

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION

TECHNICAL HAZARDOUS LIQUID PIPELINE SAFETY STANDARDS

&

TECHNICAL PIPELINE SAFETY STANDARDS

JOINT COMMITTEE MEETING

Hyatt Arlington Hotel
1325 Wilson Boulevard
Arlington, VA
Senate Salon C

Wednesday,
March 26, 2003

The above captioned matter convened, pursuant
to notice at 9:00 a.m.

CHAIRPERSON:

Stacey L. Gerard
Associate Administrator for Pipeline Safety

COMMITTEE MEMBERS:

Linda Kelly, Chairperson
Commissioner from Connecticut
Gas Committee

John Leiss
Federal Regulatory Commission

Ruth Ellen Schelhous
Emergency Preparedness and Environmental
Liquids Committee

Denise Hamsher
Embridge Pipelines
Liquid Committee

Ted Wilke
TLW Solutions
Gas Committee

Ricky Cotton
Mississippi Public Service Commission
Gas Committee

Alex Alverado
Minerals Management Service
Liquids Committee

Eric Thomas
Southern Natural Gas Company
Gas Committee

Gene Feigel
Hartford Steam Boiler Inspection and Insurance Corp.
Gas Committee

Ted Lemott
National Fire Protection Association
Gas Committee

Andy Drake
Duke Energy Gas Transmission
Houston, Texas
Gas Committee

Mike Comstock
Mason, Arizona
Regulatory Affairs Coordinator
Gas Committee

Ben Andrews
Oakridge, Tennessee Utility District
Gas Pipeline Committee

Jim Wunderlin
Southwest Gas in Las Vegas
Gas Committee

Steven Nikolakakas
Russ Gordon, Consultants
Representing NACE International
Gas Committee

O.B. Harris
Mohorn (ph) Pipelines
Liquids Committee

Lois Epstein
Engineer, Cook Inlet Keeper
Anchorage, Alaska
Liquids Committee

OPS STAFF PRESENT:

Jim O'Steen
Deputy Associate Administrator

Fred Joyner
Senior Technical Advisor

Jim Mitchell
Public Affairs Officer
RSPA

Jean Milain
Regulatory

Rita Freeman Kelly
Environmental Permanent Streamlining Project

Stan Kostanas
Enforcement Chief

Richard Huriaux
Regs Chief

Samuel Bonasso
Acting Adminsitrator

BRIEFINGS:

Jeff Wiese
Director for Program Development
OPS

Barbara Betsock
Chief Counsel

Mike Israni
IMP Program Manager for Regulations

Robert Kipp
Common Ground Alliance

Christina Sames
Program Manager

Sam Hall
GIS analyst, OPS

MEMBERS OF THE PUBLIC:

Dave Johnson
Enron

Joe Caldwell
Consultant

Rick Kuprewicz
Accufax, Incorporated

Buzz Fant
Kender Market (ph) Energy

Marti Mathison
American Petroleum Institute

Daron Moore
El Paso Corporation
Houston, Texas

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1 Kelly, the Commissioner from Connecticut to be our
2 chairman for today and tomorrow. I'm going to turn the
3 meeting over to Linda.

4 MS. KELLY: Good morning. We'll start by
5 introducing the members of the Committee, and if we
6 would start with the gentleman here to my left.

7 MR. LEISS: My name is John Leiss, Federal
8 Regulatory Commission.

9 MS. SCHELHOUS: Ruth Ellen Schelhaus with the
10 hazardous liquid, and I do emergency preparedness and
11 environmental.

12 MS. HAMSHER: Denise Hamsher. I also serve
13 on the hazardous liquid Committee, and I do
14 environmental, government relations, and regulatory
15 affairs for Embridge Pipelines.

16 MR. WILKE: I'm Ted Wilke, I'm a technical
17 pipeline safety standards Committee, and I have a
18 consulting firm, TLW Solutions, which does risk
19 management.

20 MR. COTTON: I'm Ricky Cotton with the
21 Mississippi Public Service Commission, technical gas
22 Committee. I'm the director of pipeline safety.

23 MR. ALVERADO: Alex Alverado, the liquids
24 Committee. I'm minerals management service.

25 MR. THOMAS: Eric Thomas, gas committee,

1 Southern Natural Gas Company.

2 MR. FEIGEL: I'm Gene Feigel with Hartford
3 Steam Boiler Inspection and Insurance Corp, on the gas
4 safety Committee.

5 MS. BETSOCK: Barbara Betsock, Counsel for
6 the Committee.

7 MR. LEMOTT: I'm Ted Lemott on the gas
8 Committee. I'm with the National Fire Protection
9 Association.

10 MR. DRAKE: I'm Andy Drake with Duke Energy
11 Gas Transmission out of Houston, Texas. I'm on the Gas
12 Committee.

13 MR. COMSTOCK: Mike Comstock from the city of
14 Mason, Arizona. I'm regulatory affairs coordinator
15 there. I'm on the Gas Pipeline Committee.

16 MR. ANDREWS: Ben Andrews on the Gas Pipeline
17 Committee. I'm general manager for the Oakridge,
18 Tennessee Utility District.

19 MR. WUNDERLIN: I'm Jim Wunderlin from
20 Southwest Gas in Las Vegas. I'm on the gas committee.

21 MR. NIKOLAKAKAS: Steven Nikolakakas, Russ
22 Gordon, Consultants, representing NACE International,
23 and I'm with the Gas Committee.

24 MR. HARRIS: I'm O.B. Harris with the Liquids
25 Committee from Mohorn (ph) Pipelines.

1 MS. EPSTEIN: I'm Lois Epstein, an engineer
2 with Cook Inlet Keeper. I'm on the Liquids Committee,
3 and I'm from Anchorage, Alaska.

4 MS. KELLY: Thank you, and I'll add that I
5 serve on the Gas Committee and have since 1999. We
6 will begin our briefings because, as all of you know,
7 and as Stacey said, we have a very aggressive agenda
8 today. We want to get through it with as much input as
9 possible. What I'll ask is that Committee members hold
10 your questions to the end of the presentation unless
11 there is a key point that needs to be made at that
12 time, or clarification that's required.

13 And for members of the public, if time
14 permits, certainly we would ask you to participate at
15 the end of the discussion of the Committee members.

16 We'll begin with what is the third item on
17 your agenda, but it will now be the second, and that is
18 the Pipeline Communication and Public Education
19 Programs.

20 MS. GERARD: Introduce yourself. You have to
21 be close to the mike so they can record it.

22 MR. WIESE: Hi. My name is Jeff Wiese. I'm
23 the Director for Program Development at OPS. Give me
24 two seconds just to load this presentation.

25 MS. GERARD: While Jeff is loading, I want to

1 introduce a couple of OPS key staff who are in the room
2 so that you're aware of who they are. Mr. Jim O'Steen,
3 our Deputy Associate Administrator is here. Mr. Fred
4 Joyner, who has taken a new assignment as our Senior
5 Technical Advisor, working at Headquarters. Jim
6 Mitchell, who's our Public Affairs Officer for RSPA.
7 Jean Mielin who works in our regulatory area, Rita
8 Freeman Kelly, who is new to our staff, and she is
9 leading the Environmental Permanent Streamlining
10 Project. Stan Kostanas, who's two days old in the job
11 as our new Enforcement Chief. Two days young. And
12 Mike Israni, who is our IMP Program Manager for
13 Regulations and Richard Huriaux who is a Regs Chief,
14 sort of morphing into new responsibilities in OPS in
15 the Standards area.

16

Briefing:

17

Pipeline Communication and Public Education Programs

18 MR. WIESE: Okay, well, thank you very much.
19 I am always very brief, as Stacey can tell you. I'll
20 try to get through this in 20 minutes so we leave some
21 time for Q&A. So I'll move kind of quickly through
22 here, but don't hesitate, as Linda has said, if you
23 have a clarification or something seems askew to jump
24 in. So with that, again, being computer challenged,
25 just really quickly.

1 The goals -- I'm here to talk about our
2 broader communications program today. This encompasses
3 a lot of initiatives, some of which you may have heard
4 of in different settings, and my apologies for those of
5 you who were recently in our Belleview public meeting,
6 because many of the slides will remain the same in that
7 for obvious reasons. But the overall goals of the
8 communications program are fundamentally to improve
9 safety and environmental protection through improved
10 awareness and education involvement; to build a
11 collaborative process to make sure we can continually
12 build and refine effective public awareness in
13 education; and to identify and promote effective and
14 efficient solutions, and where necessary, to set
15 regulatory minimums.

16 I just really quickly wanted to bring
17 everyone up to speed. Depending on your familiarity
18 with our regulations, you'll recognize that we do have
19 related requirements already in the regulations for
20 customer notification, gas emergency plans, line
21 markers, public education programs and damage
22 prevention programs. Really what I'm going to talk to
23 you about today are things that go beyond that.

24 Just talk really quickly about -- again, most
25 of you are familiar with these so I won't spend much

1 time on them. Some of our earlier initiatives were Dig
2 Safe Campaign, which I know some of you were involved.

3 The One Call system study, which we debut'd, I believe
4 in June or July of 1999, one of the most seminal works
5 that we have done together in a long time, and which
6 continues to this day in the guise and under the
7 stewardship of the Common Ground Alliance. I'll cover
8 that point again in just a minute.

9 Some of you, Lois, and to be honest with you,
10 I don't know who else, were involved in an earlier
11 technical advisory subcommittee on pipeline
12 communications. And then lastly, we've held two public
13 workshops in the past couple of years, one in Crystal
14 City in February 2001, and one in Bellevue, Washington
15 in January 2003.

16 Really what I'm going to do is skim through
17 these topics very quickly. These are sort of the
18 framework for our current initiatives. There are other
19 items that could fit into this but are more -- earlier,
20 Stacey, for example we decided we wanted to talk about
21 integrity-related communications later, I can add that
22 in here.

23 Won't spend much time on this because, again,
24 I know Bob Kipp is coming this afternoon. I've seen
25 his presentation, and if you're not familiar with

1 Common Ground and what they're doing, he'll do a great
2 job of bringing you up to speed. But needless to say,
3 RSPA tried to play a strong role in bringing that to
4 fruition because of the seriousness of the threat of
5 mechanical damage to pipelines. I'll move on since
6 he'll be covering that.

7 Just to tell you we have an existing
8 cooperative agreement with the CGA that deals with a
9 variety of issues as you see here. Everything from
10 public education programs, locator equipment,
11 underground facility damage exposure, data collection,
12 and then some other initiatives that are very seminal.
13 We're talking about the -- a sort of a three digit
14 dialing system right now. Stacey's been in discussions
15 with the Federal Communications Commission and that
16 work goes on. Again, I think Bob will bring you up to
17 speed on that later.

18 This is a slide that I just put in this
19 morning because I had omitted it last night. Some of
20 you may have heard about our Community Assistance and
21 Technical Services, cutely known as our CATS people.
22 We've been talking about this for the past year or so.
23 CATS has been brought on for a variety of purposes,
24 one as sort of an ongoing commitment of RSPA and OPS to
25 damage prevention, improving damage prevention, and

1 recognizing, as has the Common Ground Alliance, that
2 the key to that is working with states and localities
3 to engage all the stakeholders in helping prevent
4 damage to pipelines and other underground utilities.
5 In addition, in the wake of September 11th, I think
6 we've all come to realize the value and the strength of
7 having allies in communities across the country, so
8 again the CATS people will be engaged in that.

9 One of the other key areas that sort of was
10 the genesis for CATS was the fact that we have been
11 raising the regulatory bar through the integrity
12 management program, for some time. And we also
13 recognize that there are a lot of testing and a lot of
14 repair that's going to go on. There's a lot of related
15 permit decisions that will be happening at community,
16 state, federal levels.

17 Our goal -- I'm not sure if others are
18 talking about this later -- was to deliver people into
19 that setting who were both technically proficient and
20 yet were trained to communicate. I think frequently --
21 I know that both API and INGAA have done separate
22 studies in this area, and I think we've all realized
23 that it's not the best answer to send our public
24 affairs people into the field. It's not necessarily
25 our best answer to send our best technologist into the

1 field. So our goal, through CATS, is to try to find a
2 marriage there.

3 We've recruited five positions. They're on
4 board now. We've begun doing some training for these
5 people and hope to get them into the field very
6 shortly. I have devised a field manual for the CATS
7 people, which is in very draft form. Stacey and I
8 talked about it. I think what I'd like to do is to
9 come back in May -- I understand the meeting in May and
10 to make that available to you to review. I would be
11 glad to make it available to individuals who are keenly
12 interested now for comment.

13 MS. GERARD: Correction. We think Gas
14 Committee alone will meet in May, but I would like the
15 Committee to get the CATS field manual and have plenty
16 of time to read through it and make suggestions on
17 materials.

18 MR. WIESE: Okay, I'll give that to Cheryl
19 and Cheryl can accommodate that. I would tell you that
20 it's very draft. We haven't even reviewed it with the
21 CATS people, so keep that in mind. We will be --
22 in fact we're actively recruiting right now for the
23 remaining slots on CATS.

24 Moving really quickly to another initiative
25 under communications, which was to build a reference

1 library on the internet -- a government-sponsored
2 reference library which we're now calling Pipeline
3 Info. I'm going to give you the datasite address,
4 which you see at the bottom of this page, but as I just
5 said with CATS, communications is very much a work in
6 progress. This page will be undergoing revisions for a
7 long time. We haven't debut'd it publicly, but I would
8 welcome input from the Committee on this site, its
9 contents. There are things we know are missing now.
10 In fact, we're building pages on our inspection and our
11 enforcement programs. So you get a better
12 understanding of what -- not only the federal
13 government does but what the state governments are
14 doing in pipeline safety.

15 In a nutshell, and when you go there, you'll
16 see it's meant to answer a lot of questions from soup
17 to nuts about pipelines, where they are, who operates
18 them, who regulates them. This is actually just a
19 screen shot that I managed to pull off yesterday.
20 You'll see that the Pipeline Info is the main key off
21 the communications page, but there is information on a
22 lot of things here, including our CATS people, the
23 First Responder Initiative, which I'll get into, et
24 cetera.

25 MS. GERARD: It would include information

1 that we have not made available previously on the full
2 range of our inspection activities.

3 MR. WIESE: Correct -- everything from the
4 levels of effort, how many people are in the field, to
5 the violations, to what kind of things that we're
6 writing.

7 MS. GERARD: The full inspection reports so
8 that the public can see what the full range of
9 inspections are. What we've previously posted is just
10 bad news.

11 MR. WIESE: The other thing I would tell you
12 about this is, again, bear in mind that this is
13 designed to be a public website, and it is sort of a
14 full technology. We're not pushing this out. We will
15 be doing a lot through the CATS people and everyone
16 else to try to get the information about the
17 availability of information, but it is sort of key to
18 have a centrally located source for this information so
19 when it's needed -- I think it was Ted Mozur who had
20 made that point to us very clearly --

21 MS. GERARD: The mayor, former mayor of
22 Bellevue, Washington.

23 MR. WIESE: Washington -- saying that, you
24 know, you can't make people go to your web pages, but
25 you darn well better have something good when they're

1 needed. You know, following an incident or when
2 something comes up. So our goal is to do the best we
3 can. A lot of graphics you'll see in there, like
4 these. Our goal is to have all the hyperlinks so if
5 you need definitions off of any of these you can see
6 it.

7 I'm not going to spend any time of NPMS
8 because I understand that was covered yesterday by Sam
9 Hall on my GIS staff, but I will tell you that it's --
10 I'm not sure if Sam covered the last point.

11 MS. GERARD: And later today.

12 MR. WIESE: And later today. Did he cover
13 the public access point?

14 MS. GERARD: Yes.

15 MR. WIESE: He did. Okay.

16 MS. GERARD: But we'll talk about that later
17 today.

18 MR. WIESE: Okay, good, because I think
19 that's one the Committee would be keen to know about if
20 you haven't already.

21 The other thing I want to talk to you about
22 quickly is the Transportation Research Board study.
23 For those of you who are unfamiliar with Transportation
24 Research Boards, they are part of the National Academy
25 of Sciences. They've done work in this area previously

1 on pipeline safety. 1988 TRB issued a special report
2 219, which is out of print, but you can get to it both
3 through our communications website, you can get
4 electronic copies of it, or you can get it on the TRB
5 website.

6 Our goal, and it was reflected in the statute
7 that was signed by the President December 17th was -- I
8 mean we had a cooperative agreement with TRB in place
9 prior to the statute -- was to bring in a credible
10 mutual third party to sort of look at the risks of
11 encroachment, how those are managed, and try to
12 understand and articulate some leading practices in
13 managing those risks. We've had substantial
14 negotiations with a Committee and they're now just
15 forming up. Our drawing, reaching out to people like
16 the National League of Cities, National Association of
17 County Officials, Common Ground Alliance, regulators
18 and industry. I honestly don't know who's on that
19 Committee right now because that is pretty much their
20 purview. We can suggest entities that they may want to
21 reach out to, but for impartiality's sake, TRB reserves
22 the right to select its own.

23 MS. GERARD: But it has not been completely
24 formed yet.

25 MR. WIESE: No, it hasn't. So in any rate,

1 that's what I can tell you really quickly about TRB.

2 MS. GERARD: I would add that the outcome of
3 this project is supposed to be practical advice for
4 local officials to use to make decisions at that level
5 about what options they can choose to better protect
6 the pipeline from any encroachment.

7 MR. WIESE: Exactly, and the reason you see
8 phase approach there is we asked TRB to take this and
9 sort of articulate the problem and all its dimensions
10 and to see whether or not they could do a good job of
11 it. And I think that RSPA and OPS has indicated that
12 they can, and there's promising work to be done in that
13 area that they'll be willing to pursue that further.

14 A little bit about first responder training.
15 The next slide, actually, says that we've established
16 a cooperative agreement with the National Association
17 of Safe Fire Marshalls, after hearing from a lot of
18 fire service personnel that there was a need for
19 better, higher caliber training materials for first
20 responders who are involved in pipeline accidents. So
21 we set about this project with several goals.

22 One, and the highest and foremost goal was to
23 ensure that no first responder is injured responding to
24 a pipeline accident. And one of the vehicles for that
25 is highest caliber, nationally consistent training that

1 we can get to using avenues that the fire service
2 already employs to train their personnel. That's why I
3 believe the fire marshalls would be sort of critical to
4 that. If you're not familiar with them, they tend to
5 be the governor-appointed, highest member of the fire
6 service in each state.

7 The other kind of goals under this project
8 were to further engage first responder community in
9 local damage prevention and security efforts, which I
10 sort of touched on that earlier, and that we don't
11 believe you can have too many partners at a local level
12 when it comes to damage prevention and security.

13 And lastly, to better inform an existing
14 safety-focused, community based source of information.

15 When people in localities or others are interested,
16 they've got people they trust in their own communities
17 who will be better informed.

18 So the partnership is forming up right now,
19 with the regulators, public representatives, pipeline
20 industry. Our cooperative agreement with the Fire
21 Marshalls really, right now, covers three things, and I
22 believe, Stacey, correct me if I'm wrong, Linda Kelly
23 is on the government committee with Stacey, and
24 Christina Sames and I staff it, and then several
25 others, I thought that Glean Tong with California Fire

1 Marshalls' office has also been put on there.

2 At any rate, these are the initiatives that
3 the Fire Marshalls are taking and charged from the
4 cooperative agreement with. The emergency response
5 committee that they have built is already up and
6 running. They brought on some national renowned people
7 through Hildebrand and Noel and the Maryland Institute
8 for Fire and Rescue, to build this training material.
9 They've been doing some outreach to the industry now in
10 trying to draw on the best sources and build their
11 curriculum, eventually having a model program that we
12 can field test.

13 MS. GERARD: Implied question to the
14 Committee, you know, just not expressing it as a
15 question, but I think it's just a very important
16 thought for his Committee to consider recommendations
17 on messages and subject matter that we should build
18 into the preparatory materials for the fire service.

19 MR. WIESE: And by the way, this will be a
20 fairly long term relationship, so I would hope that it
21 firms up more, we'd be able to come back to you and
22 tell you more about what's going on and solicit input,
23 both for the curriculum and the content that we'll be
24 delivering.

25 This second group that's being formed is a

1 community awareness group to create model community
2 awareness programs, and again, I think this is an area
3 where it's wide open, we're very receptive to your
4 ideas for content here. For the fire service led
5 committees that will educate, increase awareness and
6 assist in monitoring in safety and security.

7 MS. GERARD: I express it a little
8 differently than Jeff. I think that -- you know, we've
9 asked the fire service to help us, be our allies,
10 because they are a credible, independent agent from us
11 and from the industry. And we want to prepare them to
12 recognize the range of scenarios that can occur at the
13 state or community level, where they can step in with
14 information about what they know about how pipelines
15 are regulated and managed, to be able to be an
16 independent source of information about how
17 technologies are used, what they mean, and to be an
18 advocate for the damage prevention best practices. A
19 lot of the Common Ground Alliance materials would be
20 part of this curriculum and you know, they can
21 reinforce what the CGA is doing. So that's what we
22 envision for this group. We're just starting this now.

