EL PASO ENERGY

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January 18, 2000

Dockets Facility
U.S. Department of Transportation
Room PL-401
400 Seventh Street, S.W.
Washington DC 20590-0001

RE: {Docket No. RSPA-99-6355; Notice 1}
Pipeline Safety: Enhance Safety and Environmental Protection for Gas Transmission and Hazardous Liquid Pipelines in High Consequence Areas

El Paso Energy (EPE) is a transporter of natural gas in interstate commerce. EPE is the largest interstate natural gas pipeline systems in the United States in terms of mileage, with approximately 40,000 miles of DOT-jurisdictional transmission pipeline located in twenty-four states.

On November 18, 1999, the Interstate Natural Gas Association of America (INGAA) made a presentation at a public meeting (64 Fed Reg. 56570, October 20, 1999), hosted by the Office of Pipeline Safety (OPS) concerning the above-referenced docket. The presentation represented the views of El Paso Energy and the rest of INGAA's membership. INGAA made the following recommendations:

- OPS and state pipeline safety agencies should communicate to the public their present inspection process as well as the new initiatives;

- The present joint initiatives should be completed, documented and successes integrated into the regulatory structure before any new initiative is started; and

- A joint public safety education effort should be established.

El Paso Energy is in favor of managing pipeline integrity and has always applied integrity management principles in affected areas partly due to existing regulations and partly due to

our commitment to maximizing safety to the public, our employees and the environment. Therefore, EPE supports an integrity management rule in the pipeline safety regulations if:

1) OPS determines that such a rule will further improve pipeline safety,

2) a reasoned determination can be made that the benefits justify the costs in accordance with the recently completed Benefit/Cost Framework jointly produced by industry and OPS, and

3) the rule provides a performance focused alternative rather than being entirely prescriptive.

Accordingly, EPE provides the following discussion and suggestions on the scope and style of this regulatory initiative.

A. Factual History:

1. No public fatalities on interstate natural gas transmission pipelines in Class III or IV areas have occurred since 1989.

2. Public property damage is a fraction of the total reported value of property damage from the incidents which have occurred.

3. None of the natural gas pipeline industry incidents reported in the 1993-98 timeframe in Class III and IV areas would have been prevented by pigging or hydrostatic testing.

4. The existing pipeline safety regulations in 49 CFR Part 192 require many additional actions, including a form of integrity management with resultant testing, pressure reduction, or pipe replacement options.

5. The smart pigging infrastructure is not sufficient to accommodate a rule requiring smart pigging of large numbers of pipeline miles. For example, INGAA member companies alone operate approximately 290,000 miles of pipeline. If only 50% of these miles were required to be inspected, it would take the pigging industry approximately fifteen years working at maximum efficiency, which is highly unlikely given scheduling and weather constraints, to complete only one inspection cycle. This estimate does not include inspection of hazardous liquid pipelines.

Given the excellent safety record in Class III and IV areas achieved by TGP and the industry, it is believed appropriate to question what true benefit would be achieved by OPS initiating a regulation which would require smart pigging and/or hydrostatic testing for "high consequence areas" if it will not significantly improve pipeline safety.

Additionally, EPE believes a rule requiring inspection and/or testing contains the

probability of diverting necessary resources away from high-risk areas where both probability of occurrence and consequence have already been considered. This would occur due to the mandating of specific work in areas which may have lower risk factors due to considerations unaffected by smart pigging and/or hydrostatic testing.

Finally, OPS and the industry have invested a significant amount of resources on the Risk Management Demonstration Program (RMDP) effort (this OPS safety program, begun in 1996, is currently unfinished and has not been allowed sufficient time to adequately determine its anticipated safety benefits). The RMDP's basic premise is that risk is a function of probability times consequence. Focusing only on consequence, which the Notice contemplates, dilutes the focus on total risk. Consequently, institution of a program mandating inspection and/or pigging on those pipeline segments which have been historically determined to be lower risk would not allow us to implement any other replacement or rehabilitation projects for the rest of our system. This would be due to institution of a mandatory program requiring all of our present resources to be used on non-specific risk areas. This would result in an overall reduction of safety.

