this case consensus was achieved on many important pipeline safety topics through the advisory committee process. The advisory committee ultimately provided PHMSA with recommendations to support finalizing the rule.

Thank you for considering our request to expedite the completion of this important rulemaking. We look forward to continuing to work with the Department on our shared goal of pipeline safety.

¹ Pipeline Safety: Safety of Gas Transmission Pipelines, MAOP Reconfirmation, Expansion of Assessment Requirements and Other Related Amendments. RIN 2137-AE72.

² Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011

Sincerely,



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