23 MR. WIESE: The last committee that really --
24 I don't know that they'll be forming a committee but
25 they are already engaged, where there's Glean Tong in

1 California working with Stacey and Rita Freeman and
2 Kelly who I believe was here yesterday --

3 MS. GERARD: She's going to come back.

4 MR. WIESE: -- briefed yesterday on a GS --
5 cover that subject?

6 MS. GERARD: We did not brief on that
7 yesterday? The federal law requires us to look for
8 ways to more efficiently obtain permits that are
9 required to repair pipelines under integrity management
10 rules. And the federal law creates a federal task
11 force to look at solutions for doing permit work more
12 efficiently. And then the law goes on to say that one
13 of their ideas or programmatic agreements or whatever
14 methods that we identify at the federal level for
15 federal permits, we should promote at the state and
16 local level. And we've asked the Fire Marshalls if
17 they would work with us to sort of observe what's going
18 on at the federal level, and then to sort of represent
19 the need for the repairs and sort of identify whatever
20 processes we've come up with at the federal level that
21 may be appropriate at the state and local level to
22 package the information that's necessary to get the
23 permits, and that type of activity.

24 We want to emphasize, the title in the
25 provision scares people because it includes the word

1 "streamlining", and there's no intention on anybody's
2 part to shortcut anything required by law or
3 regulation. But these processes for obtaining permits
4 are very complex, and the liquid industry has already
5 experienced difficulties with meeting our deadlines
6 because the process for filling out the paperwork to
7 get the permits is pretty complex.

8 This is an educational process. It could be
9 an information and communications process. We may be
10 able to develop systems to communicate better so the
11 permitting officials can anticipate the work and plan
12 their work better. We're trying out some concepts in
13 California. Glean Tong in the state Fire Marshall's
14 office is kind of our point person for this project,
15 working with oil and gas companies and representatives
16 from API, INGAA and AGA have been collaborating with
17 Glean to try to work with the federal agencies out
18 there to try to improve our understanding and see what
19 opportunities there are to work more efficiently.

20 MR. WIESE: Thank you. I'm going to move
21 right along because I'm not really sure what the timing
22 is here, but there's one project I want to get to in
23 particular while Denise Hamsher is here, and it's this
24 one. It's public education and awareness standard,
25 otherwise currently known as RP 1162. I know Denise

1 needs to leave in a while, but I'm going to basically
2 cover some of the framework and then I've got some
3 slides here which she hasn't seen, but she may care to
4 use. I'll walk her through these.

5 Fundamentally, our goal in helping initiate a
6 public education awareness standard was to insure that
7 the requirement for content and distribution on public
8 education programs, and also to require that pipeline
9 operators periodically evaluate the effectiveness of
10 these programs.

11 With that said, I think it's only fair to
12 come back in time a little bit to say that API some
13 time ago had mentioned to us that they were reviewing,
14 which I believe at that time was 1123 which was an
15 existing liquid public education standard. OPS asked
16 API to kind of do a time out and get together with the
17 gas industry, both on the distribution side and on the
18 transmission side, to build one standard that would
19 apply to all. And I would like to just take two
20 seconds to applaud everyone's effort for that because I
21 think there is a lot of work that's gone into this
22 standard, and I think this is one of the areas in the
23 Ven (ph) diagram where we overlap and have kind of
24 common interests and work well together.

25 So that being said, I will say that we always

1 reserve our position to decide whether to incorporate a
2 standard to our regulations through reference. But if
3 appropriately developed, that would be a goal.

4 Just quickly, the participants, as I
5 mentioned, API, the Association of Oil Pipelines,
6 Interstate National Gas Association, American Gas,
7 American Public Gas. Both the Office of Pipeline
8 Safety and National Association of Pipeline Safety
9 Representatives and GTI were all set as observers on
10 there. Christina Sames and myself have attended all of
11 the meetings and Eddie Smith from Kentucky and Mary
12 McDaniel from Texas who were both NAPS members have
13 been attending the meetings as well. The process has
14 been, thankfully, very open. And you'll see in a
15 second a website, if you're not familiar with it, we've
16 tried to advertise that through the Federal Register
17 notices and advisories, but -- I will give you the web
18 address in a second.

19 The scope, again, focuses on public awareness
20 programs for key stakeholders along existing pipelines.

21 Denise, I'm sorry, maybe I should turn to you at this
22 point.

23 MS. HAMSHER: It is an industry consensus
24 standard where we welcome the input of the Office of
25 Pipeline Safety and state regulators, so I think that's

1 why Jeff asked me to step in, because we are developing
2 it. Whether or not OPS ultimately chooses to
3 incorporate it by reference and make it a regulatory
4 mandate is their prerogative, but we have tried all
5 along to keep the scope and recommendations in the
6 recommended practice, mindful of the existing
7 regulations, the direction that it appears that OPS is
8 going, the mandates that were included in the recent
9 Pipeline Safety bill so that it has, hopefully, on
10 target with meeting the needs of OPS to incorporate it
11 by reference.

12 We have had it be a very open process where
13 very early straw men type draft was sent out. We've
14 met with -- we had a stakeholder meeting where we
15 invited and sat down with people that pipeline
16 companies talk to as part of their ongoing awareness of
17 pipelines to get their input. We did a survey of --
18 using focus groups in three locations, I believe, four
19 locations, of emergency responders and public
20 officials, asking them what they knew about pipelines,
21 how they got the information that they did know, how
22 it's best received, what the level of detail that they
23 need and all that. So we really received a lot of
24 input.

25 We're now at the point within about a week

1 away of actually issuing the draft that will go out
2 within the industry associations for ballot.
3 Ultimately this will follow an ANSI guideline for
4 input, however we are following the principles of
5 getting stakeholder input during this next process.

6 We will summarize the input that we've
7 received to date as we issue this next draft, and we
8 believe that the content of it will provide information
9 about who should you target along pipelines, how far
10 along the pipeline or out from the pipeline you should
11 target; how often; what should be the key messages that
12 are common to pipeline companies' programs; how should
13 you document; how should it basically, developing a
14 written program? And most of all, I think, meeting
15 OPS' concerns, and frankly a prior NTSB recommendation,
16 how should you evaluate this for effectiveness?

17 So we do have some guidelines that will
18 probably, this area in particular will most raise the
19 bar for pipeline operators. Most of them have been
20 conducting public awareness programs for some time,
21 although there's probably an eclectic frequency
22 approach about it. There's not very many operators who
23 have done a very thorough job of actually evaluating
24 for effectiveness. So this will set a benchmark, or a
25 baseline for evaluating for effectiveness.

1 I should note that while this is a
2 "recommended" practice, one of the things I wanted -- I
3 should note that the recommended practice is a term
4 used that is very similar to a standard. The language
5 in the recommended practice will establish a baseline,
6 in other words, a minimum expectation. And then, in
7 addition, there's a lot of supplemental practices that
8 a company would be required to either expand the
9 stakeholder audience, expand the frequency, expand the
10 message, depending on the unique situation or hazards
11 of particular segments.

12 Like Jeff, back to his overheads, this does
13 not address the stakeholder communications that are
14 begged with new pipeline construction. It's a whole
15 other animal. It's nonetheless important. It's just
16 different than what you would do on an ongoing every
17 year basis. Nor does it address other communications
18 challenges that are better addressed through either the
19 National Pipeline Mapping System or reports or annual
20 reports or other data that pipeline companies may be
21 required to provide to OPS, and then OPS subsequently
22 makes available. It is just the awareness outreach
23 programs along pipeline right of ways.

24 MR. WIESE: I'm trying to make sure I make
25 good use of each of these slides now. I think that

1 we've pretty much covered everything that was in here.
2 The only -- you touched on the last thing --
3 monitoring progress and access to current draft, which
4 will be posted I believe within the week, right? Week
5 to two. We're still trying to edit final versions, but
6 at www.api.org/pipelinepublicawareness. And one
7 remaining comment to make here that the industry had
8 committed API to make this document freely available
9 electronically on API's website when it's complete.
10 There will be a lot of opportunities for comment during
11 the RP development process, but bear in mind that we
12 would need to go through the whole administrative
13 procedures -- processes for rulemaking should we decide
14 to incorporate it. So again, there'd be plenty of
15 opportunity for comment. Your input is welcome now and
16 at that time on what approach we should take.

17 The last slide I think I have, and I don't
18 know if there is anything -- we could comment a little
19 bit further on that Denise touched on, the balloted
20 drafts and the ANSI approval process. We have talked
21 about a series of things in order to get 1162 into the
22 field and working. Those are operator workshops which
23 we also hope to provide streaming video for, for those
24 who can't travel to them. But the fundamental goals of
25 those workshops would be to make sure that all

1 operators are aware of the content of 1162 and what it
2 would require as the minimum, and then to provide
3 additional focus, as Denise said, on the challenging
4 area of evaluating effectiveness.

5 OPS and RSPA have made some preliminary
6 commitments to try to provide additional technical
7 assistance on implementation, if you'd like to comment
8 on that point?

9 MS. GERARD: Here's a subject for discussion.
10 Quite frankly, one of my goals has been to clean up
11 the record, and we have a couple of open NTSB
12 recommendations in this area. We're a little office
13 with a lot on our plate. We had a lot on our plate
14 before the law passed in December. We had 65 open
15 items before December. The beginning of this
16 administration and the new law gave us another 44
17 items. It was my suggestion that we go to a consensus
18 standards process to get work going on in this area and
19 I think we've gotten a really good result. However,
20 it's not a regulation. And the NTSB in reviewing our
21 progress generally looks at what we've required in
22 regulation.

23 It was also my thought that we needed to get
24 more public input and I asked the Committee to delay
25 progress until we could have a public meeting in an

1 environment where we would get even more public
2 comment, and I asked them to do a presentation at
3 Belleview, Washington, where there's a very concerned
4 and informed group of citizens who, in fact, commented
5 on this at the public meeting in Belleview.

6 The Committee did take additional actions
7 following that meeting. Of course it delayed the
8 balloting process even more, but I think that it was
9 good input to get from the public. We have a lot to do
10 to make sure we're getting balanced input into the
11 processes we use to improve safety.

12 As a result, we haven't made a lot of
13 progress from the NTSB's standpoint in terms of making
14 an immediate difference in what operators do. One of
15 the things that we've been thinking about is creating a
16 "technical assistance program". The new law
17 specifically gives us authority to do this, and what
18 we've talked about doing is taking the material in the
19 standard that's going out for ballot and basically
20 taking it on the road in a road show, with at least one
21 or two team of experts in this area who have been
22 involved with the Committee in helping them,
23 particularly in the area of evaluation of
24 effectiveness.

25 We employed a consultant. API and INGAA each

1 employed consultants, and the consultant teams have
2 been working together. I would like to put this show
3 on the road, create a little survey instrument or a
4 self-assessment for the industry to use to evaluate
5 where they are today vis-a-vis being able to meet the
6 standard in preparation for rulemaking, and to do the
7 education that Jeff talked about -- this is what the
8 standard covers -- but also have a one on one session
9 with transmission operators, and the liquid operators,
10 and maybe for the broader number of distribution
11 operators, some sort of a round table session where our
12 representative could interact with the companies to get
13 a sense of the degree of difficulty in achieving
14 compliance with this standard should it become a
15 rulemaking, and to be sure that the concepts are
16 understood, and basically to create a record that we
17 have met with the companies in advance of rulemaking,
18 to try to motivate planning and adoption of the
19 principles of the standard immediately.

20 I've talked to a number of people in the
21 trades, talked to the NTSB about this concept, and
22 sometimes the NTSB considers alternative approaches to
23 rulemaking favorably, as a way to support organized and
24 dedicated and -- what's the word I'm looking for --
25 assured progress. So it would take a certain amount of

1 documentation and commitment of participation and
2 record keeping to implement this technical assistance
3 concept in a manner that could satisfy the NTSB members
4 that we've had an immediate impact in moving forward
5 with public education, in anticipation or in advance of
6 there being a rulemaking.

7 And so I'd like the Committee to consider
8 what they think about this concept and hear your views
9 about it here today.

10 MS. HAMSHER: I just want to add that in the
11 Pipeline Safety Act there is a requirement for
12 companies to prepare a written public awareness plan
13 and evaluate that plan.

14 MS. GERARD: One year from --

15 MS. HAMSHER: By December 17, 2003, and the
16 recommended practice is designed to provide the
17 framework by which one would define what is a written
18 program and what is evaluation. And so the technical
19 assistance, Stacey, that you're referring to, is very
20 compatible with the intent of 1162, not only providing
21 a broad expansion and improvement of public awareness,
22 but specifically helping operators comply with the
23 mandates in the Pipeline Safety Act, which is a direct
24 mandate on operators.

25 MS. GERARD: Have you completed your

1 presentation?

2 MR. WIESE: No, actually I've got a couple
3 more slides, but you're trying to pause for doing an
4 action on this, or do you want to come back and
5 consider it?

6 MS. GERARD: Why don't you finish with your
7 presentation.

8 MR. WIESE: Okay, the only thing I should add
9 on this slide that I did leave off and should be -- I
10 think there's a lot of work to be done in this area,
11 and there's a lot of good work. We've seen a lot of
12 good practices on individual companies. There's a lot
13 of room to grow here. So the industry themselves have
14 suggested that within this workshop setting that they'd
15 be willing to volunteer people to come forward in sort
16 of a best practices. We know that individual companies
17 are doing good things out there. We need to spread
18 that message in getting more of them doing it.

19 Let me just sort of race through the rest of
20 this if I can. Christina Sames is coming over later
21 this afternoon to talk about our research and
22 development program. The only thing I'm going to do
23 today is to just tell you that our fundamental goals of
24 that program, and the reason I think the communications
25 and the connection here is the last line, that our

1 goals were to accelerate delivery to market of
2 technological solutions of pipeline safety problems,
3 expanding stakeholder involvement in the planning
4 process -- she'll be covering that in a lot of detail.

5 Here we're getting into communications -- improving
6 the availability of research -- the availability and
7 use of research results and better serving regulatory
8 needs in our near term focus.

9 You can see that the three areas that I've
10 listed there were the areas that she'll be talking
11 about in our broad agency announcements. The last
12 site, the R&D website, I think I have a screen shot in
13 here -- I do. You can find out a lot of things. The
14 one thing I would like to point is the recent R&D
15 projects. We've worked with Ted Wilke and others in
16 order to develop sort of an interactive way of
17 accessing past R&D projects that we've funded. We
18 wanted to do a better job of getting that information
19 into the public arena to be used, as well as using it
20 with our own people and accessibility.

21 So I think you'll find if you look at this
22 again, these websites are all in motion. We're wide
23 open to suggestions on how to improve them. I would
24 actively solicit your input on these. Our goal is to
25 continually develop it and make sure that we can

1 communicate. Some of the things that we're doing and
2 we'll get those technologies out there quickly.

3 Closing slide. I would just say, as I always
4 do, I welcome individual comments. The Committee could
5 act as a whole, you can call me separately. You can
6 send email either to myself or Christina Sames, we both
7 cover pretty much all of these areas including research
8 and development. So with that, Linda, that's it.

9 MS. KELLY: It would be helpful if you would
10 send that through an email to the committee members and
11 then that would sort of jar our memory to take a look
12 at it and offer any comments.

13 MR. WIESE: Sure.

14 MS. KELLY: At this point, I'd like to open
15 the floor to discussion from the Committee members.

16 MR. COMSTOCK: Linda, if I may, and Jeff,
17 thank you for that presentation. On your first
18 responder issue, I think the effort is very good and
19 moving forward, but what I would ask you to consider is
20 that many municipalities around the country have long
21 worked with local fire departments, because the
22 customers that we serve are also the citizens that they
23 serve. And in our own local municipality, we've been
24 working on plans and training with fire departments for
25 years and years, including meeting with cadet classes

1 to establish long term relationships, so as they move
2 up through the organization, they are familiar with
3 what we do, how we react to emergencies and so on.

4 So as you get down into the grass roots
5 level, I think there's some very good plans that are
6 out there that may provide templates for you to help
7 you with the process.

8 MS. KELLY: Thank you. Let the record
9 reflect that was Michael Comstock speaking, and as you
10 speak, please identify yourselves. Yes.

11 MR. FEIGEL: Jeff, I've got a general
12 question. It's not so much focused on the public
13 awareness thing. It's a comment of either you or
14 Stacey, one of you made about the NTSB sort of mindset
15 about your responses and that they certainly seemed to
16 favor a regulatory response. Could you enlighten me on
17 a little more detail about that vis-a-vis their
18 tendency to accept either direct reference or at least
19 use of recommended practice and consensus standards as
20 opposed to pure regulatory matter?

21 MS. GERARD: The integration of national
22 consensus standards within a regulations is certainly
23 favored. They -- the issue is whether or not we have a
24 regulation that incorporates it. In addition they've
25 identified that in the protocols that we've been

1 developing, for example in integrity management and in
2 operator qualification, they like to see as much
3 detailed reference as possible to national consensus
4 standards, and we've been moving in that direction,
5 keeping in mind their preference and recommendation
6 that this would be an effective method for improving
7 our oversight process.

8 But I think your question is a little
9 broader than just the regulation itself, and that is --
10 each of their recommendations is very specific to an
11 accident, and when we respond, you know, we have to
12 look closely at the individual incident, and the
13 individual recommendation. There's two recommendations
14 in this particular area and they're different, but they
15 -- while they would clearly prefer to see a rulemaking
16 completed before they acted to close a recommendation,
17 they have indicated that there's so much work that's
18 gone on in this area that they would consider an
19 alternative approach, other than the regulation, when
20 considering closing it.

21 But they need certain assurances, as Board
22 members, that the commitment that's made is followed
23 through on and can be documented. So we're trying to
24 design approaches that show that commitment and follow
25 through and have a record of documentation so that we

1 could present it to the NTSB staff and Board as a
2 controlled solution, not something that's a pipe dream
3 that was a good idea at one particular time but wasn't
4 executed completely.

5 MR. WIESE: Richard, I wonder if I could add,
6 if I understood your question, there was also just five
7 second add, to say that the National Technology
8 Transfer and Enhancement Act, which I can't remember
9 the year, but it was in the 80's I think -- I'm looking
10 to Barbara -- somewhere in that time frame -- and
11 updates of that and also there is an Executive Order
12 that sort of directs all federal agencies to use
13 broadly developed standards in lieu of new regulation
14 wherever possible.

15 MS. EPSTEIN: I'm also going to respond to
16 your question, as a member of the public, this is Lois
17 Epstein, I share NTSB's concern that on occasion
18 recommended practices are just that, that they are
19 recommended, they're not enforceable. Regulations are
20 enforceable and the design of consensus standards might
21 not always get at that question, so that's why OPS
22 needs to review it and decide whether something is
23 enforceable or not, so that you don't get a situation
24 where 99 out of 100 companies are paying attention to
25 it, but that one company who is not, there can be some

1 sort of action taken against them. I think that's
2 NTSB's concern. I know it's mine as well.

3 MR. LEMOTT: Ted Lemott, member of the gas
4 Committee. First I want to say that the program
5 presented seems to be very comprehensive and certainly
6 you picked some top quality groups to work with and
7 overall I'd say it's, at least from what I see, I
8 applaud what you've done.

9 As my business is standards, I am concerned
10 also by the term recommended practice, and FBA has
11 worked with API for a long, long time and they're an
12 excellent standards group, write some excellent
13 standards, used worldwide, very credible. And I know
14 from my work that they do use the term recommended
15 practice and there have been times when the way they've
16 written those have concerned me, but I don't want to
17 react to titles.

18 I would request that at least I receive a
19 copy of the draft. I would certainly like to review it
20 and I'd be glad to make comments. I fully understand
21 the need for mandatory standards that are adopted, yet
22 there are certainly needs -- it's great to have the
23 rules, one, two, three, four, but it's also extremely
24 important to explain why you have the rules so that the
25 poor guy ten years from now who's reading it can get

1 some understanding and doesn't misinterpret the words.

2 Basically, I'm offering to help with that.

3 MS. SCHELHOUS: Ruth Ellen Schelhaus. Just
4 wanted to say for doing -- whom you've hired,
5 Hildebrand and Noel, they've already done work with the
6 propane industry on the education -- education, CD
7 roms, a whole book, there's stuff on the web or was
8 previously, so they -- and they were first responders
9 hazmat team people. They are very well respected and
10 renowned and they will, in your first responder thing,
11 they will give you -- they have and will put it down to
12 the level of the local municipalities and stuff like
13 that. They are top notch.

14 MS. KELLY: Any other comments or questions
15 by Committee members? Yes. Mr. Thomas.

16 MR. THOMAS: You discussed a pipeline retire
17 permitting procedure with which I'm not familiar. Is
18 that something new or is that only liquids?

19 MS. GERARD: We have final rules for large
20 and small liquid operators in place for integrity
21 management, that have required repair criteria and for
22 the first time fixed timelines in the regulation. In
23 the past our regulations have said repair to be done in
24 a reasonable period of time. So in the integrity
25 management rules, for the first time for liquid, we

1 specified three time frames. I think it's immediate,
2 60 and 180 days. Is that right, Mike? Immediate, 60
3 days and 180 days in the liquid rule.

4 And then in the gas proposal, I think we have
5 a similar concept. It's a proposal. So the experience
6 of the liquid companies has been that as they're trying
7 to implement the integrity rule and to complete the
8 repairs in the time frame, they've been having
9 difficulties with getting the permits for repair in the
10 time frames we specified in the rule. And so the
11 Congress, hearing of this problem, created a provision,
12 Section 16, I believe, in the Act that was signed in
13 December, giving us a series of requirements to assist
14 with permit coordination. So it seems to be more of a
15 problem on the liquid side.