B. Suggested Regulatory Approach:

1. Performance Based Rule(s)

Any rule should be performance oriented and describe in performance language what a High Consequence Area (HCA) is and what the expected goals of an integrity management plan are. (For purposes of these comments it is "assumed" HCAs would be a subset of Class III and IV locations in 49 CFR Part 192.) The stakeholders at the public meeting seemed comfortable with requiring each regulated transmission pipeline to develop, if it has not already done so, an Integrity Management Plan (IMP) for those high risk areas along their pipelines. This concept has already been successfully demonstrated in the still-immature RMDP which is expected to generate significant safety benefits if allowed to develop to fruition. TGP believes a rule mandating IMP's should reference an industry standard to be jointly developed by the gas pipeline industry, OPS, and other applicable stakeholders. The industry standard would provide guidance for developing a company specific IMP which meets the intent of both the industry standard and the proposed OPS regulation.

2. Define High Consequence Areas (HCA)

The rule should include all consequence considerations, including existing Class III and IV parameters, along with those additional consequence parameters deemed necessary. The rule also should provide sufficient flexibility for the operator to continue to allocate risk reduction measures to those areas most in need of those measures, based on the particulars of the company's operation and facilities. While the HCA definition should consider Class III and IV locations, OPS should develop a distinctive definition which would exclude, if appropriate, some criteria used in the class location regulations. The industry standard

would not mandate testing, but rather mandate the gathering and integration of information and data in order to assess the integrity of those pipeline segments in an HCA. Where sufficient information and data are not available, testing, inspection or other data acquisition would be required, to the degree necessary to make the required assessment

3. Blending Existing Regulations with Industry Standards

In the development of the industry standard and the performance-based regulation, all consequence driven regulations should be extracted from OPS' existing regulations in 49 CFR Part 192 with related provisions covered in the industry standard. This would provide for a comprehensive handling of the consequence factors, not just the limited factors addressed by smart pigging and hydrostatic testing, as they would apply to necessary preventive actions. With a more comprehensive approach, the operator would select the most appropriate methodologies for dealing with consequence driven criteria, and implement those methodologies to respond to the potential risks. Depending on the specific situation, the operator's implementation choices may include but not be limited to pipe replacement, lowering of operating pressure, smart pigging, hydrostatic testing, additional leak inspection, or visual inspections. If the integrity of a given pipeline segment does not meet the risk tolerance goal, the appropriate remedial action would be taken.

4. Options Approach

OPS should provide, in the regulations, an option approach where the operators could choose between either the integrity industry standard or a prescriptive alternative. For some companies operating under particular conditions it may be simpler and more expeditious to perform testing rather than develop comprehensive integrity plans. OPS could provide for this contingency either in regulations that would allow companies to choose which option best fits their needs or by incorporating the testing option into the standard. This latter option would allow for a single regulation that is performance based, referencing an industry standard where that standard provides the necessary flexibility.

El Paso Energy recommends that OPS develop a phased approach where companies are given time to develop a plan in Phase I and an additional time frame to implement their plan after development. Some plans might require several years beyond the implementation deadline to fully complete given costs, priorities, risk assessment and other factors.

C. Public Education and Damage Prevention:

Recognizing that enhancement of public education will likely be included in this proposed rule, EPE proposes a public disclosure requirement (in addition to those already contained in existing programs and regulations) regarding the identified HCAs. EPE supports the extensive public outreach efforts of OPS in recent years to expand the information about benefits and risks of pipelines routed through local communities, including "call before you dig" requirements and anti-encroachment efforts.

OPS has already engaged in several successful initiatives on public education such as its Damage Prevention Program, the Common Ground initiative, and the Risk Management Demonstration Program. TGP suggests that any requirements about sharing relevant HCA information with the affected public be consistent with the "Communication Plan" requirements set forth in the Risk Management Program Standard of OPS' Risk Management Demonstration Program (Docket No. PS-142). OPS should build on its existing initiatives, regardless of completion status, regarding public education.

D. Conclusion:

El Paso Energy is committed to maintaining the integrity of its pipelines by working with OPS, the states and other stakeholders to immediately begin the development of an industry standard and any additions to and/or modifications of the pipeline safety regulations. We recommend a "best practices" approach along the lines of our successful joint development of the "Risk Management Program Standard."

EPE appreciates the opportunity to comment on this issue. We are committed to improving pipeline safety but are opposed to inefficient uses of resources in areas where safety may not be improved but that, instead, may cause deterioration of existing, proven safety initiatives.

Finally, we also encourage OPS to complete, document, and measure the many other initiatives started during this Presidential administration, in accordance with the Congressional mandates to OPS, in order to ensure that our combined efforts are effectively applied. Prior to this occurring, the natural gas industry should be allowed to continue its existing safety programs which have led to the industry's outstanding safety record.

Sincerely,

Daron K. Moore