



NAPSR

National Association of Pipeline Safety Representatives

September 19, 2011

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

RE: Support for U.S. DOT Secretary Ray LaHood's Call to Action

Dear Administrator Quarterman:

We are writing to express the direct and continued support of the members of the National Association of Pipeline Safety Representatives (NAPSR) in ensuring the safety of the nation's gas and hazardous liquid pipeline systems. Each and every day, our members play an integral and significant role in the monitoring, inspection and oversight of the vast majority of the nation's pipelines.

As you know, state pipeline safety programs are responsible for inspecting over 96% of regulated intrastate gas and 32% of hazardous liquids systems and carbon dioxide facilities in the U.S. In addition, some of the states act as agents for PHMSA in inspecting the interstate pipeline systems -- 9 for natural gas pipelines and 6 for hazardous liquid pipelines. State inspectors comprise over 75% of the federal-state inspection workforce.

NAPSR enjoys a unique relationship with the industry and PHMSA. While the industry understands the importance of safe delivery of the product, they are sometimes constrained by corporate priorities. PHMSA, similarly, is responsible to Congress and must satisfy that constituency. We are independent of those influences and can better reflect the consumer needs and views than any other party. We recognize an important role for NAPSR is to help balance competing strategies and achieve an outcome that best serves the public.

NAPSR would like to share and update you on some of the important activities our members are invested in to improve pipeline safety. We bring to your attention five activities that demonstrate our involvement

Activity 1: "Call to Arms" Participation

As part of our ongoing dedication to pipeline safety, NAPSR actively participated in the April 18 Pipeline Safety Forum and our members embrace Secretary LaHood's call to action and subsequent DOT effort to publish the **Report to America**. A NAPSR member is on the drafting committee and our constituents are the very audience that the **Report to America** is trying to reach. Importantly, NAPSR members have a particular vested interest, as we live and work in the very communities that we are trying to protect.

Activity 2: Resource Manual of Existing State Pipeline Safety Initiatives

In an effort to better highlight the important role of the States in ensuring pipeline safety, NAPSR undertook a significant data collection project. We are producing a single resource manual involving all of our members that meticulously identifies and references pipeline safety initiatives across the nation. These initiatives – which go beyond federal requirements, include laws, regulations, and commission orders within our respective states. These initiatives reflect a proactive posture by each state to address local concerns and implement requirements that are more stringent than the Federal standards. The product of this effort is expected to be available in October 2011. We plan to offer this manual for PHMSA's review as it may be a tool to initiate or advance exploratory discussions for strengthening the state-federal partnership.

These State initiatives form the ongoing basis for state-specific regulatory improvements that supplement the Federal regulations. These initiatives have been developed over many years based on specific results of state inspections, changing public priorities and increasing expectations of the residents and businesses in each of the respective states. State safety regulations inherently focus upon areas of higher risk warranting further requirements that by their very nature demand a high level of safety. Importantly, these more stringent regulations imposed by state agencies can only be enforced by state regulators – they cannot be enforced by federal regulators.

Activity 3: Strengthening Relationships Within and Among States

The decision-making authority for allocation of state resources for pipeline safety is in the hands of our state regulatory oversight agencies and ultimately state executive and legislative leaders. We are implementing steps to strengthen the relationship between state pipeline safety programs and the corresponding rate-making bodies in our state public service agencies. This is occurring by re-emphasizing the importance of partnership between NAPSR and the National Association of Regulatory Utility Commissioners (NARUC). Together, we plan to explore ways of educating the shared audiences of the states and those focused upon in the **Report to America**. We will learn what it will take to improve the safety of failure-prone components of the energy pipeline infrastructure.

Activity 4: Continuing Efforts in Excavation Damage Prevention

Our member State agencies are active and long-standing participants on every committee of the Common Ground Alliance (CGA). CGA and its regional partners help promote damage prevention; improve the quality of data collection; carry out educational campaigns; and support enforcement of damage prevention laws and "dig-safe" regulations. Where state laws must be changed to strengthen enforcement, a number of our pipeline safety program managers are pursuing changes in state statutes, often persisting for several years before achieving success.

Activity 5: Partnering and sharing expertise with PHMSA

At the same time, we are engaged with PHMSA through a number of initiatives including but not limited to:

- Co-sponsoring and actively participating in various educational venues, such as the recently held Risk Assessment and Seam Welding workshops. We have actively led or participated in DIMP and public awareness communications compliance training seminars, and developing Frequently Asked Questions.
- Fully supporting the Implementation of new regulations such as Distribution integrity Management, Public Awareness Communications and Control Room/Human fatigue management.
- Developing resolutions that urge PHMSA to take action on crucial pipeline safety issues such as added requirements on gathering lines located in populated areas, permanent marking of piping components and a ban on construction contractor self-inspection.
- Supporting the formation of a joint DOT pipeline data analysis group to aid in the data-driven process of addressing the highest risks. A NAPSR resolution will shortly be sent to PHMSA on this.
- Discussing with PHMSA to explore the most effective enforcement approaches to ensure compliance with pipeline safety regulations and the needed transparency to show our nation's citizens that State safety inspectors are serious about ensuring pipeline safety.
- Actively participating with PHMSA in 22 separate task groups addressing pipeline safety subjects such as plastic piping safety; transmission and distribution integrity management compliance; operator qualification; quality management in pipeline construction; public awareness communication effectiveness evaluation; research and development; and data quality, to name a few.
- Participating with PHMSA on the Advisory Board of the American Public Gas Association's Security Integrity Foundation.