16 The gas integrity management program
17 requirements are not in effect yet. We don't have a
18 final rule. I have heard from some gas officials that
19 they do expect to need assistance. When you take a map
20 and you put the pipelines on it and you look at federal
21 lands and state lands, this is primarily a western
22 problem as it relates to federal lands. It's just huge
23 amounts of federal land that pipelines cross in the
24 west. You'll still have permits required for private
25 lands, but it seems to be more of a liquid issue right

1 now, not a gas issue.

2 MR. COTTON: Ricky Cotton with Public Service
3 Commission in Mississippi. I have a suggestion on
4 first responders. As we know, the fire marshall's
5 office regulates some pipelines in some states and on
6 the first respondent training we know that the fire
7 marshall in those states that regulate pipelines would
8 have input, probably direct input in this training and
9 in this process. My question is, the public service
10 commissions in the states and other commissions are not
11 directly involved with the fire marshall's office, just
12 to make sure they don't fall between the cracks, would
13 they have input? Would the public service commissions
14 have input in the process of this training just like
15 the fire marshall's office that regulate pipelines?

16 MR. WIESE: That's a good question. There's
17 actually several ways I think that's going to happen.
18 Part of our goal in reaching out to Glean Tong was that
19 he was a member of NAPSAR and could sort of speak for
20 both sort of hats, as a fire marshall who regulates,
21 and also for the other regulators. But probably more
22 importantly, the fire marshalls themselves asked Linda
23 Kelly to join a government steering committee, and she
24 represents the interests of those groups.

25 But we'll be coming back to this Committee as

1 work goes forward. I'd say there's nothing -- no door
2 is closed on this project. All doors are reopened and
3 it'll be -- the goal is to develop the highest caliber,
4 nationally consistent information that we can and then
5 to use fire service to get it down to the first
6 responders. But I'd say we're wide open for comments.

7 MS. KELLY: Any other questions or comments?
8 From committee members?

9 MS. GERARD: Not on the technical assistance
10 concept.

11 MS. SCHELHOUS: I guess my question would be
12 is, from what I've read of the law, that technical
13 assistance money is meant to be for the communities,
14 and so how you explained it didn't seem to be that it
15 was --

16 MS. GERARD: There's more than one place in
17 the law. The Department is authorized to perform
18 technical assistance and public education. That's a
19 separate matter than the provision I think you're
20 referring to, which is grants to communities for public
21 information.

22 MS. SCHELHOUS: Okay, that's fine.

23 MS. KELLY: We could take a couple of
24 questions from the public. There are none. I'm sorry,
25 there's one in the back here. Identify yourself

1 please.

2 MR. JOHNSON: Dave Johnson with Enron. Just
3 one question about one point that Jeff raised, and
4 first of all, I compliment you. I think it was a very
5 comprehensive presentation. There was a lot of
6 information in it. On the reference library, I think
7 you indicated all the pipeline information, you
8 indicated that you're going to have inspection reports
9 and full reports, violations, and that sort of thing.
10 Are things like Notices of Proposed Violations that are
11 still under consideration going to be posted?

12 MR. WIESE: I'm going to defer to my boss in
13 general on that subject, but let me tell you what I
14 know that I'm doing right now, and then I think as I've
15 said, we're open to the Committee's input on this
16 suggestion. I, in a public website, am trying to
17 characterize levels of effort. So you'll see a lot of
18 statistical information there. Where we go beyond the
19 statistical -- what I think is important is that people
20 need to recognize that there are people on the job in
21 the states. There are people on the job at the federal
22 level, and recognizing levels of efforts, Dave, is what
23 I was talking about. How many inspections we're
24 conducting, how much time is going into them, what kind
25 of violations we're finding, numbers of those things.

1 I think that a lot of the predecisional
2 information -- I guess I have to defer to my boss and
3 to her counsel on predecisional information, so a
4 Notice is fundamentally predecisional, I assume.

5 MS. GERARD: I again, think that we're open
6 for discussion here, but what we currently post are
7 final decisions. I think what our objective here, and
8 Jim O'Steen's at the back of the room and Stan Kostanas
9 who is very new with us, but this is going to be his
10 area, I think what our objective here is to better
11 reflect to the public the full range of our inspection
12 activity and the results of the inspection activity.
13 but I think that works in progress are probably not a
14 good thing to put up because the information may not be
15 complete and erroneous impressions could be created as
16 pictures about a particular situation may be filled in.

17 So I don't think that we're disposed to
18 putting up information that is not final.

19 MR. JOHNSON: Okay, thank you. I think
20 that's the appropriate answer also.

21 MS. KELLY: Thank you, Mr. Johnson. Mr.
22 Andrews.

23 MR. ANDREWS: Ben Andrews. Continuing on
24 that thought, I would caution not to inform the
25 uninformed that want to do us harm on citations or

1 something, for instance, a lockoff of a bypass to
2 emphasize how important that is, you're going to tell
3 people that if they want to do us harm that's an
4 important issue. So I would caution you not to go into
5 too much detail about what citation is and the impact
6 that the citation would cause if it weren't taken care
7 of.

8 MS. KELLY: Thank you. Yes, sir

9 MR. HARRIS: O.B. Harris with ... Pipeline.
10 Jeff, I didn't hear you say anything about links to
11 other websites. When I think about pipeline
12 communications, it just not the regulation it's about
13 the other industries, does it have websites. Are we
14 thinking about that?

15 MR. WIESE: Yes, very much. On each of those
16 pages, when you go there, you'll see links now. And
17 I'm cautious as a government and as a regulator to be
18 clear about who we're directing people to. So sorting
19 them and so you know when looking at links which are
20 government websites and which are private websites.
21 That being said, Marti had the opportunity, I think,
22 and I'll take it for her to say that both the liquid
23 and the gas industries have built pretty robust sites
24 of their own. Our goal, on the other hand, is to build
25 a government website and to sort of draw on the best

1 information that's out there, but we'll be quick to
2 point people someplace.

3 If I can take a gratuitous pitch here. One
4 are which we actually are not making much progress on
5 and yet emergency responders and others have brought to
6 our attention is ability to put educational material
7 out for teachers and for kids. I've gone to some
8 companies who I know do things on their own and asked
9 them and they're wrangling inside about making it
10 available through websites. But I would think that
11 that's an area where I would strongly welcome any kind
12 of input.

13 I'm sorry for the long answer, O.B., but the
14 answer is yes, we are linking -- I don't know to
15 individual companies, but certainly to the trade
16 associations.

17 MS. SCHELHOUS: Ruth Ellen Schelhaus. I just
18 want to let Jeff know I will be commenting on it, I
19 found it by accident -- yes, I guess from seeing it.
20 More -- part of it is on organization, how you have it,
21 where you have it, do you know where to find stuff.
22 I'm not sure that the average public will. And like
23 Bellingham, if they all of a sudden had an incident,
24 would they think the way you're thinking relative to
25 finding stuff. The enforcement stuff was buried down

1 into a spot where you, or if you were looking at the
2 environmental people, trying to look at assessing how
3 OPS is doing, it would be actually a different avenue.
4 So you actually have a variety of audiences, but the
5 organization -- I will be commenting that way.

6 MS. KELLY: Yes, Mr. Lemott.

7 MR. LEMOTT: Yes, with regard to the comment
8 about the reaching out to children, I'd just like to
9 make you aware NFPA participates -- we're part of a
10 program called Risk Watch, which is multi hazard safety
11 training for children, including fire, scalding,
12 kidnapping and I am not familiar with the details of
13 it, obviously, but certainly be glad to arrange putting
14 you together with the right people to see if there is
15 some synergism there.

16 MS. KELLY: Any further discussion, comments?

17 Well, Mr. Wiese, thank you and Ms. Hamsher for that
18 presentation, and I think we've had some good
19 discussion here. And we're pretty close to schedule.

20 We'll go back to the agenda and I ask Barbara
21 Betsock to cover the new Advisory Committee
22 Requirements.

23 **Overview New Advisory Committee Requirements**

24 MS. BETSOCK: Hi. This should be relatively
25 short. The new statute added another qualification

1 requirement for our public members. There are five
2 public members on each Committee. And the new
3 requirement is that none of the individuals selected
4 may have a significant financial interest in the
5 pipeline, petroleum or gas industry.

6 This is -- there's a couple difficulties this
7 raises for us. First was the legal question about
8 whether it applies to current members. We have decided
9 that it does not apply to current members. It will
10 apply, however, to reappointments and to new members.

11 The next issue is how we establish that
12 people do not have significant financial interest. The
13 obvious answer to that is you ask them. It's not quite
14 as easy as that because there are requirements when you
15 ask people about personal matters, you have to -- it's
16 an information collection issue.

17 So there's sort of two avenues we can take
18 for this and one would be to do what many Advisory
19 Committees do and have all public members be special
20 government employees, at which time they have to file
21 financial disclosure statements with out, and then we
22 review their financial disclosure statements and make
23 the call.

24 However, the two -- there's reasons that
25 that's probably not the best way to go. For one, the

1 financial disclosure statement, the special government
2 employee approach, is not to determine there are no
3 interests. It is to determine whether a person can act
4 in a particular matter, and it's really designed for
5 government employees. It's not the best way to go
6 about this and many of the people on our committees
7 have an interest which wouldn't be interest in the
8 pipeline industry but they may be interests that are
9 conflicting for purposes of the special government
10 employee.

11 Some of the other qualifications to be on our
12 Committee create those conflicts themselves, and the
13 majority of the public members on the Committee, and
14 indeed all of the industry and governmental members,
15 serve in a representative capacity. You're
16 representing particular interests. For example, you
17 may represent the environmental community. So you may
18 have some conflicts that would not be ideal to make you
19 a special government employee.

20 So we're taking a different approach. We're
21 going to try to simplify this. What we will is we will
22 define what we determine to be a significant interest
23 in the industry, and then we will try to develop a
24 reporting requirement that's very simple and that you
25 would self-determine whether you have an interest -- a

1 significant interest, or do not have a significant
2 interest. So it would be enforceable. If we later
3 found out you had violated it, because anything that
4 you file with the government has to be accurate. But
5 you wouldn't be identifying the particular interest,
6 necessarily.

7 What we're looking at right now, obviously,
8 security holdings -- that is the one common financial
9 interest that people have, employment, consulting fees.
10 We don't know exactly how the definition is going to
11 come out yet, but we're working on it and we're hoping
12 to move on it fairly quickly. We will have to get
13 approvals on this from -- the General Services
14 Administration is the one that oversees Advisory
15 Committees and Office of Management and Budget usually
16 oversees reporting requirements. We may need approvals
17 from both.

18 So we're hoping to do that fairly quickly,
19 because we have vacancies in public members on the
20 liquid Committee at the moment. Any questions?

21 MS. KELLY: Before I open the floor to
22 questions, I have a question regarding clarification.
23 The prior rule had that same requirement for one member
24 of the public, is that correct?

25 MS. BETSOCK: The prior --

1 MS. KELLY: And now it applies to all five?

2 MS. BETSOCK: No, the current statute applies
3 one member of each Committee has to have no interest,
4 none. All five public members now have to have no
5 significant interest. There's a big difference in
6 that. No interest means no interest. We have dealt
7 with that in the past by special government employee,
8 and that seems somewhat appropriate, although we may
9 revisit that in the future.

10 MS. KELLY: Any other questions or comments?

11 Ms. Schelhous.

12 MS. SCHELHOUS: I guess why didn't it -- what
13 made going that route so onerous?

14 MS. BETSOCK: For the significant interest?
15 We -- as an example, we may have employees, in fact we
16 do have public members of the Committee who have other
17 interests. If you make them special government
18 employees, their other interests create conflicts which
19 we may have to work around. They're not interests in
20 the industry, they are interests, for example, working
21 on a contract relating to the federal government. That
22 is an interest that we would have to then -- they're
23 working for us on something, we then have to address.
24 Working on standards committees creates a conflict. We
25 then have to address that as a special government

1 employee. So they create other problems. We think
2 that's probably not the better route. I think it's
3 more problematic.

4 MS. SCHELHOUS: Will this be a rulemaking or
5 --

6 MS. BETSOCK: No. No. It's simply -- the
7 same as the form that all of you file when you apply
8 for service as an Advisory Committee member, we're
9 going to tag it onto that process, so when you fill out
10 that simple little form that gives your name and your
11 resume, your address, -- you've probably forgotten it
12 by now -- it's a simple little application form. It's
13 also going to have an addition on there that will say I
14 do not have an interest, and we'll have a description
15 for you on the significance of the interest -- what is
16 significant so you can determine that.

17 MS. KELLY: Any other questions or comments?
18 Any questions or comments from the public? Yes.
19 Please identify yourself.

20 MR. CALDWELL: Barbara, I'm Joe Caldwell, a
21 consultant. How does this affect the basic law that
22 requires each member to have certain technical
23 competence in various areas of pipeline safety?

24 MS. BETSOCK: Well, it doesn't. That
25 requirement is still in the law, and that's what makes

1 it so difficult to have -- many Advisory Committees the
2 public members have no connections to anything. They
3 don't need to have. But ours have specific
4 requirements for expertise in the areas. That still
5 remains, and that's why we do look for people who
6 represent particular interests and we have conflicts
7 which arise because of the interests that are required.

8 What we will eliminate is significant financial
9 interest in the industry. Doesn't mean background
10 knowledge.

11 MR. CALDWELL: Okay, that leads to really
12 defining one word, significant, right?

13 MS. BETSOCK: Yes.

14 MS. KELLY: Any other questions or comments?
15 Anything else, Ms. Betsock?

16 MS. BETSOCK: No.

17 MS. KELLY: Well, thank you very much and we
18 know the liquid people now have some issues before
19 them, because you have so many positions to fill there.

20 We'll move to the next agenda item, which is
21 Alternative Mitigation Measures, Mr. Israni.

22 **Briefing: Alternative Mitigation Measures**

23 MR. ISRANI: I'm Mike Israni, I'm the Program
24 Manager for integrity management with the Office of
25 Pipeline Safety. Topic is alternative mitigation

1 measures for repairs delayed by a need to obtain
2 permits. While Rita Freeman is working on working with
3 the other agencies on how to expedite the permitting
4 process, what do the operators do in the meantime? The
5 Pipeline Safety Act 2002 requires DOT to revise the
6 regulations as needed to allow the operators to
7 implement alternative mitigative measures if repairs to
8 the pipeline cannot be completed within the specified
9 time. The key words are "as needed", "repairs", and
10 "within specified timeframes".

11 So we have reviewed the law language and we
12 have also looked at our current regulations. We
13 interpret that we do not need to revise the regulations
14 to provide for this provision in the law, because we
15 are already taking care of it. The only current r that
16 requires this pipeline repair in a specified timeframe
17 is the recently introduced integrity management rule
18 for the hazardous liquid pipeline, where we have for
19 remediation requirements, specified timeframes, as
20 Stacey mentioned earlier, immediate, 60 days and 180
21 days. And we also require in that regulation that
22 operators who take alternative mitigative measures, if
23 it cannot make the repairs within the specified
24 timeframe for any reason, including inability to obtain
25 the permit.

1 We have similar requirement in the gas
2 proposed rule, except here we have immediate and 180
3 days remediation period. There also we have this
4 provision that the reduction of operating pressure or
5 notification to Office of Pipeline Safety why they
6 cannot have this.

7 I mentioned the reduction of operating
8 pressure because that's the alternative mitigative
9 measure that I'm referring to. That's what we
10 consider, at OPS, is the most appropriate alternative
11 measure for the timeframes that we are given.

12 Other parts of the regulation, meaning our 49
13 CFR code, do not have a specified timeframe anywhere.
14 In the liquid rules, under 195.401, we just say that
15 the repairs to be done in a reasonable timeframe. And
16 it's a broad term and that implies that operators are
17 diligently looking -- they're applying for the permit
18 and waiting for the permit to complete their repairs.

19 And in the gas side, 192.703 is the
20 regulation in the code which says to repair unsafe
21 conditions. They do not specify any timeframe.

22 So we don't see anywhere in the regulations
23 there's a need to have any changes or revisions, and
24 integrity rules, both on the gas and the liquid side,
25 we have already taken care of this provision.

1 This is all I have to add. This was one of
2 the provisions in the law that we wanted to take care
3 of and we don't think we need to do any separate
4 regulation for this.

5 MS. GERARD: I just want to make sure the
6 Committee understands that we're coming before you to
7 discuss the need to implement a provision in the new
8 law that was just put in, the new law in December, and
9 we're telling you as a Committee and seeking your
10 advice, correct us if you see a need otherwise, that
11 with the provision that is in the liquid integrity
12 final rules, and in the proposed gas rule for a
13 pressure reduction to be the alternative mitigation
14 measure. We see no need to open a rulemaking on this
15 to consider any other alternative mitigation measure
16 except for pressure reduction. And if we hear no
17 comments from you, then we would probably use a
18 procedure to make the record clear with the Congress
19 that we feel that our obligation in that area has been
20 satisfied.

21 MS. KELLY: Comments from the Committee,
22 please?

23 MR. ANDREWS: Ben Andrews. Is this effort
24 going to be coordinated with FERC and the
25 Administrative Law Judge that talked about the El Paso

1 issue going into California?

2 MS. GERARD: FERC is one of the agencies that
3 is identified in Section 16 in the new law that we are
4 working with on the coordination of alternative
5 approaches to expediting the permits, and FERC has
6 offered to brief us on procedures that they already
7 have in place for interstate gas pipeline repairs that
8 make interstate gas pipeline repairs a fairly efficient
9 procedure from the FERC standpoint. But that is just
10 interstate gas. Again, where this seems to be more of
11 a problem is interstate liquid, and we only have one
12 liquid industry member present sitting here on the
13 committee right now, because Denise has left, so that
14 really -- that really leaves a question for O.B. to
15 consider, because if O.B. doesn't say anything or the
16 public doesn't say anything, then we would sort of
17 consider this matter closed.

18 MR. HARRIS: Don't close it yet. And I'll
19 tell you what my dilemma is. That it's -- you know,
20 Mike is saying it's only one alternative measure, and
21 as I sit up here and it's hitting me right now, -- I
22 believe that is the case, okay? Now, let me ask you
23 this. Are there other alternative measures?

24 MR. ISRANI: I say that there's only one
25 appropriate alternative measure that we believe is

1 pressure reduction.

2 MS. GERARD: Or a notification to us, right?

3 It's either the pressure reduction or a notification.

4 MR. ISRANI: Notify they cannot reduce the
5 pressure, but the measure is one that we think is
6 appropriate for the safety point of view, and if the
7 Committee comes up with some other recommendations,
8 we'll consider those. Now we have, in the past, we
9 have -- there have been cases where industry came back
10 and they said they can't reduce the pressure for
11 different reasons. They have put their case with good
12 reasoning and we have considered on a case by case
13 basis.

14 MR. HARRIS: Well, give me an example.

15 MR. ISRANI: Well, there was -- one of the
16 regional directors would be able to give you, for
17 example, the one example I heard from Central Region,
18 there was some pipeline, I don't know the name, they
19 said that for reasons -- for the gas industry, they
20 could not reduce the pressure the 20 percent because of
21 the supply impact of source, so there it was decided
22 that they could reduce the pressure ten percent, so it
23 was kind of --

24 MS. GERARD: Was this very recent, Mike?

25 MR. ISRANI: It -- I don't know if it was

1 recent or not, but Ivan Huntoon (ph) gave me this
2 example.

3 MS. GERARD: I think there was a very recent
4 example, wasn't there, Jim?

5 MR. ISRANI: So on a case by case basis, we
6 can study it. If the operators, they come with any
7 good reasons for why it should not be reduced 20
8 percent of reduction, and less than that, we would
9 consider that. But other alternative measures, we
10 think that pressure reductions, from the experts we
11 have talked with, it's the most suitable alternative
12 measure until the remediation is done for the
13 anomalies.

14 MR. HARRIS: Okay, so pressure reduction is a
15 given. That's an acceptable one.

16 MR. ISRANI: Yes, correct. We have put that
17 in the rules.

18 MR. HARRIS: But you're also saying that
19 you're open to discussion of other alternative
20 measures. Okay?

21 MR. ISRANI: That is why we brought this in
22 front of the Committee.

23 MR. HARRIS: I guess if we qualify it like
24 that, then I'm comfortable with it.

25 MS. KELLY: Mr. Feigel.

1 MR. FEIGEL: Mike, I beg your indulgence.
2 I'm not familiar with a piece of the proposed
3 regulation. What engineering criteria is being
4 applied, either deterministically or on some other
5 sliding scale for this pressure reduction alternative?

6 MR. ISRANI: There are a number of experts in
7 the pressure reduction field, like we have -- what's
8 the name of the -- which does the pressure reduction
9 for industry --

10 MR. DRAKE: The basis of pressure reduction -
11 - this is Andy Drake with Duke Energy. The basis for
12 pressure reductions typically is based off of work from
13 Batel on the pressure reversal phenomenon, and that is
14 given that the structure was whole at a given pressure,
15 that if you back the pressure down a certain
16 percentage, that there's not enough driving force to
17 create a failure, even if the anomaly was on the verge
18 of failure at the previous pressure. Those numbers
19 have grown as our -- maybe as the need for greater
20 conservatism. It seems to be the guiding light. But
21 the actual numbers are somewhere around ten to 12
22 percent, but it's now up towards the 20, and we've seen
23 cases where it's gone to 30. I'm sure following
24 another failure somewhere it'll be 50, but there is a
25 technical basis for those numbers, or the genesis of a

1 number.

2 MR. FEIGEL: I understand the work Batel did
3 and I understand the concept. I guess I'm more
4 interested in how it's going to be applied, I mean what
5 kind of evaluation protocol on a case by case basis
6 will, in fact, be applied. That's really my question.

7 MR. ISRANI: Richard, I would like to add
8 that first of all there are consistent standards which
9 we refer to in our rule, for pressure reduction, which
10 is ASME B31.8 and also we have -- Keifner (ph) and
11 Associates, which is the name I was trying to look for,
12 their studies on pressure studies and for how long the
13 pressure reduction is suitable. So we do refer to some
14 other -- these consensus standards, how to arrive at,
15 depending on the anomaly, how much pressure reduction
16 is suitable. And we have found that as a rule of
17 thumb, 20 percent pressure reduction is most commonly
18 used, and that's accepted -- it's even worded in the
19 ASME standard.

20 MS. KELLY: Ms. Schelhous.

21 MS. SCHELHOUS: I guess the discussion has
22 made me then -- if you're saying this is the only
23 alternative, but then you're saying there are certain
24 circumstances where they can't do that, and you're
25 doing this I assume, for safety measures, so what other

1 -- so I guess I'm lost as to then you're saying you
2 required it, you wanted something because of safety,
3 but yet then okay, you can't do this, so there still
4 has to be something to address the safety issue if
5 you're saying they can't do that. So just having one
6 just seems to be --

7 MS. GERARD: There's a default. There's a
8 default approach which the industry ... there are other
9 circumstances which the operator wants to actively
10 engage OPS on, then the regulations provide a period of
11 time in advance that they have to notify OPS so that on
12 a case by case decision, OPS could evaluate. But right
13 now, those are the only two routes which an operator
14 can take, either that the automatic default of the
15 pressure reduction, or the time planned notification
16 for OPS to get involved and look at the matter
17 specifically. And I just wanted to make sure that O.B.
18 understood that those are the only two right now.

19 MR. HARRIS: I understand, that's why I got
20 uncomfortable, and I understand the pressure reduction,
21 and by addressing an individual operator on a case by
22 case basis, where he can put a good technical case
23 forward, and OPS evaluating that, then I'm satisfied.

24 MR. ISRANI: I would say the reason that
25 these specified times for repairs were established,

1 after a lot of research and studies and they also in
2 the consensus standards, when they say for certain,
3 depending on the severity of the anomaly, how much
4 timeframe operator has to fix things, so we want to
5 make sure that the operator can meet the time limits
6 there. But pressure reduction, obviously, gives you
7 the extra margin of safety, and as I said, if the
8 operator comes back with good reasoning, good technical
9 reasons from studies or research done, on a case by
10 case, we look at it.

11 MS. GERARD: I just want to add one other
12 point and that is I believe that we've done our own
13 study of the complete history of all the cases in which
14 we required pressure reductions in Orders, and as far
15 as I know, there's never been a situation in which
16 there was a failure after pressure reduction was
17 imposed by us. Never.

18 MS. KELLY: Are there other comments or
19 questions by Committee members? The public? Yes, come
20 to the mike and identify yourself, please.

21 MR. KUPREWICZ: I'm Rick Kuprewicz with
22 Accufax, Incorporated. I think one issue here that's
23 going to come about here, what I'm hearing is given a
24 known, you automatically go to pressure reduction
25 unless the company can come in and prove why they

1 shouldn't. I think one of the paradoxes that's going
2 to occur -- we've already run across this in several
3 cases or incidences -- is the dent with stress
4 concentrator issue, both B31.4 and B31.8 have a kind of
5 paradox here. If you know about them, then you need to
6 take a certain action.

7 The quandary is coming about here with the
8 new technologies, and especially like smart pigging,
9 we're finding the technology is not that sophisticated,
10 so we're getting a lot of false indications of dent and
11 stress concentrators. And what I'm hearing is, if you
12 run a smart pig and start getting these dent and stress
13 concentrator indications, the ball's in the court of
14 the company to start taking action. And I'm just --
15 I've got one situation here where the pig indications
16 are 100 percent false with dents and stress
17 concentrators, and so you know, the action is -- places
18 the company on immediate pressure reduction scenario or
19 what I'm hearing is they'll have to come to OPS.

20 So I guess my question would be, probably
21 needs to be some clarification on the dent and stress
22 concentrator, given the state of technology there and
23 the unreliability in some scenarios. So I'd ask the
24 Committee to think about that, because the last thing
25 we want to do is to have everybody willy-nilly reducing

1 pressures around here, unless there's a bona fide
2 reason.

3 MS. GERARD: Point of clarification. Are you
4 saying, Rick, that there was additional standards work
5 that needs to be done to clarify what the criteria are
6 that we would use to interpret it -- to interpret an
7 immature technology?

8 MR. KUPREWICZ: I think what I'm saying is I
9 think B31.4 and B31.8 are very clear. If you know
10 about a dent with a stress concentrator, you have to
11 repair it. The question would be, what do you mean by
12 "know"? Is it your first indications of a pig? And
13 what's its track record? If you're getting 100 percent
14 failure rates, indicating that there is no -- there may
15 be a dent, but there is no stress concentrator, you're
16 forcing an action here that may be very punitive. Now
17 if there's validation about the pig and it's says and
18 we've high reliability hits, that's a different issue.

19 So I think when I look at both sides trying
20 to work a resolution to this issue, I think the
21 question is there needs to be clarity as to what
22 actions to take and what do you mean by "know"? When
23 do you know? Have you actually dug up something and
24 you're getting some reliability indications? But I see
25 this going around and around and in one case, they're

1 looking at 250 dig anomalies and everyone of them is
2 showing up as false. And so the first action would be,
3 from what I'm hearing from OPS would be you're going to
4 force a 20 percent reduction in here as a safe mode,
5 which may be appropriate, but if they're all false,
6 it's a very punitive move here. So I would ask you to
7 think through the clarity of what's the action, and
8 what do you mean by when you know you have a dent with
9 a stress concentrator.

10 MR. DRAKE: Andy Drake, Duke Energy. Mr.
11 Kuprewicz brings up an excellent point, and it was
12 discussed at some degree in the public hearing a couple
13 weeks ago. I think you will hear a presentation on it
14 again today. The issue of dents is a very unique and
15 challenging problem that we face, and you know, we can
16 react overly conservative and have tremendous cost
17 ramifications on this industry and the consuming
18 public.

19 Bottom dents, in particular, for gas
20 pipelines have an extraordinarily low failure frequency
21 phenomenon in the history of gas pipelines, for 50-some
22 years of performance. But the current standard in the
23 regulations doesn't differentiate between bottom dents
24 and top dents. So becoming aware of one, just from a
25 pig run, because now we're going to gather more

1 information because we're going to start actively
2 inspecting on a much broader basis, gathering that
3 information could create some impetus to responding to
4 phenomena that do not generate failures. And there'll
5 be a presentation made later, probably only in the
6 TPSSC meeting, on that specific issue. But we need to
7 be very careful, and I think the words are well chosen
8 -- we need to be very prejudiced and precise about how
9 to execute this and be very reasonable in how it's
10 done. Because being overly conservative can have very
11 bad backlash as well.

12 The knowledge gained from inline inspections
13 usually has to be graded, and there are standards that
14 are being developed to define how to grade logs so that
15 you become better qualified, or qualify the knowledge
16 that you're gaining. But even in grading and
17 excavating and those things, there's still a great deal
18 of unknowns, and I think you have to react to that very
19 prejudiciously and very carefully, not just sweeping
20 overly conservative responses. Or you will be reacting
21 to things that aren't real and you need to try to make
22 sure that we fingerprint the bad guys here and attack
23 them, and not just react allergically to everybody that
24 looks like they could have been a bad guy.

25 MS. GERARD: And I think we understand that

1 and we don't consider known to be known until the
2 assessment is complete. I think we have protocols that
3 are publicly available on the website that would
4 indicate to everybody, for the liquid program, when we
5 -- from an oversight standpoint -- how we would
6 evaluate that the assessment process was complete, and
7 that involves a whole lot of information being
8 considered and digested after interpretation of the
9 data.

10 MR. DRAKE: The problem that you have here is
11 that you're dealing with sites that you cannot access.
12 If you could access them, this would go away. Right?
13 You can't get permits to go to them. Isn't that the
14 fundamental problem that you're dealing with? You
15 can't get permits to access the site, which means you
16 can't dig it up and look at it. So the assessment
17 cannot be completed. So we know fundamentally that we
18 can't go to some of those protocols, that some decision
19 is going to have to be made, and I think what Mr.
20 Kuprewicz is bringing to the table is a very prudent
21 point, and that is, you're going to have to make some
22 decisions, and some reasonableness is going to have to
23 be provided here because if we just react
24 hyperallergically to this unknown, we will be shutting
25 down a lot of pipelines without due cause. We need to

1 try to plug our head into the equation here and think
2 and make sure that we are very deliberate and diligent
3 in employing technology to that decision, and not just
4 -- well, we can't dig it up. Turn it off. Because
5 that kind of response will create huge backlash through
6 the system.

7 The problem you're dealing with here is you
8 cannot access the site, so you are trying to project
9 what that anomaly looks like from other places that you
10 can access or other data that you have. And you're
11 trying to apply that, extrapolate it to that site that
12 you cannot access. Does that make sense?

13 MS. GERARD: Ah-huh.

14 MS. KELLY: Yes, sir. Identify yourself.

15 MR. FANT: I'm Buzz Fant with Kender Market
16 (ph) Energy. It seems to me that one of the issues
17 here is equating the definition of alternative
18 mitigation measures with pressure reduction. Though
19 I'm not qualified to stand here today and talk about
20 all the different alternatives that there may be, I'm
21 not real sure I understand what the urgency of deciding
22 today that those equate. What I would encourage the
23 Committee to do is to consider maybe spending some time
24 to go out to industry groups and talk about that and
25 see if maybe collectively we can come up with something

1 that maybe just pressure reduction doesn't satisfy that
2 for some anomalies. And there may be certain cases
3 where leaks are abated or something else might do in
4 the timeframe. But if you could help me understand the
5 urgency, I would appreciate it.

6 MS. GERARD: There's a 30 day statutory
7 deadline to complete it, which is already past.

8 MS. KELLY: Other comments? Yes.

9 MS. MATHISON: I'm Marti Mathison with the
10 American Petroleum Institute. I actually think that
11 OPS is doing a wise thing here in trying to walk the
12 fence in providing a case by case approach as well as
13 the pressure reductions. Quite frankly, what the
14 industry is facing is a really conceptually different
15 approach to how it's handling the repairs going
16 forward, and what we're really trying to do is
17 anticipating potential problems that we would like to
18 prevent.

19 So it's not so much that we're worried about
20 handling these repairs. We've been handling repairs
21 routinely for the life of these pipeline systems.
22 We're not talking about a bunch of pipeline systems
23 that are on the edge of failure. We are talking about
24 specific anomalies and specific set of circumstances
25 that may create concerns.

1 I think it would be wise for OPS to say we
2 have an interim solution that we think meets the
3 statute, but we would like to keep the question of
4 alternative mitigations an open question for
5 reevaluation as we move forward in the integrity
6 management program, because that will then be
7 responsive to -- we don't want to be in a position, as
8 an industry, where we're cutting people off from the
9 products that they need on a regular basis. And that
10 has its own consequences that can be just as dire as a
11 potential failure in certain areas. So I think it's a
12 good question to keep open and to keep evaluating as
13 you move forward and say we have an interim solution
14 that meets the statute, but we will be continuing to
15 reevaluate it as this program moves forward and we all
16 learn better what we're going to be doing.

17 MS. KELLY: Thank you. Further comment or
18 questions? Anything else from the Committee members?
19 From staff? Any questions? Are you fairly clear on --

20 MS. GERARD: Well, while that comment came
21 from the public, looking at the nodding heads around
22 the table, the body language suggests that the
23 Committee agrees with the public comment made by Marti
24 Mathison of API that we can accept that we have an
25 interim solution, so we're in compliance with the

1 statute from that standpoint, but the Committee is
2 recommending that, from a planning standpoint, that we
3 invest some resources in looking at this question and
4 that we anticipate the problem a lot of operators are
5 going to have when they get to this place where they
6 can't get the permit to dig it up, and there's a long
7 period of time before we can really know, and then OPS
8 is going to need to plan to handle a lot of
9 interactions with operators in this notification
10 process. And that means for states that are dealing
11 with transmission lines that are intra-states, that
12 states and commissions are going to have the same
13 issue. Linda.

14 MS. KELLY: Are members of the Committee
15 comfortable with that approach?

16 MR. HARRIS: I am very comfortable.

17 MS. KELLY: Okay, so there does appear to be
18 a consensus that this will be accepted as an interim
19 measure with continuing evaluation. Thank you.

20 MS. GERARD: At this point I'd like to take
21 control of the agenda, as I saw my boss walk into the
22 room, that I wanted to take the time to introduce the
23 Acting RSPA Administrator, Samuel Bonasso, to the
24 Committee and to the public, and I believe Sam wanted
25 to come forward and take the mike and introduce

1 himself. Can you come forward, Sam? We're very
2 thrilled to have Sam as our Acting Administrator for a
3 variety of reasons about his background and
4 personality.

5 **Remarks - Acting Administrator**

6 MR. BONASSO: I have prepared some remarks.
7 Is it appropriate? This is the time, okay. I am very
8 happy to be here and have an opportunity to address
9 this Advisory group. I think it's an outstanding way
10 of working with government, and you folks do have some
11 teeth, I understand, as far as how you move the agenda
12 of OPS forward, so I wish you very well in what you're
13 accomplishing.

14 I know you have a full schedule this week and
15 there's a lot of things going on and I want you to know
16 that that's also the case with the Research and Special
17 Programs Administration, which I just became the Acting
18 Administrator of. We not only deal with the pipeline
19 issues but we also are charged with regulating
20 hazardous materials movements by all modes of
21 transportation. So it's about 800,000 of those
22 movements a day are part of the activities of RSPA.

23 I've only been at RSPA since this fall, but
24 I've quickly gained an appreciation for all of these
25 activities and the impacts that they have on the

1 public. The other things that we deal with are crisis
2 response. We have an operation known as the Office of
3 Emergency Transportation which provides assistance to
4 regions during disasters of any type, natural or man-
5 made. We do a great deal of training for -- we have a
6 facility in Oklahoma City that trains a significant
7 number of pipeline inspectors for the Office of
8 Pipeline Safety, as well as other transportation safety
9 professionals. So we have a lot of things going on.

10 I might add that we also operate the Volpe
11 Transportation Research Center in Cambridge,
12 Massachusetts, which is another whole set of research
13 activities and they also do some work for the Office of
14 Pipeline Safety.

15 I happen to be an engineer. I spent most of
16 my career practicing engineering and at one point I got
17 involved in politics. I became the Secretary of
18 Transportation in West Virginia where I was responsible
19 for all modes of transportation, so I have a background
20 of not only the technical, but the multimodal
21 activities. I understand significantly the
22 performance-based approach to regulation which you are
23 doing. I happened to work also during my career in an
24 industry that used the consensus standard as its major
25 regulatory tool. It was driven by insurance interests

1 as well as government interest, but it was a public
2 standard, so I know what you are trying to do can be
3 very effective and bring all the players that are
4 involved to the table, and I think that's what we're
5 all interested in doing and what I heard a little bit
6 here this morning indicates that that's happening.

7 President Bush has challenged us to provide a
8 government that is more citizen-centered, market based
9 and results oriented. And that's precisely what these
10 types of consensus activities can deliver.

11 Our Secretary, Norman Mineta, is leading DOT
12 in many areas to create new ways of doing business.
13 We're pioneering a number of approaches and certainly
14 what's going on here in the Office of Pipeline Safety
15 is one of those. This past year, as many of you
16 probably are aware, Secretary Mineta and the DOT built
17 a new organization from scratch, the Transportation
18 Security Administration. You all who have traveled
19 here by air had contact with that administration. And
20 actually, I've been traveling quite a bit during this
21 past year and they've gotten better. They're getting
22 to know their business and some of you probably can
23 agree with that. It's really an extraordinary
24 accomplishment. And one of the things you don't hear
25 around the DOT is that it's impossible to do anything.

1 Once they've done what they've done, including the
2 transitioning out of Coast Guard and TSA now into
3 Homeland Security, they not only created a new
4 organization, but they handed them off. So they've
5 done a lot of really exciting things.

6 Pipeline safety happens to be our challenge
7 here. We're improving pipeline safety. But as all of
8 you know, we live in a new world today. Our past
9 practices are not adequate in that new world, and at
10 times our past practices have been tragically
11 inadequate. So I know that you all are aware of that
12 and are focused on doing something about it.

13 Just over three months ago, on December 17th,
14 President Bush signed a new Pipeline Safety Improvement
15 Act of 2002. This new law grants a great deal of new
16 authority to the Office of Pipeline Safety. It
17 strongly supports integrity management regulations
18 which you are a big part of. It strengthens RSPA's
19 lead in a more substantial R&D program for pipeline
20 integrity, safety, and reliability. It broadens our
21 partnerships with states to improve oversight and
22 interstate, as well as intrastate, pipelines. It
23 reinforces the importance of sound operator
24 qualification programs. It supports expanded emphasis
25 on OneCall programs, which again, as you know, is one

1 of the big risk problems with pipelines -- people
2 digging holes and causing problems.

3 My engineering practice was in the basic
4 general construction industry, so I have a lot of
5 trinkets. I told Stacey that I brought my pipeline
6 trinkets with me. My One Dig trinkets that they always
7 used to keep reminding contractors that this was the
8 big problem. It still is the big problem.

9 It also enhances efforts to help communities
10 live safely with pipelines, and I know that's one of
11 the big concerns of you and the public who are here
12 today. This new law is a critical milestone for the
13 pipeline industry, for federal and state regulators,
14 and for the American public. It passed with grass
15 roots support on behalf of those who live by and were
16 touched by pipeline tragedies. It passed with the
17 support of those who work to protect the environment,
18 because of the significant environmental issues that
19 can be associated with a pipeline tragedy. It passed
20 with the support of the pipeline industry who stood
21 tall, united and committed to pipeline safety and
22 reliability.

23 Our goal is a pipeline infrastructure that is
24 worthy of the confidence of the American people.
25 Americans expect the pipelines that bring them their

1 quality of life, their mobility, and a vibrant economy,
2 that they will be reliable and safe. Safety is
3 something that Secretary Mineta constantly reminds us
4 is our first priority. That's the entire
5 transportation system gets that message, not just
6 pipelines.

7 We can dive down into the details of each of
8 our problems, but we can't take our eye off the issue
9 of safety. It's one thing to improve safety, but we
10 must do more. We must do all we can to assure
11 Americans that they can live safely with pipelines.

12 So security is also an issue that we're
13 sensitizing everybody to today. As we move forward I
14 know we will have an important story to tell in how
15 these problems get solved, and I'm sure there will be
16 some models that we can demonstrate for others.

17 I want you to know that your views are vital
18 to this process. As Acting RSPA Administrator, I want
19 to work closely with you. I invite you to visit me to
20 discuss any issues that you might have. My door is
21 open. I'm learning every day about how we have to deal
22 with these issues from a variety of people, and so I'm
23 ready to listen to your concerns, your views, and your
24 ideas about how these problems might be solved.

25 So I want to thank you very much, again, for

1 bringing your energy, your intelligence, your
2 experience to this solution process, and I think that
3 you will have a great story to tell and you'll provide
4 some outstanding guidance for the Department of
5 Transportation, for the Research and Special Programs
6 Administration, and for the Office of Pipeline Safety.
7 Thank you very much. I'd be happy to answer any
8 questions.

9 MS. KELLY: Well, before questions, on behalf
10 of the Committee, I'd like to thank you for taking time
11 out of what I know currently is a very busy schedule,
12 to come down and address us. I certainly, and we
13 certainly appreciate the fact that you acknowledge the
14 importance of the work that this Committee does do, and
15 the role that we play in OPS fulfilling its obligations
16 under Congressional Acts. Now, if there are questions
17 of Administrator Bonasso?

18 MR. BONASSO: Good. Thank you very much.

19 MS. KELLY: Thank you very much.

20 MS. GERARD: Thank you, Sam.

21 MS. KELLY: Were there -- I believe we had
22 finished with the alternative mitigation measures.

23 MS. BETSOCK: Yes, we have.

24 MS. KELLY: You don't want to hear any more
25 about that. Afraid we may change our minds. Alright,

1 we have finished a little early, therefore, Mr. Israni,
2 you're still here, what I'd like to do is let you begin
3 your presentation that is currently scheduled for
4 12:30, the pipeline integrity management. Are you
5 prepared to go forward with that now?

6 **Briefing - Pipeline Integrity Management**

7 **Parity Issues**

8 MR. ISRANI: As you are aware that we are
9 developing integrity management regulations in several
10 states. In last 26 months we have developed three
11 liquid regulations and two gas regulations. And during
12 that 26 month timeframe, we have gained quite a lot of
13 experience, some from the implementation and the
14 inspections of the liquid rule which came out early in
15 the year 2000, and some experience we have gained from
16 the API 1160 standard, which got published right after
17 our regulation came out. We have gained a lot of
18 knowledge from the ASME B31.8S supplement standard,
19 which came out. And also, while working on the gas --
20 proposed gas integrity management rule, we picked up a
21 lot of additional requirements which were appropriate
22 for integrity management rule that should apply to both
23 pipelines.