- Continually working with PHMSA to increase the effectiveness and efficiency of our role as stewards of pipeline safety. This is being done by jointly addressing administrative matters dealing with increased scrutiny by federal watchdog agencies. Our members are focused on arriving at approaches that emphasize use of grant funds for “boots on the ground” to inspect operator systems, while allowing federal overseers to verify that funds for pipeline safety programs are being used in the most cost-effective manner.

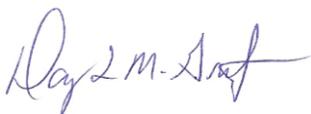
Recently, at the NAPSR annual national meeting, I described four of the key State priorities in pipeline safety:

- 1) Data collection performed in conjunction with well thought out trending and analytics procedures;
- 2) Enhanced operator recordkeeping;
- 3) Implementation of quality assurance criteria in pipeline construction similar to those required in other industries; and
- 4) Addressing risks specific to vintage pipelines that exhibit failure tendencies and material deterioration.

Attached is the excerpt from my address given at the NAPSR August annual meeting.

NAPSR members appreciate the opportunity to work with PHMSA in continuing to ensure pipeline safety for our nation. If you have questions or concerns, please contact me at 404-444-4637, e-mail at dannym@psc.state.ga.us , or vice-chair Paul Metro at 717-787-1063, e-mail at pmetro@state.pa.us .

Collectively,



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Attachment

ATTACHMENT

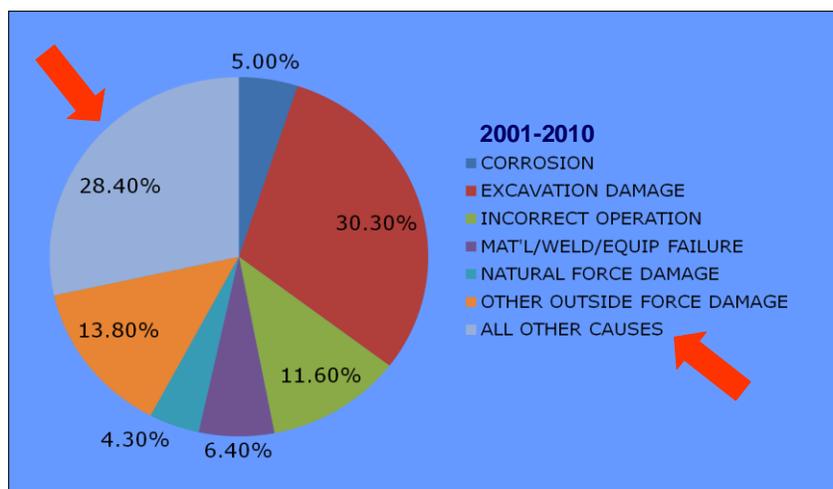
EXCERPT FOR NAPSR CHAIRMAN'S ADDRESS AT THE NAPSR 2011 NATIONAL MEETING

From the input received during the past year from NAPSR State members, the following were the main issues of concern to NAPSR members:

Data Collection – If we are to rely more heavily on risk-based pipeline safety, and risk-based audits, we must have reliable data on pipeline incidents and accidents, and the data must be granular enough to allow us to identify the true major causes of such incidents. The category labeled “All Other Causes” in the DOT incident statistics should be reduced to a minor or insignificant component in the incident pie chart. Actions need to be taken not only to increase the detail in the incident reports to be able to ferret out probable causes, but also to incentivize -- both encouraging or requiring operators to be more specific in reporting the details of the incidents. Classifying reportable incident causes in the “other” category should be a measure of last resort, which should be clearly justified by the reporting party. We should be willing to support added rule changes to enforce this requirement.

Data Collection

Risk-based decisions require good data



Recordkeeping – Goes hand-in-hand with data collection. It's the data collection internal to the operator, so that accurate -- traceable, verifiable and complete – data can be available to inspectors to verify the properties of the pipe making up the operator's system. The dialog must continue in this area between the regulators and the regulated to find workable solutions for pipe which cannot be properly characterized.

Recordkeeping

- Internal to operator
- Data must be traceable, verifiable & complete
- Vintage pipelines may not have such
- Especially important on transmission
- Dialog must continue to find workable solutions

Quality Assurance in Construction – Is something that will help minimize the workload in managing the integrity of the pipeline. This is a situation of “pay me now, or pay me later --much more”. Our members' inspection experience has shown that there is a need for regulations for qualification of new pipeline construction personnel, as well as adequate education both in knowledge and behavior during pipeline installation to ensure quality construction. Failures in new pipelines are unacceptable; there should be enforcement action taken against those that let defective construction be buried underground. Enforcement action should also take place during construction inspections by regulatory personnel. We may also need to specify the number of inspectors per job by regulation.

Pipeline Construction Q/A

- Quality construction will minimize future integrity problems
- Need qualification of personnel in new construction
- Failures in new pipelines are unacceptable
- Operators must follow procedures in the field
- Enforcement against letting defective construction be buried

Addressing vintage leak-prone, failure-prone pipelines – This is a challenge of major proportions, which entails not only technical and engineering challenges, but a massive educational campaign to make the citizens of some States aware that there is no free lunch. If they want energy piped to their doors, they can't keep saying "NMBY", they need to know that such convenience does not come for free; and if they want it to be safely delivered there is a further price that will depend on the desired level of safety. This is the reality of the situation. These pipelines will have to be replaced. We must alter the public's perception.

Inferior Vintage Pipelines

- Major challenge: need for replacement
- Have to alter public perception
- Requires massive public education campaign
- There is a cost to safety and ultimately the energy-using public will have to bear it