24 So we notice there are some differences
25 between the two rules -- in the proposed gas integrity

1 management rule and the liquid integrity management
2 rules. So are we looking at how we can include those
3 additional requirements in the liquid integrity rule.
4 We haven't decided exactly how we're going to approach
5 this, but we want to do this because we want to have
6 these provisions to be consistent. We want to also
7 assure that the protection of High Consequence Areas is
8 similar for both gas and liquid pipelines.

9 The differences that we have noticed on --
10 here on the slide you see the first one is direct
11 assessment. In the gas integrity management rule we
12 allow direct assessment as one of the assessment
13 methods, assessment techniques that is allowed, and we
14 did not include this in the liquid integrity management
15 rule. The Pipeline Safety Act 2002 allows direct
16 assessment as an assessment method to be used for the
17 pipeline, so we'd like to have that option also
18 available for the liquid pipeline.

19 Second item, performance measures.
20 Yesterday, Stacey mentioned about this, that in the
21 hazardous liquid pipeline, we do not have the
22 performance measures. We give reference to our
23 appendix, which was more or less like guidelines, and
24 we pick up those in the appendix from the draft 1160
25 standard. But when we learned from the ASME B31.8S

1 supplement that their performance measures were more
2 developed and the full performance measures -- there
3 are many unrequired of all the operators which we'd
4 like to -- we're looking at introducing the same
5 performance measures for the liquid lines as those.

6 Those are: develop miles inspected versus
7 program requirement. Program requirement -- I mean the
8 total High Consequence Area mileage. Number of
9 immediate repairs completed. Number of scheduled
10 repairs completed. And number of leaks, failures and
11 incidents by cause. And this information we'd like to
12 be available to federal and the state regulators in
13 real time. And by real time we mean electronically
14 accessible information.

15 Why do we need this? So we can prioritize
16 our inspections, so we can monitor operators to see if
17 they're falling behind the schedule, or we can also see
18 the results of our integrity management requirements,
19 how they're progressing, if the number of leaks are
20 decreased. So this way we can, with these real time
21 performance measures which are required of all the
22 operators, we'll have a good database to decide on
23 inspections.

24 Other item is communications plan.
25 Communications plan -- this -- we required in the gas

1 integrity management rule ASME B31.8S standard has a
2 good one page of what communications plan should be. I
3 know in communications we also are working, you heard
4 this morning the presentation from Jeff Wiese. We like
5 to ensure that we don't have overlap on these issues.
6 What we have in the proposed rule currently is a very
7 general information about how the communications plan
8 operators should develop to implement within their own
9 company, with the jurisdictional authorities and also
10 public -- to inform them of the integrity management
11 efforts that are being taken and the results of
12 integrity management activities.

13 Next item is providing plan information to
14 the states. Now this was in the Pipeline Safety Act
15 2002, that program plan -- information about that,
16 should be sent to the states and the states who have
17 oversight responsibility for the hazardous liquid
18 pipeline.

19 MS. GERARD: As interstate agents.

20 MR. ISRANI: As interstate agents, yes. So
21 some of these provisions would be also appropriate for
22 liquid pipeline and we'd like to introduce those into
23 the liquid rule.

24 Next item is program elements not explicit
25 for liquid rule. In the liquid rule we had the program

1 elements, but some of these we had not included in the
2 rule body, which we have in the proposed gas rule:
3 management of change process, quality assurance
4 process, and assuring environmental and safety risks
5 are minimized. The last bullet there came from the
6 Pipeline Safety Act 2002, and that applies to both. So
7 we'd like to have some of these elements introduced --

8 MS. GERARD: The act only applied it to gas.

9 MR. ISRANI: Yes, but I believe some of these
10 requirements -- we'd have to look at the regulation
11 clearly and see on some of these if they apply to
12 liquid as well.

13 MS. GERARD: I don't think that the Act had
14 any requirements in this area for liquid. We're
15 bringing it up because we think, from a policy
16 standpoint, it should apply. But it's an item we're
17 bringing the Committee at an early stage for
18 discussion.

19 MR. ISRANI: And especially environmental
20 factor which is a lot more suitable for the liquid
21 rule, I think should be introduced in the liquid rule
22 as well. But these -- we are still looking at it. We
23 are weighing the importance of these issues and how we
24 can introduce in the rulemaking.

25 There are some other differences that I

1 noticed which are not on the slide. We have a
2 discovery notification that we have in the gas rule,
3 that if -- discovery period, we are given six months
4 for operators to analyze after the assessment, a six
5 month period to assess their results, to evaluate their
6 results. And if they cannot meet the schedule, then
7 they should notify. In the liquid rule we did not
8 mention that, but in the gas rule we have -- notify us
9 that they're going to exceed more than six months to
10 evaluate their results. So these are small
11 differences, but we nevertheless, important, can be
12 used for both.

13 Training requirement. We have in the gas
14 rule, we notice that there are some explicitly
15 requirements that criteria for operators to develop for
16 the qualification of the person who will be reviewing
17 and analyzing the results of assessment and their
18 supervisors. And the documentation for the training
19 should be maintained. We do not have this requirement
20 for the liquid rule. But these are different things
21 that we are seeing in the rules.

22 These are the only elements that so far we
23 have found -- differences in the two rules, what we
24 call parity for integrity management rule.

25 MS. KELLY: Is your purpose here just to

1 inform us that you have found these differences and
2 you're currently weighing what your next steps should
3 be?

4 MR. ISRANI: We are --

5 MS. KELLY: Or are you in the process of
6 preparing amendments to regulations?

7 MR. ISRANI: We haven't put anything on the
8 schedule for rulemaking yet. We are looking at these
9 differences and we are considering how we can introduce
10 -- some of the elements, not all of them, we do
11 consider, are important to be considered for liquid.

12 MS. KELLY: Are there other questions? Yes.

13 MS. EPSTEIN: This is Lois Epstein. I think
14 that's very much a good thing that OPS is looking at
15 this and trying to get the best possible policy and a
16 consistent policy. A few comments and then one
17 question. On the performance measures, which I think
18 are very important in terms of -- and a good addition
19 in the gas integrity management rule -- I think that's
20 actually something that's pretty important to be moving
21 on in terms of the liquid rule. You had mentioned that
22 you think it's important for the federal and state
23 officials to have that information real time. I will
24 put in my comments for the integrity management rule, I
25 think it's also important that these measures, which

1 are not security related, also be made available to the
2 public, but I do support your efforts to consider doing
3 something like that for the liquids rule.

4 My question has to do with the direct
5 assessment. The -- my understanding is that because
6 such a high percentage of the liquid pipelines were
7 piggable, there was less of a reason to have some sort
8 of alternative strategies such as direct assessment.
9 And I supported that approach in the liquids rule. Are
10 you now thinking of potentially revising it or were you
11 just informing the Committee that -- that this is a
12 difference. Because I think parity is important, but
13 if there are differences in the two industries, those
14 should be recognized and develop the rules appropriate
15 to that.

16 MR. ISRANI: Hazardous liquid integrity
17 management rules, we did have options for new
18 technology to be applied if pressure testing or a smart
19 pig cannot be used. And one could use direct
20 assessment under that option. But we did not have any
21 criteria for direct assessment for liquid rule. For
22 the gas, we developed the criteria, which was pretty
23 much picked up from the NACE standard -- NACE
24 recommended practice, which got published after the gas
25 rule came out, or during the time frame we were still

1 developing. So the direct assessment criteria, we do
2 have to look for liquid with the same criteria that can
3 be applied for liquid rule. And once we come up with
4 the criteria, then we consider that this option could
5 be available to the liquid pipeline, but we are still
6 looking at that option.

7 Secondly, there are ten percent of the liquid
8 pipeline operators who don't have lines which are
9 piggable, or for whatever reason, if they were unable
10 to pressure test, then they could look at this other
11 technology or direct assessment as an option. So we
12 have not picked up any timeframe on this, but we are
13 seriously considering this as an option.

14 MS. GERARD: Point of clarification. The
15 Pipeline Safety Act requires us, within one year, to
16 develop criteria for direct assessment to be applied to
17 all pipelines, and I think it goes beyond the High
18 Consequence Area. So we do have a statutory deadline
19 to do rulemaking on direct assessment, so that would be
20 a regulatory agenda, actually as a necessity, before
21 these parity issues.

22 MS. EPSTEIN: I guess just as a final
23 comment, with direct assessment being sort of a
24 somewhat new thing in terms of formalizing it in this
25 way, it would be my concern that OPS look to what is

1 the best possible way of performing integrity
2 assessments. And I think potentially, and it's
3 probably worth some more discussion I'd be happy to
4 have with anyone who's more knowledgeable than me,
5 potentially smart pigging, in the most advanced
6 possible way, is doable. I think it would be a shame
7 to do go with something that is perhaps less advanced
8 and less accurate.

9 And then there is also the question of even
10 lines that are not currently piggable, shouldn't we be
11 -- isn't it a good thing to sort of encourage the
12 upgrades rather than alternatives?

13 MS. GERARD: I'd like Jeff to comment on
14 protocols that are being currently used by the
15 inspectors doing the comprehensive inspections as they
16 look at the issue of the baseline assessment plan and
17 the types of instructions to the inspectors in that
18 review process, just to clarify what the policy is
19 there.

20 MR. WIESE: Well, okay, you've got me on a
21 spot -- I'll make this a little more interactive to
22 figure out exactly where we're going, but I mean it's
23 pretty clear where the technologies are that operators
24 need to use in most cases. Our protocols are designed
25 around probing their rationale for selection of tools

1 in the technical -- and we're not talking economic,
2 we're talking technical solution. The protocols are
3 backed up by guidance that's provided through a variety
4 of settings, including standards that have been
5 developed and how they're applicable.

6 I guess, you know, as Mike has said, there is
7 an option within the liquid rule right now for
8 notification. We have not received any direct
9 assessment notifications within liquid. I think what
10 we're talking about is the possibility, and Stacey
11 said, we have a direct mandate to do that.

12 MS. GERARD: You made the point I wanted,
13 which is we have extensive protocols that are publicly
14 available. There's additional guidance that instruct
15 our inspectors in a uniform way, and we've extensive
16 training in this area, and we've trained states in this
17 area, so that we have a nationally consistent approach
18 to the manner in which we engage operators on their
19 decision process for the selection of tools. And so
20 that's -- that's a matter of record in terms of how we
21 collect that information and use it to monitor
22 operators application of the rules.

23 So I think that you may not be aware of just
24 how extensive these protocols are. I think that the
25 NTSB looked at them in their consideration of whether

1 there should be recommendations to us following the
2 Bellingham accident. I think the transcript from that
3 public meeting they specifically emphasized the fact
4 that if we implement the integrity management rule
5 using the protocols that we've made available, that
6 they were satisfied with that approach, and so I think
7 the whole issue of what's in those protocols is
8 something that you might want to look at to have a
9 higher level of confidence about the systematic way we
10 go about inspecting this.

11 MS. EPSTEIN: What this is bringing up for me
12 is that there is a communication issue here that the
13 public doesn't know what decisions are ultimately being
14 made by operators. We know it's being overseen, by
15 OPS, by using the protocols and by the states, but
16 that's an interesting fact, Jeff, that no one has
17 submitted any kind of alternative -- and I'm glad to
18 hear that, just because it helps me understand that
19 things are working as you might have expected. But the
20 fact is, it would be useful to make that kind of
21 information more widely known, and there needs to be
22 some sort of communication about what kind of decisions
23 are being made by operators, and that gets to the --
24 some of you have heard me talk about this -- providing
25 more of these decisional information to the public as

1 some sort of pipeline right to know, or we could use
2 some other language.

3 MS. GERARD: And we're on record in the
4 preambles to the rules that at a later date we would
5 consider what information about integrity management
6 programs should be exchanged with state and local
7 officials for a variety of purposes. And I think that
8 even the API committee that's worked on the public
9 education standard has acknowledged that that's a first
10 phase of progress in terms of raising the standard for
11 public education.

12 But the subject of communicating that
13 integrity management plans and the progress with that
14 is kind of a later agenda item for us that's -- we're
15 not working on it right this minute, but we're clearly
16 on record as saying that we think that there should be
17 certain information that's required to be exchanged.
18 We haven't discussed it much. We brought it up, I
19 think, in our public meetings on this, but it's kind of
20 out there like a next item, once we get past the
21 protection rule.

22 MR. WIESE: Stacey, I'd just like to add two
23 things, hopefully helpful. One is that on
24 notifications on that I -- I can give you the whole web
25 address, but on the integrity management website, we do

1 list the notifications that were received. We were
2 really keen to make sure that all notifications were
3 public, and that it wasn't a private process. So those
4 are on there.

5 The second point that I'd want to make,
6 because I think you raise a good point, is that there
7 is a lot of technological development going on.
8 There's a lot of time and money being spent, not only
9 by OPS, but by the industry on proving the validity of
10 different technologies. We, for example, are funding
11 additional work on external corrosion direct assessment
12 and internal corrosion direct assessment, and so
13 you'll hear more of that this afternoon, but really the
14 value of that, to me, is that we're bringing it in
15 house and we're funding it. As a regulator, we have
16 access to that information. Our state partners have
17 access to that information, and I think we're doing a
18 better job of really getting on top of the real full
19 applicability of those technologies, and what their
20 credibility is.

21 MR. HARRIS: This is a communications issue.
22 Stacey talked about it, and Jeff, you talked about it
23 too. You mentioned tools. And are tools an ultrasonic
24 smart pig or mag... smart pig and that kind of thing?
25 Or are tools ILI, hydrotest, direct assessment? I was

1 thinking if I would read the transcript, I wouldn't
2 know what we were talking about. Do you follow me?
3 Because we call a smart pig tools.

4 MS. HAMSHER: And is it -- this is Denise
5 Hamsher with Embridge. It's as if you're trying to
6 make sure that we distinguish between the approach used
7 for integrity assessment versus the specific tool used
8 within that approach. And let's not -- I think let's
9 not get caught up in having to report exactly whether
10 it's an ultrascan crack detection tool that was used
11 for inline inspections alternative to direct, but that
12 the approach used for integrity assessment was either
13 in line inspection, hydrostatic testing, alternative,
14 or direct assessment. Does that respond to your
15 concern, Mr. Harris?

16 MR. WIESE: If I can add, I think that's the
17 key, though, because it is not -- and that's a very
18 good point. Is that when we go out through the
19 protocols and the guidance, we're not interested in
20 just solely what tool is applied. I mean there has to
21 be a rationale underlying why that tool was applied,
22 what was done with the information, what other
23 information was brought into the overall assessment.
24 But at the same time, we have to be savvy enough to
25 understand the level of capabilities of the various

1 tools that are being brought to bear in that
2 assessment.

3 MR. HARRIS: You just said it again -- tools.

4 MR. WIESE: Or techniques. I'm not sure if
5 I'm --

6 MR. HARRIS: Okay, maybe somebody else can --
7 a smart pig is a tool, and people refer to smart pigs
8 as a tool. Are you trying to understand -- and maybe
9 I'm beating a dead horse, but I don't think so, I think
10 when people start reading these transcripts it may make
11 a difference. Is it a smart pig, an ILI and you're
12 looking for the rationale behind that? Or, are you
13 looking at the method that these people are going to
14 use and the rationale behind that method?

15 MS. KELLY: Mr. Israni wanted to give a crack
16 at that response.

17 MR. ISRANI: O.B., I'll try to answer your
18 question. In the rule we were very careful as the
19 terms we used was assessment method. Assessment
20 method, as Denise mentioned, were ILI, pressure
21 testing, and other technologies for liquids, and ILI,
22 pressure testing, direct assessment, and other
23 technologies for gas. And the tools we're using
24 general terms about Jeff is referring to.

25 MR. HARRIS: We've beat this horse enough,

1 and I think people will know what we're referring to.

2 MS. KELLY: Mr. Wilke.

3 MR. WILKE: Ted Wilke, gas Committee. It is
4 a communications problem, and it's also a question of
5 lack of knowledge or information about what's involved
6 in direct assessment. I'm pleased, Stacey, that you're
7 going to go ahead with development of direct assessment
8 on the other side. I want to challenge an assumption I
9 hear over and over again in these meetings, and that is
10 somehow there is something inferior about direct
11 assessment. The thing that I think is not well
12 understood is that inline inspections, or pigging, or
13 pressure testing, doesn't give you a complete picture.
14 None of these technologies give you a complete picture
15 of what's going on in the pipeline or what its
16 condition is.

17 Direct assessment, as I understand it, and I
18 don't know that I can apply it on the liquid side, but
19 direct assessment provides you with a whole lot of
20 additional information which would not be brought to
21 bear, even if you did pigging, even if you do
22 hydrotesting, you really need to have additional
23 information about the condition of that pipe. How it
24 was put in the ground, what its history has been, what
25 its failure history has been. And I believe that

1 direct assessment adds a whole lot of significant new
2 information on that, and I'm pleased to see that rules
3 are being, standards are being developed that will
4 bring that in in an appropriate way. But I think -- I
5 want to make sure that we recognize the value of these
6 as complementary techniques, not strictly as
7 alternatives.

8 MS. KELLY: Mr. Feigel.

9 MR. FEIGEL: Let Lois go first because I want
10 to change the subject.

11 MS. EPSTEIN: Yes, it's just actually a
12 follow up question. The way the rules are being
13 designed is not as some direct assessment as a
14 supplement, which I'm wholly supportive of, but I -- as
15 I understand it, it's being developed as an alternative
16 to inline inspection as a way of doing assessment. So
17 I understand your point, I'm not sure how that relates
18 to the way the rules have been developed.

19 MR. ISRANI: I would like to clarify that.
20 Even for the proposed gas rule, direct assessment we
21 put conditional. There were certain conditions under
22 which it can be used. And to answer your biggest
23 question, since the liquid rule got published, and Jeff
24 mentioned, that we have been working with the industry,
25 with the public, with states quite elaborately on the

1 direct assessment method, and NACE standard also was
2 simultaneously developed.

3 And we also have a validation process going
4 on which we have also jointly financed, where we are
5 comparing these results from the smart pig with direct
6 assessment, looking at the same segment, the results,
7 and how good direct assessment devices can dictate
8 anomalies in the pipe. And based on that we came up
9 with the requirements for the gas integrity rule. When
10 you read about gas proposed rule and get comments, you
11 will see we have quite a lot of information on direct
12 assessment, the procedures and methods to apply. So we
13 feel somewhat confident in introducing that direct
14 assessment method.

15 MS. EPSTEIN: Yes, Ted, my comment was meant
16 to reflect that direct assessment in some sense is a
17 little more of a work in progress than some of the
18 other assessment technologies and so I wasn't -- meant
19 to imply that it's wholly inferior.

20 MR. WILKE: I appreciate that the knowledge -
21 - that the methodologies, the standards are being
22 developed. But I think that they're coming along well
23 and we ought to incorporate those as they're put in
24 place.

25 To address the basic comment, Andy made the

1 point earlier that there are some sites that you cannot
2 go down and visually address, even if you find an
3 anomaly. There are other sites where you can't run a
4 pig, no matter what you think about -- they're
5 compressor stations and cross ties and other places
6 where it is absolutely infeasible to run another
7 hydrotest without shutting down a whole line for a
8 significant period of time, and pigs can't be run in
9 very tight spaces.

10 So you have to have another technique, or
11 allow lines to go uninspected altogether. So I'm
12 suggesting that direct assessment is more than just as
13 it has been presented to date, and it's both a
14 communications problem and a lack of understanding of
15 what might be involved in it.

16 MR. FEIGEL: Mike, could you put your second
17 slide up? I always get very uncomfortable by
18 characterizing risk mitigation the way you've got it on
19 that last sub bullet. That just leaves us dealing with
20 the numerator. I think we should commit to something
21 along the lines of using appropriate risk analysis
22 techniques to consider risk mitigation for safety,
23 environmental and other reasons, not just minimizing.
24 Because that -- again, that leaves us dealing with only
25 one part of that equation. I have no hidden agenda

1 here, I just think what I'm proposing is just more
2 technically correct -- and again, anyone could embrace
3 that, rather than saying we're going to minimize, which
4 we can minimize to zero and that certainly is not, I
5 think, something reasonable. I just -- I'm concerned
6 that we let this as part of the record that way.

7 MS. KELLY: Any other comments? Mr. Thomas.

8 MR. THOMAS: Yes, Erik Thomas. Under your
9 quality assurance item, you talked about the expertise
10 and qualifications of those doing the assessment. Was
11 there any intent to link that to the OQ -- operator
12 qualification program?

13 MR. ISRANI: This quality assurance process
14 in the B31.8 standard, there's a good description on
15 what to look for in that, and in the quality assurance
16 -- if you read that page, there is some part from some
17 bullet mentioning operator qualifications, but that's
18 very general statement there. Most operators develop
19 their quality assurance program based on their own
20 companies' policies. What ASME B31.8 standard is
21 giving you is these are things to consider in a quality
22 assurance program, more a guidance.

23 MR. THOMAS: Okay, I think it's one thing to
24 talk about that the people doing this are well
25 qualified. It would be another to say that they are

1 incorporated into the operator qualification program.
2 And I don't think you said that, but that's what I'm
3 asking.

4 MR. ISRANI: Right, as I said, we haven't --
5 even under the gas integrity rule, we haven't given any
6 more emphasis on this except that the operators develop
7 these program elements, based on what currently the
8 guidance is given in the ASME standard. This quality
9 assurance part, which also refers to documentation of
10 all the quality procedures and everything they have,
11 those are just some elements, qualification and
12 documentation, et cetera. But ASME B31.8 standard has
13 a good write up on what to look for under these, and
14 management of change process, and there are also like
15 if there are changes in the population or a change in
16 the operating pressure in the system also, those are
17 things that we want to know because that will affect
18 the integrity program. So those are information that
19 should be included as a program element.

20 MR. HARRIS: But you still didn't answer the
21 question.

22 MR. ISRANI: Well, the quality assurance
23 process --

24 MR. HARRIS: No, no.

25 MS. GERARD: Linkage to OQ.

1 MR. HARRIS: Is there linkage to OQ?

2 MR. ISRANI: As far as I know, the part that
3 I read in the ASME standard about quality assurance
4 process, it just mentions that the people performing
5 certain tasks should be qualified for that, and that's
6 quality assurance also. And I don't think it gives
7 anything beyond that. Somebody's who's more expert on
8 this could come and say that.

9 MS. GERARD: The bringing of these questions
10 to this committee is the very earliest stage. Quite
11 frankly, I was surprised to see some things on this
12 slide that I hadn't really discussed with Mike, and I
13 think what we're looking for here is the view of the
14 Committee, and particularly the liquid members of the
15 Committee, because what we're talking about is parity
16 in liquid for protection measures that are currently
17 proposed for gas or in the statute for gas and not
18 liquid. What we're looking for is some general advice,
19 support, concerns, timing, implementation questions,
20 especially from the liquid Committee. I mean the gas
21 guys here I would think, that have a misery loves
22 company attitude going on here, that they would be
23 saying yes, yes, liquid should have the same
24 requirements as us. We're looking for the liquid guys
25 to say do you or do you not agree that it's a good

1 idea, when we can update the liquid rules -- and I
2 would add to Mike's slide the incorporation of the API
3 standard that we haven't incorporated yet as one of the
4 changes that we would likely make, should we take this
5 up. And Denise is back in the room so you're not alone
6 any more, O.B.

7 MS. HAMSHER: Since there's only two industry
8 liquid people, but there are other liquid members of
9 the Committee here so -- I think there's a couple of
10 things I just want to point out, and I think it's too
11 early to break down and talk about each of these
12 issues. But at a high level and principle, Lois said
13 something that I think we need to not forget, that
14 there are differences in the systems. The
15 environmental consequences of liquid are recognized to
16 be different than gas. The public safety consequences
17 on the gas side would drive the necessary differences
18 in the gas IMP rule on how that -- so as a general
19 principle, I think we need to be careful with the
20 assumption that our goal is to be the same, because
21 that's false. I think we ought to do -- that we need
22 to recognize that there will be and should be
23 differences.

24 The second thing is let's be careful, and
25 don't take me wrong, but let's not cherry pick here,

1 that just because something is higher on the gas rule
2 and it's a subsequent rule, that doesn't automatically
3 mean that the liquid rule is changed. There are some
4 areas of flexibility in the gas rule that I think we
5 should look at very seriously now that we've had some
6 experience. The repair criteria on the liquid rule
7 might be compared with the added flexibility provided
8 in the gas rule. So let's carefully start the dialogue
9 on things, particularly with the benefit of experience
10 on inspection of the liquid IMP rule behind us, before
11 we just jump on to a hit list of things that have to be
12 included in an amended rule for liquid.

13 MS. KELLY: Mr. Comstock.

14 MR. HARRIS: I would add though, that where
15 it makes sense for us to have parity and for us to be
16 the same, then I think it needs to be that way. I
17 think Denise articulated where there are some obvious
18 differences, and those obvious differences are going to
19 draw some differences. But where, for instance, the
20 repair schedule, that kind of thing, I see no technical
21 reason for those to be different. And so where there
22 is a good technical reason for us to be the same, we
23 should be the same.

24 MS. KELLY: Mr. Comstock.

25 MR. COMSTOCK: Yesterday, in Phoenix, the OQ-

1 2 team was meeting and discussing the very issue about
2 tying qualification of personnel into the IMP rule
3 through subpart N of Part 192, which is qualification
4 of personnel on the gas side. And the industry group
5 met there definitely had the same concerns about tying
6 those two units together, that that's not what this
7 implied. And so as the discussions move forward here,
8 again, understand that the OQ-2 team who was looking at
9 enforcement protocols of qualification of personnel is
10 concerned about tying those two things together also in
11 regards to qualifications.

12 MS. KELLY: Other comments by Committee
13 members? Mr. Wilke.

14 MR. WILKE: I want to bring up a different
15 subject. I don't want to -- are we going to have an
16 opportunity to weigh in on the performance measures at
17 some point, or is this the appropriate time to do that?

18 MS. GERARD: You can certainly make a
19 comment now, that's why --

20 MR. WILKE: I wonder, Mike, if you could
21 bring that back? Performance measures.

22 MS. KELLY: And I would say bear in mind,
23 though, at least in response to the very first
24 question, is that they're not in the process of writing
25 or proposing amended changes to regulations, but are

1 looking at areas of difference and evaluating ways to
2 proceed.

3 MR. WILKE: This is probably an extended
4 subject, so I'll try to make my remarks brief and just
5 general. But there's a rule in this business that if
6 you don't measure it, then you don't control it. And
7 it's also true that there will be incidents in the
8 future that will come to the public attention. And it
9 would be nice to be able to tell the public that we
10 have a better and better understanding of why failures
11 occur, and under what conditions we can expect those
12 failures.

13 My only concern with the performance measures
14 is not that they're inappropriate, but they're mostly
15 macro measures, and they're mostly inputs. The outputs
16 there -- leaks, failures, and incidents by cause are
17 very familiar to me. But I'm wondering -- I would like
18 to make sure that when we get done with this process,
19 and we're down the road five years, and we have an
20 incident, that we can tell the public that we have a
21 really good idea of -- that we can correlate that
22 failure, that incident with the conditions that we're
23 learning through this assessment process. And I don't
24 know what performance measures ought to be included,
25 but I have a sense that something more ought to be

1 included, at least underlying these.

2 MS. GERARD: When we talk about initiatives
3 down the road and we've talked about an integrity
4 management communications initiative, we've also talked
5 about a performance measures initiative. So we sort of
6 consider this kind of the tip of the iceberg. There's
7 been a lot of discussion activities that we've been
8 participating in with state and industry
9 representatives -- John Gauronski from New York has
10 been participating in the performance measures data --
11 on the data side. We don't get together that often and
12 we were hoping to get input just as you made, to sort
13 of make plans for what's next, because we do intend to
14 finish the gas integrity rule by December, on time,
15 according to the deadline, and then when we get that
16 huge, giant project done, there'll be opportunity to
17 consider some of these other kinds of improvements and
18 we only have so many opportunities to get input from
19 you into the planning process, and that's why we
20 wanted to raise this now.

21 MS. KELLY: Now from the public, yes.

22 MS. MATHISON: I have a question and then a
23 comment. I'm sorry, I'm Marti Mathison with the
24 American Petroleum Institute. For the liquid industry,
25 we're into our second year of implementation of our

1 integrity management plans with a seven year baseline
2 period. So in 18 months, pretty close to 18 months,
3 the liquid industry has to have 50 percent of their
4 mileage inspected that falls into High Consequence
5 Area. And for those of you who don't know, that's --
6 for a particular operator that ranges in mileage from
7 15 to 20 percent of their mileage to upwards of 70 or
8 80 percent of their mileage. And we have a few systems
9 that are 100 percent of their mileage in High
10 Consequence Areas.

11 So these issues are not academic issues, when
12 you have a program in place. So I would ask -- my
13 question is, what kind of timeframe are you looking at
14 for developing the parity issues, working on the parity
15 issues, and the second part of that -- and I think it's
16 already been answered -- is that you are open to
17 additional items to be added to this list for parity
18 issues?

19 MS. GERARD: We are definitely open, that's
20 why we're raising it now, and we can discuss it perhaps
21 more at our next meeting. Our regulatory plate is
22 completely full right now with the statutory
23 requirements, many of them are one year so likely
24 timeframe for this would be after December.

25 MS. MATHISON: Okay, I accept that. It's not

1 comfortable for the industry, but I accept that. The
2 other thing, a comment I'd like to make, is on the
3 performance measures. The liquid pipeline industry
4 takes the subject of performance measures very
5 seriously. We are tracking our own performance and
6 have been now for four years, down to a threshold of
7 five gallons, with a lot more detail than OPS has
8 collected historically. We already have a set of
9 performance measures in our voluntary initiative that
10 exceeds this by about 200 percent, and includes all of
11 these elements and more. So there will be information
12 that the industry can make available, both to the
13 regulator in the short term, and even to the public in
14 the short term, on the accomplishments under their
15 integrity management programs today.

16 Now it is, it would be industry-wide
17 accomplishments, in other words, how many miles were
18 inspected versus how many miles still remain to be
19 inspected over the time period? What types of repairs
20 have been completed under the rules? So there's not a
21 lack of performance measurement here, there just is a
22 lack of instituting it into the requirements
23 themselves.

24 MS. GERARD: Follow up on that, I think this
25 is a big issue for this Committee to consider, is the

1 priority for individual company performance measures
2 versus industry-wide. Yesterday in the liquid
3 Committee meeting I mentioned the idea, which is purely
4 mine, not staff's, that I always hoped that we have
5 capability of being able to have some sort of point and
6 click capability on the map for the public to be able
7 to see, looking at the pipeline, what percent of that
8 pipeline had met the requirement for testing and
9 repair. You know, sort of going for the United Way
10 goal -- the United Way depiction of what percent are we
11 to the goal. And I think Marti pointed out here's a
12 lot of ways of communicating that information. It
13 isn't necessarily best on the map. Perhaps there's
14 other ways of doing it.

15 Obviously there's other ways of doing it, but
16 I believe that we have to consider what information
17 should be made available to the public on the
18 performance of individual pipelines, compared to the
19 pipeline industry. That's the type of advise, policy
20 recommendations I'd like to see this Committee think
21 about, not just today, but the next meeting and into
22 the future. Because this is -- this is not an
23 immediate rulemaking activity, but I think that we're
24 within a year of taking up this issue.

25 MS. MATHISON: Could I just add to that?

1 Because clearly, for the industry to collect this
2 information and make it available in the aggregate, we
3 have to collect it from individual operators. We do
4 have a kind of a confidentiality agreement for our
5 participants in our voluntary initiative, but we have
6 already made available to OPS the data elements that we
7 are collecting today from operators and it is our hope
8 that OPS will not select different data elements from
9 throe that we worked long and hard on to create from
10 the beginning of the program, and then change them down
11 the line, such that you do not have an understanding of
12 the accomplishments of your program from the beginning.

13 MS. GERARD: And we haven't said this on the
14 record, but we very much appreciate the work that API
15 has done in this area. The reason we bring these
16 issues up in a public meeting is to have a record of
17 what the views are and obviously we like to build on
18 work that's been done to the largest extent possible,
19 and then ask the question is it adequate, are there any
20 holes, is there anything that needs to be filled in.
21 We have to ask those questions. So, for the record, we
22 certainly have been working with the API and the NTSB
23 on this and appreciate all the work that's been done
24 ahead of regulation.

25 MS. KELLY: Mr. Feigel.

1 MR. FEIGEL: Stacey, there's another point
2 too. On the face of it it would seem desirable to
3 compare individual company performance to the industry
4 norms and so on and so forth. However, normalizing
5 that information is not a trivial task. I mean you run
6 a high risk of being even more misleading than not if
7 you're not very careful about how you tackle that part
8 of it.

9 MS. HAMSHER: The other -- to add one point
10 to that -- I think that is important to normalize it.
11 The other thing is to understand that to compare one
12 company, even if it's normalized, to say number of
13 repairs completed -- because it's a higher number than
14 another company doesn't necessarily make one pipeline a
15 riskier pipeline. One company may be dealing with a
16 corrosion issue that is now arrested because of the
17 repairs made, and so I think that not only do you need
18 to normalize it rather -- in a variety of ways, you
19 have to be really careful how you use that information
20 as a proxy for perceptions of risk.

21 MS. GERARD: When we use that United Way
22 analogy, just to be clear, we are talking about percent
23 completed towards the goal. And the goal would be the
24 total HCA miles required to be tested and repaired. So
25 that is a percent to goal.

1 MS. KELLY: Mr. Drake.

2 MR. DRAKE: Andy Drake, gas Committee. I
3 think that Ted brings up an important point. I think
4 Gene does too, and that is perhaps it would be in the
5 Committee's best interest, and the direction of the DOT
6 if we could get a little bit more detail on the
7 underpinnings of these data. Where are you going with
8 this data? How are you going to characterize this
9 data? And how do you plan to manipulate this data --
10 and I don't mean that in a bad way -- but use this data
11 to create a story that you can communicate? Or some
12 sort of performance evaluation that can be used
13 constructively to guide inspection efforts and messages
14 to operators and messages to technical standards
15 committees and research elements, to focus energies to
16 solve problems that we're having, because that helps
17 categorize the problems more clearly and focuses our
18 efforts going forward.

19 So I think -- I guess what I'm saying is
20 maybe I would ask that we, perhaps on a future
21 Committee meeting, that perhaps some of the work that
22 Roger Little's doing and some of the things that you're
23 doing collateral to this in underpinning it would be
24 very valuable for this Committee to see where we're
25 going with this. Because I think there's a long way

1 between the cup and the lip. You've got a lot of
2 interesting information here, but if we don't spend a
3 lot of energy parsing that information constructively
4 and having a plan on what are we trying to do with this
5 information, then we will have a big basket full of
6 information that is -- serves us very poorly.

7 We currently have a big basket of information
8 that serves us very poorly, and I want to go on record
9 to that, and we spend a great deal of energy trying to
10 sort out the big basket of information that is not
11 parsed well. And I think we want to try to infuse some
12 of these things we're learning, and some of the stuff
13 we're going to gather -- we're going to get a bunch of
14 data here when people, as a requirement, and industry
15 is required to conduct systematic inspections, you're
16 going to get a bunch of data coming in. You want to
17 have the buckets and the filters and the categories
18 predefined before the onslaught of the data starts
19 pouring in there. Because after you've got it in there
20 it's hell to pay to sort it out if you haven't really
21 thought about what you're trying to do with this
22 information and getting the underpinnings well set
23 before it starts pouring into the system. That's
24 certainly some lessons learned from things we've seen
25 in the past.

1 MS. KELLY: Based on the discussion that
2 we've had on this matter, I believe that staff now has
3 a clear indication that there's a great deal of work
4 ahead. And I believe that the Committee should accept
5 the information that you have given us as being very
6 preliminary, indicating directions that you are going
7 into, but from the Committee members and the public, a
8 number of key concerns have been raised, that we would
9 expect to take into consideration and that information
10 as it is developed, taking into account what has been
11 brought forward here, and with the precision that has
12 been requested here, be communicated to Committee
13 members as soon as possible so that when the next
14 meeting occurs, the Committee members will be prepared
15 to respond to you in a way that we can move forward
16 quickly. Unless there are any other comments -- yes,
17 sir.

18 MR. KUPREWICZ: Rick Kuprewicz with Accufax.
19 I have two points here related to this discussion I
20 think need to be considered. I think O.B. had an
21 excellent suggestion -- or you have to be real careful
22 -- this Committee has to be real careful about
23 interchanging what a tool is. Many in industry, it's a
24 smart pig. I tend to gravitate towards a tool is
25 whatever works and addresses the risk of concern. And

1 in the pipeline regulation just recently passed, there
2 are four categories of tools -- pressure testing, smart
3 pigging, direct assessment, and I don't think I've
4 characterized the right words, but engineering
5 assessment appropriately defended, or something like
6 that. In other words, some new technology that may be
7 developing out there that's going to address a specific
8 concern.

9 And I'm putting my comments here as a public
10 individual. I think Congress showed great wisdom in
11 creating these four categories of tools. I continually
12 run into comments by various parties on both sides of
13 the fence, if that's the right way to characterize it,
14 is we need to run this tool for this particular issue.

15 And the first question we ask is, what's the risk of
16 concern you're trying to address here? Each pipeline
17 has different risk of concerns, and it may be
18 appropriate to only run one tool or choose one type of
19 tool -- direct assessment or smart pigging -- for that
20 particular risk. But it's a rare pipeline that'll only
21 have one risk category.

22 So I would advise the minutes, or whoever is
23 taking the minutes here to clarify this issue, because
24 I think it can be interchanged inappropriately to great
25 disadvantage to all parties. I firmly believe one of

1 the charters of OPS as a public agency, is to foster
2 developing technologies. I mean 20 years ago smart
3 pigging was still in its infancy regarding general
4 corrosion. So it's advanced many ways. But I think
5 you've got to be real careful to an uninformed public
6 reading a document out of the context of this meeting,
7 not to interchange tools to just mean smart pigging.

8 MS. KELLY: I think the transcript will be
9 very clear that --

10 MR. KUPREWICZ: I hope so.

11 MS. KELLY: -- the use of the term tools has
12 been unclear, and we will have in the next meeting or
13 the next presentation, the clarity, I believe that's
14 been requested here.

15 MR. KUPREWICZ: Good. I wanted to reinforce
16 that. The other issue, there was a slide here related
17 to some suggested changes for the liquid industry in
18 which management of change was on there. And we need
19 to step back here for a second. There are many prudent
20 pipeline operators in this room, and those pipeline
21 operators are already implementing, as part of their
22 culture, management change process. And as a public
23 individual who has probably reviewed more pipeline
24 ruptures than I care to really want to know about, I
25 cannot underscore OPS's efforts to try to bring clarity

1 to the management of change process to help be
2 effective, cost effective, in preventing failures here.

3 So I would support that concept of moving management
4 change as an important management process in the liquid
5 pipeline industry as well.

6 MS. KELLY: Thank you, and we'll have some
7 final comments by Stacey Gerard.

8 MS. GERARD: I'm very sensitive to the
9 comment that Andy made a couple minutes ago about
10 bringing some precision to the purpose of the data
11 we're talking about collecting. And I just wanted, as
12 a parting comment to leave the theme in the air that
13 we're -- we want to collect information that -- we want
14 to collect information that will help people do their
15 jobs in sharing the responsibility for protecting
16 pipelines. And as we've matured, some of our thinking
17 about damage prevention and other types of safety
18 measures from the late 90's and the early 2000
19 environment, we've identified that there's a number of
20 officials, and there are members of the public who have
21 roles to play in sharing responsibility with us for
22 protecting pipelines.

23 I believe that the information that we need
24 to collect has to have a purpose. I don't believe in
25 delegating our responsibility away to oversee the

1 inspection and the protection of pipelines, but I do
2 believe that the public should have access to certain
3 information to make decisions for themselves about
4 whether or not we're doing our job adequately, and
5 whether or not operators generally are doing their job
6 adequately. So I think we have to decide in the future
7 what information the public needs to have to answer
8 that question, and then I think we need to slice and
9 dice real well who are the other people, agencies,
10 officials who have jobs to play in protecting
11 pipelines, and they need specific information or would
12 benefit from specific information about pipeline safety
13 activities going on in their area, so that they can
14 contribute information to the operator to complement
15 the risk assessment process.

16 So I think that as we look to the next year
17 that we should really be thinking about who plays what
18 role in pipeline safety beyond us, the state pipeline
19 safety agencies, the operators. What other officials
20 have other jobs to do and what information do they need
21 to do those jobs? And that's where we're focused is --
22 information for specific purposes and we need to work
23 to define those purposes better next year.

24 (Whereupon, at 12:00 p.m., the hearing was
25 recessed, to reconvene at 1:15 p.m., this same day,

1 Wednesday, March 26, 2003.)

1 MR. KIPP: I will go real quickly.

2 MS. KELLY: Thank you.

3 MR. KIPP: Now it's 1:10, so 1:40? \

4 MS. KELLY: You've got it.

5 MR. KIPP: Alright. The background. Common
6 Ground Alliance -- we'll discuss the background,
7 mission and purpose, structure, the overview and our
8 milestones. I won't spend too much time on sponsors
9 and membership overview, though I do like to recognize
10 them because they're the reason we exist.

11 The roots of the CGA, and please forgive my
12 cold. I have a bad cold and I hope I don't get into a
13 coughing spell, but I do have a bad cold today. Roots
14 of the CGA are founded on the Common Ground study of
15 OneCall systems and damage prevention best practices.
16 The manual I have in front of me, it's 261 pages,
17 contains about 135 best practices. The study was
18 sponsored by the DOT and completed in 1999. It took
19 about a year to complete.

20 MS. GERARD: On schedule.

21 MR. KIPP: On schedule. There are 160
22 experts in damage prevention, and you can see from the
23 slide which groups they represented. All of these
24 people were volunteers. They met in Arlington in July
25 of '98, and I believe the document was produced in

1 August of 1999. The damage prevention path forward
2 initiative led to the development of this organization
3 in order to continue the work of the group that
4 developed the best practices, and to support industry
5 efforts to continue the implementation and development
6 of damage prevention best practices, and more than
7 that. We're into education, R&D and so on, and I'll
8 get into those issues.

9 The purpose of the Common Ground. There are
10 five purposes, and the committees were developed to
11 align with these purposes. We have an education
12 committee, research and development committee,
13 educational programs committee -- I think I mentioned
14 that, data gathering committee, best practices, et
15 cetera. So we have the five committees that are
16 aligned with the purposes.

17 We began about two years ago. We've grown to
18 over 800 members. As a matter of fact, I believe we're
19 now at 900 from more than 132 organizations, and these
20 organizations will have anywhere from one to eight
21 members as part of the CGA, and as well we have about
22 250 individual members that don't belong to
23 associations or municipalities or corporations. We
24 have 26 sponsors. We are growing leaps and bounds
25 despite the economy. I believe just getting out and

1 spreading the word, it's easy to get members to join
2 up. It's an organization that does an awful lot of
3 good and there's really no down side to the
4 association. It's an association representing 14
5 stakeholder groups and every one of them wants to be
6 part of it. Damage prevention is in the best interest
7 of all.

8 The working committees, as you see, we've
9 added a sixth one, and it's the affiliated OneCall
10 systems education committee. OneCall Systems
11 International are an association of all OneCall centers
12 in the United States. There's about 62 in the U.S.,
13 four in Canada, a couple in Australia, New Zealand, and
14 a couple overseas, and as an organization they decided
15 to leave the APWA and affiliate themselves with the
16 Common Ground Alliance, and they formed an affiliated
17 education committee. Very good to have them on board
18 because an awful lot of the work we do requires their
19 input, intervention, and participation.

20 Staff. I like to tell people I have 300
21 staff, two are paid. The other 298 are volunteers.
22 They are the members who belong to the committees. We
23 are a member-driven organization. The 300-or so
24 members that belong to committees do all of the work.
25 They tell me what to say, they tell me what to do. I

1 don't do anything unless all of these committees and
2 all the members on the committees agree to what I am to
3 say or do. It's quite an endeavor, and quite a
4 participation by the companies and the members at their
5 own expense to belong to this Association and develop
6 the work and spend the time they do on it, is really a
7 compliment to the industry.

8 I like to put the slide up about a Board of
9 Directors, who belongs to our Board. As I mentioned,
10 we have 14 stakeholder groups represented. Regardless
11 of how much funding we may get from one industry or
12 another, regardless of how many members we may have
13 from one industry or another, they only have one voice,
14 and it's an equal voice.

15 Jim Barron (ph) is our president. He is an
16 excavator from Maryland, Joppa, Maryland, and he's been
17 our president since the CGA began a couple years ago.
18 Scott Polman (ph) is our equipment representative and
19 he's a representative or employee of DitchWitch, and
20 you can see as we go on from there, Paul Krakatee (ph)
21 is out of CMS Energy, Todd Fogee (ph) is out of Great
22 Plains Locating Services in Nebraska, Ronald Litsky
23 (ph) is from Southern California and runs their OneCall
24 Center. P.J. is a vice president with AT&T in New
25 Jersey. Linda Crum is an independent contractor out of

1 Detroit. Vic Weston out of Baton Rouge, Louisiana.
2 John Robertson, Virginia, and so on. So you get an
3 idea that all of these members -- we really do cross
4 the country and cross the different types of
5 stakeholders.

6 All stakeholders are welcomed and encouraged
7 to participate. I want to get to the primary aspect of
8 this, the committees. Every stakeholder has -- or
9 every stakeholder group has a primary on each of the
10 committees, and that's important because we do have
11 issues that come to a vote. The best practices were
12 developed on a consensus basis. They were not voted
13 on. Everyone had to agree to each and every word, or
14 they did not become practice -- and that's critically
15 important. And when we get to any issue that requires
16 a vote, the primary members are entitled to vote on
17 behalf of their stakeholder group and again, it's on a
18 consensus basis. If we can't get agreement from all 14
19 stakeholder groups, the issues do not pass. So
20 though we may have six members from electric, let's
21 say, on the best practices, only one can vote when we
22 come to an issue that requires voting.

23 Co-chairs lead the committee activities.
24 There's two co-chairs per committee, and there are two
25 Board liaisons per committee.

1 Best practices committee -- I won't read what
2 they're up to other than to say they look at all the
3 best practices and look at new ones and determine
4 whether they should be implemented. Very important.
5 The best practices are becoming a standard. I'm
6 getting more and more queries on email and phone calls
7 from people from various states, various groups, asking
8 me about certain best practices, whether or not what
9 they do -- and I'll mention this morning I got a
10 request from the state of Vermont and they were looking
11 at white lining as a best practice, and they asked me
12 whether or not their specific laws, OneCall laws met
13 the criteria of our best practices in terms of white
14 lining. It's becoming more and more important for
15 people to sort of fall into a standard, and the best
16 practices is becoming that standard.

17 A lot of the insurance industry is now
18 looking at our best practices with respect to how they
19 insure excavators and others that they deal with. They
20 want a common, agreed-to standard, and the best
21 practices are the standard. So it's important that
22 when we look at new best practices, or modifying best
23 practices that our committees -- and they do know --
24 appreciate the importance of it.

25 One of our co-chair people since the

1 inception is Will Carrie (ph) and will is sitting in
2 the audience here, and Will is certainly one of the
3 people who knows the critical importance of the best
4 practices and how each and every word are key.

5 We did change -- we did bring into effect a
6 new best practices in 2001 -- I'm sorry, it became
7 effective in 2002 as a result of an explosion in
8 Minnesota, St. Cloud, Minnesota. It occurred December
9 11, 1998, and if you can see the slide on the left hand
10 side next to the tape measure, there's an auger going
11 down, penetrating the asphalt. It hits the granite
12 slab and when it does, it turns, not quite 90 degrees,
13 maybe 120 degrees, but eventually it hits the gas pipe
14 and ruptures the gas pipe. The operator of the auger
15 at the time did what he was supposed to do once he
16 smelled gas is he called his boss and got his boss over
17 there quite quickly, and the NTSB report, if I can
18 paraphrase it, goes on to say that they believe there
19 was about a 17 minute delay between the time of the
20 rupture and the time 911 was called, and they also
21 believe that some of the four lives that were lost
22 could have been saved had 911 been called immediately.

23 Shortly thereafter, the state of Minnesota
24 passed a new law with respect to calling 911 and the
25 utility owner operator when there is a gas leak. And

1 the NTSB asked the Office of Pipeline Safety RSPA to
2 look at it and they asked us to look at it. And over
3 the period of a year and an awful lot of debate, the
4 best practices committee came up with a new practice
5 that states, "If the damage results in the escape of
6 any flammable, toxic, or corrosive gas or liquid, or
7 endangers life, health, or property, the excavator
8 responsible immediately notifies 911 and the facility
9 owner operator.

10 So we did implement a new best practice.
11 It's out in the field. It'll be out in a new manual
12 we'll be publishing in the next few months, and is now
13 part of the best practices.

14 We also, late last year, advised Office of
15 Pipeline Safety that we had passed a B part of that
16 practice which states that the excavator takes
17 reasonable measures to protect themselves and those in
18 immediate danger -- and you can read the rest of it.
19 The issue there is that the committee wanted to really
20 make certain that they were not making a statement,
21 though it was contained in the Minnesota law, that
22 could jeopardize some of our members and bring
23 litigation into play. So that was looked at quite
24 closely, and that's a new part of that practice.

25 The committee is looking at a series of other

1 best practices. Firstly, they will be producing a
2 readable version of this manual in about 60 pages,
3 which we'll be publishing in the next three months, and
4 we hope to have 30,000 or so distributed in the next
5 six months. It will contain strictly the best
6 practice, the explanation for the practice and where
7 it's being implemented. It will not contain all of the
8 members and the process that was involved in developing
9 the practices, and it'll be in a tab booklet that can
10 be held, you know, put it in your glove compartment or
11 your briefcase et cetera.

12 Tr... technology. We've been working on that
13 for about a year, year and a half. There are an awful
14 lot of issues with respect to tr... technology and you
15 can see where most recently what we are looking at with
16 respect to that industry.

17 Separation of gas and electric. I'll mention
18 that one because it was quite interesting. That again
19 came as a result of an NTSB report having to do with
20 the South Riding explosion in July of 1998. And again,
21 I'll try to paraphrase the report which states that a
22 basically new home in South Riding, which is about 20
23 miles from here, west of here, in Loudoun County.
24 People were about to move in and the day before, the
25 electrician went in and did what he had to do to get

1 the house ready. And apparently, they believe that he
2 accidentally sliced the insulation around the electric
3 wire, through it back into the common trench. The
4 sheath, which was exposed, arced on the plastic pipe
5 causing it to melt. Gas leaked into the house that
6 night. The next day the family moved in and they
7 believe a pilot light that night ignited the gas that
8 had collected in the basement of the house and it was
9 completely destroyed. The lady was killed and the
10 gentleman and his two sons were seriously hurt.

11 In 2001, July 2001, the Commonwealth of
12 Virginia passed a new state law, and I'll paraphrase
13 it, but it stated that henceforth, in common trenches
14 in the state of Virginia, gas and electric would be
15 separated by either what is contained in the national
16 electric safety code or the Virginia electric safety
17 code, whichever is the stricter of the two, which
18 happens to be 12 inches radial separation which is
19 contained in the National Electric Safety Code.

20 Our committee has looked at that with great
21 intensity for well over a year and have not resolved
22 the issue. There's some question as to why the 12
23 inches was selected or whether or not it was an
24 appropriate number, whether there should be more
25 testing, whether it was tested in the first place, and

1 so that committee is doing its job and though it's not
2 giving us the ready answer I thought they would, I
3 believe what they're doing is right, and when they do
4 come up with an answer, it will be one that will be
5 statistically valid and one that will take all safety
6 interests into consideration. Whatever we do come back
7 with will be appropriate.

8 MS. GERARD: So you're still working on it?

9 MR. KIPP: Still working on it. We will
10 probably respond to OPS in the next few weeks, telling
11 -- stating that there are a number of words in our
12 existing best practices which should be relied on,
13 which is that people should be following state laws and
14 codes. So that probably takes care of the first part
15 of it. What the exact number is, we believe that there
16 probably should be more testing, and we'll probably
17 come back with that.

18 Marking codes. Really a very difficult
19 subject. In the initial study of best practices it was
20 not resolved in terms of the life of marking codes. We
21 did resolve the colors and ... and APWA and everybody's
22 on board with those standards nation-wide. There's
23 still some issues with respect to symboligy and the
24 types and life of markings, and I'm not sure we'll ever
25 resolve the life of markings. It varies from state to

1 state. Some states they say that if a mark is left on
2 public property 30 days after it's been laid down it
3 will be removed at the utility owner's expense. In
4 other states the law states that if you remove a
5 marking you're going to jail. So If you've got that
6 tremendous range from one end to the other and how do
7 you get those resolved on a national forum basis. It's
8 a very difficult one.

9 Excavator operator communications. They're
10 working on that one, working on Homeland Security
11 statement, and we believe we have a statement that
12 should come to us soon and we'll be able to pass that
13 on to the Office of Pipeline Safety, and also it will
14 be included in our best practices brochure or booklet
15 that we'll have out in the next three or four months.
16 They're also working on the lines, on locatable
17 facilities and private facilities, and I will move
18 quickly because we have a lot to cover, and I'm going
19 to get the hook in a few minutes.

20 Data Committee. Let's move on very quickly.

21 In 1996 there was an explosion at San Juan, Puerto
22 Rico, a propane gas explosion that killed at least 36
23 people and injured 69 -- and I may be off somewhat in
24 those numbers, but it was a very serious explosion.
25 The NTSB investigated that explosion and came back with

1 a series of recommendations, and a number of those were
2 passed on to the Office of Pipeline Safety and passed
3 on to the Common Ground Alliance and we were asked to
4 see if we would do something with these
5 recommendations.

6 And P being pipeline 1997, recommendations
7 22, 23, and 24 had to do with data gathering, and I
8 won't read the recommendations, but they all had to do
9 with gathering data, making those data available and
10 seeing how the states' programs respond to the data
11 being gathered. Well, we passed this on to the
12 Committee. I thought at first it would be rejected.
13 It wasn't. The Committee began to look at how they
14 might be able to come up with a national data gathering
15 process, and we hired some experts and we were looking
16 at an RFP, et cetera, et cetera.

17 Finally, one of our Committee members, an MIS
18 executive out of Detroit Energy was in Colorado at this
19 particular meeting and went to look at the system that
20 the Utility Notification Center of Colorado are using
21 and had just developed as a result of a state law
22 requiring them to gather damage data. And he looked at
23 the system and he said this is crazy. We don't need an
24 RFP, you've got everything you need here.

25 I am not technically oriented, but I'm told

1 it's in Java script, which is good news. I'm told it's
2 scalable. I'm told a lot of good things. And over a
3 45 day period we were able to test it, modify it, and
4 get it very close to pilot-ready on a nationwide basis.
5 And when I say very close, we're probably 60-70 days
6 away. It'll be done on the internet. It'll be all on
7 line. It's in line with figure 91, root cause damage
8 data gathering, which is in the best practices. The
9 biggest issue we'll have there will be a funding issue
10 to get people to use the system and to want to use the
11 system. We know we can get to our members and get to
12 an awful lot of big companies, but you theoretically
13 have up to 200 OneCall Center members in 50 states, you
14 can have up to -- if we do the math real quick --
15 10,000 different users of the system.

16 But back to the old saying of how do you know
17 where you're going if you don't know where you've been?

18 This is what's gogin to tell us where we've been.
19 It's probably the biggest thing that the Common Ground
20 Alliance has done. It's going to be very difficult and
21 onerous to get it to be used on a national basis, but
22 once it is used, I believe it'll have as large an
23 impact on preventing damage to the underground
24 infrastructure as anything else we do.

25 MS. GERARD: Question. I left the Board

1 meeting before the end of the discussion on that. Was
2 there any decision about who should have access to this
3 data? This is sanitized data, correct?

4 MR. KIPP: That's still to be determined,
5 whether it will be sanitized data, and whether or not
6 all the members will have access and the public and so
7 on. There's an awful lot of concern with once you
8 start publishing data that people will start comparing
9 location to location, and the press will get a hold of
10 it and say our city's not as good as this city, or our
11 state is terrible and this state is better. And then
12 there's the issue of litigation, which I'm not sure is
13 a major issue. I believe that if someone does
14 something wrong and they know they've done something
15 wrong that they will not submit a report. I mean that
16 just goes -- I mean that's a natural thing to do.

17 But I don't know yet where we're going to end
18 up in terms of sanitized versus non-sanitized, and who
19 will have access to all of it. The Committee has to
20 determine that. Back to the issue of the consensus and
21 the voting -- and arm twisting.

22 Research and development. This is another
23 interesting one. Same accident in San Juan, Puerto
24 Rico. Three more NTSB recommendations dating back five
25 years, all from the same issue, and it had to do with

1 locator equipment. And those were the three
2 recommendations in bullet four. Since the National
3 Utility Locator Contractors Association didn't want to
4 do it, I honestly thought our Committee would reject
5 this and send it back to us, but they didn't.

6 The Committee bore down, created two
7 subcommittees. These two subcommittees then began the
8 work to try and resolve these three items. One
9 subcommittee took care of the third one and the other
10 subcommittee looked after the first two bullets.

11 They met with NTSB, which was really quite
12 unique. Again, you're looking at volunteers, people
13 who are doing this on their own time, their company
14 time, and they met with NTSB on October 2nd just to
15 insure that what they were looking at, the path they
16 were headed down was something that would respond to
17 those relatively vague and somewhat dated
18 recommendations back to 1997. Bob Chipkovich (ph) of
19 the NTSB was there and Bob, frankly, was tickled pink
20 that we would bother to call him and meet with him, and
21 Rod Dyke (ph) was there and everybody came out of there
22 with a really good feeling that what we were doing was
23 the right thing.

24 It's just showing how we're trying to get
25 things done without being legislated into doing things.

1 We're doing things because we want to fix things.

2 Another thing we came up with, just as an
3 aside on this is, as I mentioned to Bob, is a group in
4 Georgia, the Georgia Utilities Coordinating Committee,
5 created a locate rodeo last year. Now for those of you
6 who are very familiar with the industry, you know
7 typically the locators are at the bottom of the pecking
8 order, bottom of the food chain. And to raise the bar,
9 they got some sponsors and put out notices and started
10 to publicize this locate rodeo, which they held at
11 Mercer (ph) University in Macon, Georgia August 1st
12 and 2nd last year in 95 degree weather. It was great.

13 The teams flew in from all over the country. One team
14 actually flew in from Calgary, Canada, and these 38
15 teams practiced on Thursday and they competed on Friday
16 and Saturday, and a Macon band played for them on
17 Saturday night and they awarded the prizes to the best
18 locators in the country.

19 Small thing, but trying to get away from the
20 image, as their president would say, we want to get
21 away from the image that these guys were flipping
22 hamburgers last week. We've got to get OQ'd and
23 trained and get the bar up, raise the bar, raise the
24 level. They're having their second annual this year.
25 I'm told that there are a couple of major locate

1 companies who are having runoffs throughout the year to
2 send their best team, so that if they win they can come
3 back and say they've got the best locators in the
4 country. So it's moving and it's raising the bar in
5 all parts of the business we're in.

6 MS. GERARD: And the NTSB has closed all
7 three of these recommendations as already satisfactory.

8 MR. KIPP: That's great, the reports -- just
9 a great job done by these committees.

10 Three digit dialing. Interesting concept
11 that came up a couple years ago, about a year and a
12 half ago, and I had the pleasure of meeting with Bill
13 Cooper who is a lawyer and writing law and explained to
14 him what we were doing in the Common Ground Alliance
15 last February. Bill called me a couple of days later,
16 he said, geez you know, this is all great and good.
17 Would you like to testify before a transport
18 subcommittee on what you're doing? I said sure. I
19 think it's a good new story, we'd love to go in and
20 tell them what the Common Ground is doing.

21 Lo and behold, two weeks later I testified
22 before the subcommittee with Chairman Barton and Vice
23 Chairman Christopher John, and we highlighted three
24 things that we were trying to get, one was three digit
25 dialing. And this was presented March 19, 2002 and in

1 June it appeared in the markup of HR 3609, and in
2 December it was signed into law. It's amazing how
3 quickly good news and good things can happen.

4 As Chairman Barton said when we testified to
5 this, he asked everyone in the audience is there
6 anybody here who thinks this is not a good thing, that
7 you would be able to have one number that you could
8 call no matter where you are and get into your
9 appropriate OneCall Center, not a national one, your
10 appropriate OneCall Center quickly.

11 Our committee, though we don't know what the
12 number will be yet, and we're still in the meeting
13 stage, our subcommittee on the education side has
14 already held a couple of meetings, we've already got a
15 national campaign getting ready to go and we will be
16 kicking this off big time. We've already dealt with a
17 number of equipment manufacturers in terms of getting
18 the three digit number, whatever it may be, on the
19 sides of vehicles, in the same way you have 911 on
20 police vehicles, you'd have this three digit number.
21 We're dealing with a number of our companies who
22 hopefully will put on their tankers and their vehicles,
23 whatever that company may be, you know, this is the
24 number to call before digging. And we just want to get
25 away from the fact that a substantial number of people

1 who don't call before digging don't call because they
2 can't find the number, don't know the number, or don't
3 know to call. And we want to try and eliminate those
4 reasons. If we get one national number we believe we
5 can put a dent into that.

6 Anywhere between 40 and 50 percent of
7 damages, people did not call before digging. That's as
8 statistically invalid as that can be because there's
9 really no national database. But I can tell you that
10 one of the big companies we deal with is 50 percent. I
11 can tell you that AT&T is 44 percent, and other
12 companies are between, typically, 40 and 50. How many
13 of those people did not call because they didn't know
14 to, they didn't know the number, or couldn't find the
15 number? And those are the ones we want to eliminate.
16 We believe that'll put a dent into it.

17 Educational program -- a huge committee with
18 seven subcommittees. The Dig Safely program happens to
19 fall under their realm. Endorsement criteria, safety
20 trademark, locate, accurately message, and educational
21 focus. One of the things we discovered as a result of
22 a study done by EDGE Consultants is we still have an
23 issue with the agricultural community in terms of
24 knowing about the dangers of damage prevention of
25 underground infrastructure. And I think that's -- I

1 think INGAA has some statistics that might show
2 something to that effect too. So we've begun a data
3 gathering on the agricultural community and we hope to
4 begin speaking to focus groups of this community and
5 associations of this community to try and bring that
6 message across.

7 Membership marketing committee. They do a
8 number of great things. I'll focus just on one. We
9 were asked some time ago if certain geographic areas
10 could become regional CGAs, and again the membership
11 marketing committee met on that and they decided sure,
12 why not? It makes sense. All we ask is two things, is
13 that you don't exclude any stakeholder group from these
14 committees, these regional CGAs, and that you work
15 towards the adoption of best practices. Understanding
16 that in certain states our best practices may not be as
17 good as, or may be better than the laws in those
18 states, but those are the laws they'd have to adhere
19 to. So as long as they work towards the adoption of
20 them and they don't exclude any group, away they go.

21 We hoped to have about five regional CGAs by
22 the end of -- I think by the end of June of this year.

23 We're at 14. That slide has not been updated. But
24 Georgia, Missouri, Oklahoma, Denver metropolitan,
25 Minnesota, Wisconsin, and a number in Ohio. There's a

1 group now looking to create one, a combined Oregon,
2 Western Montana and Washington -- and we'll be meeting
3 with them in May and they're looking at creating a
4 regional CGA.

5 MS. GERARD: You said you hoped to have five
6 and you have 14?

7 MR. KIPP: Uh-huh. It's very big and now
8 what we've got to do is find a way of -- matter of
9 fact, I can say what do we do for them, other than give
10 them the best practices and go in and make a speech
11 every now and then? It was interesting because in
12 Missouri, I met with them on -- and I happened to be
13 meeting with them on the day we presented them with a
14 plaque as a regional CGA, and during their meeting they
15 were talking about gathering damage data, and they had
16 money and they had funding and they were heading down a
17 system and so on. I said, geez, guys, there's a system
18 working in Denver, and J.D.'s got it -- J.D. Maniskowco
19 (ph) who's the ED in Denver. So I said, let's get J.D.
20 on the phone. Right then and there we call J.D. on the
21 speaker phone, he agreed to come to their May meeting -
22 - March meeting which was held earlier in March of this
23 year. They met, he made the presentation and it looks
24 like they're going to adopt his system. So again, it's
25 starting to work. They're communicating, they're

1 talking and they're heading in the right direction.

2 Trade shows. We do participate. We have a
3 quarterly newsletter. I wish it were more frequent.
4 It's all done again by volunteers. It's a great
5 newsletter, there's an awful lot of information in it.

6 Affiliated OneCall Committee. Just again, to
7 reiterate what I said earlier. They are now part of
8 the CGA. They have two co-chairs, and they will begin
9 to hold regular meetings.

10 And then we had Milestones in there which
11 were just some of the things that occurred over the
12 past year. I talked about some of them, but Ms.
13 Engleman had some really kind words to say about the
14 CGA in February, and she's not the only one. I think
15 everywhere we go we tend to make converts of the people
16 we speak to and speak with.

17 The testimony -- oh, in May of 2002 those of
18 you who are familiar with the NTSB most wanted list,
19 which is on their pillar as you enter their
20 headquarters in DC, they have a list of ten most wanted
21 items, and these are items that will save lives and
22 just improve overall quality of life. Nine of them
23 dealt with other industries -- be it airline, railroad,
24 car safety, et cetera. And there was one on there,
25 excavation damage, which was on that list from 1988

1 until May of 2002. And it was removed because the NTSB
2 felt that the work being done by the Office of Pipeline
3 Safety and the CGA was heading in the right direction
4 and it was no longer considered one of those ten bad
5 things that they wanted on their list. So a lot of
6 work done to get that off, and a pat on the back again
7 to our 800-plus members and 300 volunteers that worked
8 towards making this thing work better.

9 Adoption of best practices. Very briefly,
10 3609, which is 31 pages when you take out all of the
11 hieroglyphics of the front and back of it, the first
12 two, three pages are dedicated to the adoption of best
13 practices, OneCall laws, OneCall Centers, encouraging
14 them, et cetera.

15 Milestone, again, we received a grant from
16 the Office of Pipeline Safety to look at the five items
17 that are listed on that particular slide, and we needed
18 a \$450,000 contribution. It was a cooperative
19 agreement, not just a grant. And working with the
20 Office of Pipeline Safety, I can tell you how we're
21 contributing. We take all of the hours that our
22 members put in and put an average national salary, an
23 average per diem, an average airline flight, all of the
24 time and effort attending these meetings, et cetera, et
25 cetera, and I can tell you that we are, I think, out-

1 contributing our grant by 3:1, just on volunteer time,
2 effort and expense, which is again, testimony to the
3 companies and the individuals who are working on behalf
4 of the CGA.

5 And I think we've all seen -- sponsors. It's
6 hard to get -- it was hard initially to get beyond gas
7 and oil and telcom and excavators. We got our first
8 insurance sponsor and the reason I put that slide up,
9 CNA Insurance, I met with them in Chicago, and after
10 they joined and sponsored us, which was a \$10,000
11 sponsorship, their particular member, who is our point
12 of contact, is also a member of the National Utility
13 Contractors Association on behalf of the insurance
14 industry. And it's a fellow by the name of John Tatum.

15 And John told me he was at a NUCA board meeting and
16 during the board meeting they got to some miscellaneous
17 items and he mentioned that they had sponsored the
18 Common Ground Alliance, and he got an ovation. He said
19 that had never happened. He said I got an ovation from
20 the National Utility Contractors Association for having
21 sponsored the CGA. So he said, I knew then and there
22 we had done the right thing.

23 You'll find that there are four major
24 insurance companies who insure excavators on a third
25 party basis, and they wrote about a billion dollars in

1 premiums in the year 2000, and they lost money. So it
2 gives you an idea of the severity of the issue we're
3 dealing with.

4 And I think the rest of it -- membership is
5 growing, it's a matter of getting out there and the
6 sponsors and participation is growing. We can always
7 use more sponsors and we can always use more
8 participation. If there's anything that prevents up
9 from moving the yardsticks further faster, it's the
10 number of people we have working on committees. We
11 have lots of people, but we need more because it's the
12 old 80:20 rule or 20:80 rule, and we just need more
13 action, more participation to keep those yardsticks
14 going as fast and as far as we want them to go. And
15 that's where we're at.

16 Those are the sponsors and I believe I end
17 with -- that's it. Did I do okay?

18 MS. KELLY: You did fine. Thank you so much.
19 (applause.)

20 MS. KELLY: And let me apologize for starting
21 out with a joke at your expense. But it's a very good
22 presentation, and it's clear that Common Ground
23 Alliance is doing very, very important work. Does the
24 Committee have any questions or comments?

25 MS. GERARD: We're very grateful for you

1 getting us off the most wanted list. I think that's
2 our single biggest and most important performance
3 measure, and we thank you very, very much.

4 MR. KIPP: We appreciate it. Thank you.

5 MS. KELLY: Are there any comments or
6 questions from the public?

7 MS. GERARD: That is that we think the
8 formation of the regional Common Ground Alliance is a
9 very important mitigation measure. Jeff and
10 Christina's fielding those CATS people we talked about.
11 They, in their field manual, have as one of their
12 tasks, guidance on how to work with you all to help
13 create more regional and local Common Ground Alliances.
14 If you think about getting everybody in the community
15 to focus on the same actions to prevent damage, it's
16 obviously going to do something to prevent your
17 pipeline -- protect your pipelines -- so if you're
18 interested in working with us to help support the CGA
19 building those alliances, I wanted to put a big plug in
20 for that, and think about that as part of your
21 integrity management program, prevention and mitigation
22 measures.

23 MS. KELLY: Thank you very much. Is
24 Christina Sames here? Yes. The next item is Pipeline
25 Research and Development Plan Requirements.

1 MS. SAMES: (off mike, inaudible)

2 MS. KELLY: Excuse me. We're not able to
3 record you because you're not speaking into a
4 microphone.

5 MS. GERARD: No, Christine, you need to speak
6 into the mike. While Christine is setting up, I will
7 put one more footnote onto Bob's presentation, and that
8 is to say that we have met with the FCC about the three
9 digit dialing, and they have advised us that we
10 probably need to submit a petition to the FCC in order
11 to start them on the process of assessing the technical
12 difficulties and challenges in creating the three digit
13 number. And of course we'll be working with the CGA to
14 help us with that petition, but you all should be aware
15 of that. Yes, Jeff?

16 MR. WIESE: (question, off mike)

17 MS. GERARD: I think that -- Jeff's making
18 the suggestion that perhaps the Advisory Committee
19 might want to take a position on the importance of
20 securing an action -- a commitment for action by the
21 FCC. They are very busy. They've indicated that there
22 is a degree of difficulty in doing the evaluation of
23 the numbers that could be used. It's basically
24 creating some sort of a handshake signal that would
25 then send a message to a whole bunch of other systems,

1 and assistance is going to be needed. I don't think
2 they've determined exactly what and how much.

3 But the question was asked, how urgent is it
4 that we get this done? And would it be considered
5 satisfactory to have identified a number by the time of
6 its one year anniversary from the statute, and we said,
7 well we would consider that at least a minimum because
8 this isn't a question of a bureaucratic deadline, but
9 the sooner we have the number, the sooner we can be
10 educating people about using that number to call. And
11 so I think we will be looking for help in making the
12 case why it's so important to get this action by the
13 FCC going.

14 MS. SCHELHOUS: This is Ruth Ellen. Just a
15 question. I guess -- I remember when they started
16 coming out with the 333 I think it is -- 311, I guess,
17 versus the 911 for non-emergency versus emergency.
18 There was concern expressed by the first responders or
19 the emergency community about having more three numbers
20 that people would then -- the 911 would start to lose
21 its effectiveness. And I know there's like for travel,
22 I think 511 is possibly starting in some areas, or 411,
23 so I didn't know if you were -- had gotten -- heard of
24 any resistance or any comments or how things were --

25 MS. GERARD: I think the FCC indicated that

1 they considered the requirement of the law enough of an
2 incentive for them to do it, but how fast it gets done
3 is another question. And so I would ask for some
4 signal from this Committee on the record that we might
5 be able to reference in our petition about whether the
6 Committee thinks that it's a matter of some urgency to
7 get the three digit number identified so that the CGA
8 can get on with the business of creating the
9 educational campaign.

10 MR. HARRIS: Why can't we do that now?

11 MS. KELLY: Are you looking for action now?
12 Alright. Who asked the question? Alright, do you have
13 a proposal?

14 **Proposal and Vote**

15 MR. HARRIS: I propose that the Committee
16 endorse moving ahead with the three digit dialing as
17 soon as possible, encouraging the FCC.

18 MS. KELLY: Is there a second?

19 PARTICIPANT: I second.

20 MS. KELLY: Is there any further discussion?
21 All in favor?

22 PARTICIPANTS: Aye.

23 MS. KELLY: Any opposed?

24 (no response.)

25 MS. KELLY: Any abstentions?

1 (no response.)

2 MS. KELLY: And Ms. Betsock, I assume we have
3 a quorum?

4 MS. BETSOCK: We do have a quorum of both
5 Committees.

6 MS. KELLY: The motion passes.

7 MS. GERARD: Thank you very much.

8 MS. KELLY: For the record, that was an idea
9 that came up, gained steam, and got settled in three
10 minutes.

11 MS. GERARD: And I think we should consider
12 that a model for the rest of the meeting. We should
13 get a little bit more active on the technical citizens
14 proposal.

15 MS. KELLY: Are you ready? You have to turn
16 your microphone on.

17 **Briefing: Pipeline Research and Development**

18 **Plan Requirements**

19 MS. SAMES: Thank you. I'm going to discuss
20 a research and development program. Hopefully within
21 the next half hour you all will have an overview of
22 what we're doing in research and development, who we're
23 working with, what we plan to do in the future, the
24 awards we have made to date from three broad agency
25 announcements, a little bit of background on the

1 research and development portion of the Pipeline Safety
2 Improvement Act of 2002 and its R&D directive, and next
3 steps.

4 Jumping back in time, 2001 was sort of a new
5 way of doing business. We decided at that time that we
6 wanted to revamp how our research and development
7 program was operating. We wanted to focus on three
8 things: coordination, collaboration, and cost sharing.
9 we wanted to expand the horizons outside of the
10 federal government to bring in multiple stakeholders,
11 people that were involved in pipeline safety or
12 pipeline safety research.

13 So we formed a Committee. We called it our
14 R&D Blueprint Planning Committee, and it's comprised of
15 our office, Department of Energy, the Minerals
16 Management Service under the Department of the
17 Interior, National Association of Regulatory Utility
18 Commissioners, the American Gas Association, the
19 Interstate Natural Gas Association, the American
20 Petroleum Institute, the Association for Oil Pipelines,
21 Pipeline Research Council International, and Gas
22 Technology Institute.

23 We brought these people together because we
24 felt they could provide a good way of leading us into
25 our new era. How do reinvent pipeline research and

1 development? How can we do this together? How can we
2 identify priorities? And then move forward on those
3 priorities?

4 The Committee helped us form a workshop which
5 was conducted in November of 2001, brought together
6 over 100 individuals, not only on the government side,
7 that would be federal, state, local and international,
8 but it also brought together standards organizations,
9 the pipeline industry, pipeline researchers, you name
10 it, we pretty much brought them in. And the intent was
11 to try to identify research priorities. What were the
12 highest priorities for research in the future? What
13 should we focus on first? And then what should we
14 consider at later dates?

15 The workshop was successful and we were able
16 to identify four areas to focus research. The first
17 was on damage prevention and leak detection. The
18 second was enhanced operations, controls and
19 monitoring. The third area was improved material
20 performance. And finally, mapping and data
21 integration. We used that to put out broad agency
22 announcements, BAAs, for short, once again, focused on
23 these areas of priorities.

24 So our first broad agency announcement
25 focused on damage prevention and leak detection. We

1 issued it back in March of 2002, and some of the
2 components of that broad agency announcement were
3 better inline inspection tools, technologies to
4 evaluate unpiggable pipelines, pipeline locating
5 technologies, real time sensors, airborne chemical
6 mapping, and improved directional drilling.

7 Our second broad agency announcement was
8 issued in June of 2002, just three months later, pretty
9 quick actually if you look at the timeline from the
10 time we did our workshop to issuing the broad agency
11 announcement -- we didn't get our funding, by the way,
12 for 2002 until January of that year, so it was a pretty
13 aggressive schedule. That second announcement focused
14 on several components: internal/external monitoring
15 devices, stress corrosion cracking, internal and
16 external corrosion control, risk assessment, and human
17 factors.

18 Our final announcement was issued in December
19 of 2002, and it focused on improved material
20 performance, but it also looked back at the first two
21 announcements. By that time we had already funded or
22 were about to fund, projects from our first and our
23 second broad agency announcement. We knew where we
24 still needed to pick up priorities, things that had not
25 been funded, either because we did not receive a good

1 proposal, or cost sharing for a good proposal did not
2 come through -- many different factors. So the third
3 announcement looked at damage and defect-resistant
4 materials, higher grade strength steels, welding and
5 joining, composite pipe, pipe coatings. And then going
6 back to first and second broad agency announcements, we
7 looked at pipeline modeling, improved directional
8 drilling, airborne chemical mapping, encroachment
9 monitoring, and small leak detection and human factors.
10 Now, that announcement closed actually at the end of
11 January, so we're currently in the review process.

12 What I'd like to do is very quickly go over what
13 we funded from the first and the second announcements.
14 I'd also like to explain to you how we're doing the
15 review of these papers. The way it works is we put out
16 our announcement, our broad agency announcement, and we
17 solicit for white papers. Five pages in length that
18 tell us what the proposer wants to do to advance
19 pipeline safety in the area of research. These white
20 papers are reviewed by an expert panel, not only the
21 Office of Pipeline Safety, but other government
22 agencies. For round three, that includes Department of
23 Energy, the National Institute for Standards and
24 Technology, and the Minerals Management Service. We
25 also include our state partners, so the National

1 Association of Pipeline Safety Representatives has a
2 partner at the table helping us review proposals. And
3 then we have industry representatives. We have two
4 members from the liquid industry and two members from
5 the gas industry. That panel is who decides what
6 proposals warrant additional consideration.

7 We then go out and ask for full proposals,
8 and the poor team that has to go through all of the
9 full proposals that we're requesting, it's a bit of a
10 grueling process. It's very time intensive, but I
11 think it works to the end. The proposals require a 50
12 percent co-funding. It's one of the three components
13 as I said we wanted to focus on. So if you remember at
14 the beginning, I said we wanted to focus on
15 coordination, collaboration, and cost-sharing. So 50
16 percent cost-sharing. We will fund no more than that.
17 The other party has to come in with at least 50
18 percent. And then the coordination through the review
19 panel.

20 The full proposals are ranked by the team.
21 They identify the ones they feel have the most merit,
22 what they think the Office of Pipeline Safety should
23 fund, but we do have the final decision. The team's
24 recommendations come to the Office of Pipeline Safety
25 and then pretty much we follow what the team

1 recommends, at least we've had that record so far from
2 the first and the second announcements.

3 So let's get to the meat of it. What have we
4 funded so far? I'm just going to very quickly go over
5 this because a lot more detail is on our website, and
6 that website is at the very -- will be the very last
7 slide in the presentation. You can get detailed
8 abstracts on every one of these proposals from our
9 website. You can also get a lot of other information
10 about our research and development program, along with
11 the other Office of Pipeline Safety programs from our
12 website.

13 But quickly to go over, from round one. Now
14 this focused on damage prevention and leak detection.
15 The first project is "Pipeline locating systems". It's
16 from Winton Technologies and just to kind of give you a
17 high level of review -- it's kind of like doing a cat
18 scan of the underground. You'll be able to see layer
19 by layer where things are. So at three inches, at six
20 inches, at 12 inches. We're excited about this
21 technology.

22 The second proposal is "Locatable magnetic
23 plastic pipe". We hope this will help with damage
24 prevention in the future. "Enhanced long range
25 ultrasonic methods". Basically, this will help improve

1 the accuracy and range of ultrasonic technologies.
2 "Remote field eddy current inspection". This will
3 help, hopefully get internal inspection devices through
4 constrictions, through smaller pipelines. "A baseline
5 study of alternative inline inspection vehicles". This
6 is looking at technologies being used by other
7 industries that might be applicable to pipelines. So
8 what's the nuclear industry doing? What's the military
9 doing? How can other technologies -- is there a
10 potential for other technologies to be used to inspect
11 pipelines? "Feasibility of inline stress measurement
12 by a continuous barkhousing (ph) method". "Mechanical
13 damage inspection using MFL (magnetic flux leakage)" --
14 a simpler, smaller, inline inspection tool.

15 There's a ton more information on our
16 website, so I'm not going to go through all the gory
17 details. One thing I wanted to point out, which I'm
18 not sure if you caught on -- from the first round. I
19 mentioned 50 percent cofunding. If you look back at
20 the slides, you'll see that for round one, the Office
21 of Pipeline Safety funded \$1.6 million dollars towards
22 the projects. The cofunding was \$1.8 million, for a
23 total of \$3.4 altogether, so definitely less than 50
24 percent. Same thing with round -- round two was more
25 of a 50:50.

1 One other thing that I forgot to mention, one
2 of the things that our review panel looks at is whether
3 or not the technology can be quickly completed -- will
4 it quickly get to market so it will be -- I'm going to
5 shoot whoever's pager is going off, not you Jeff.

6 We looked at how long it was going to take to
7 finish the research and the get the research to market.

8 If it's going to take a long time it has less likely
9 chance of being funded by our office. If you look at
10 all of our projects, we had said we hope to fund at
11 least 80 percent of the projects in short term
12 projects, somewhere in the range of three to five years
13 in getting to market. Completion time, one to three
14 years. The intent is to quickly improve pipeline
15 safety through technology, as opposed to funding just
16 pure research.

17 So round two, we funded three projects. This
18 was -- round two focused on enhanced operations
19 controls and monitoring. The first project is on
20 "Internal corrosion direct assessment". It will
21 actually validate a dry gas model and then bring the
22 wet and the dry together and all this other fun stuff.

23 The second is on "External corrosion direct
24 assessment". This will incorporate soils data. And
25 the third is on "Assessment and validation of

1 transverse flux inspection-identified anomalies".

2 Round three, I mentioned that it closed at
3 the end of January. We're currently doing our review
4 of the white papers -- there's a lot of them. I think
5 we're going to have some great projects from this last
6 round, and we expect to have those contracts in place
7 this summer. Our team will actually meet next week to
8 go over all of the white papers. We'll then ask for a
9 quick turnaround time from the ones we think have the
10 most merit, so those will be due in our office some
11 time in May. And then the team, once again, will
12 review them, decide which ones they feel have the most
13 merit, give the priorities to the Office of Pipeline
14 Safety, and then we'll decide which ones to fund.

15 MS. GERARD: Christine, as a point of
16 clarification for people who might be reading the
17 transcript, could you explain what the guidelines are
18 for people participating as part of the panel who are
19 not government officials?

20 MS. SAMES: They -- all reviewists have to
21 sign a conflict of interest form. Basically they look
22 at who has submitted papers, they sign a conflict of
23 interest form saying there's no conflict with any
24 company that has submitted a paper. If they do have a
25 conflict, they're just recused of that particular

1 paper. They agree to rate each proposal based on
2 certain criteria, which I can't really discuss for
3 obvious reasons. The -- and basically they have to
4 keep everything secret until the award is made. They
5 basically destroy the papers after they finish the
6 review. They're not to discuss any proposals that have
7 come in. It's sort of secretive, but for known
8 reasons. Did that answer your question?

9 MS. GERARD: I didn't know if anybody had any
10 questions but I thought that considering it's a
11 somewhat unusual procedure, but it's important to us to
12 have a range of comprehensive input into the process
13 that this is a procedure that we worked out with our
14 Counsel and our procurement advisors.

15 MS. SAMES: Yes. So so far you heard about
16 our process. You've heard about the projects that we
17 funded. Now I'd like to jump to the Pipeline Safety
18 Improvement Act of 2002 and what it states for research
19 and development. Thankfully, it's an area that they
20 have -- the language has mimicked what we were already
21 doing, and I'll get to that in a second. The Act --
22 I'll just call it the Act for short -- requires the
23 Department of Transportation, the Department of Energy,
24 and the National Institutes for Standards and
25 Technology to carry out a pipeline research,

1 development, demonstration and standardization program.

2 It states that we're to develop a Memorandum of
3 Understanding detailing responsibilities of each of the
4 agencies, and a five year plan to guide each agency's
5 research and development program.

6 It also discusses areas of expertise in the
7 Act itself. For example, the Department of
8 Transportation's area of expertise is listed as
9 pipeline safety, pipeline inspection, integrity
10 management and damage prevention. The Department of
11 Energy is listed for system reliability, low volume gas
12 leak detection and surveillance technology. And the
13 National Institute for Standards and Technology is
14 listed for materials research, and the development of
15 consensus standards. There's some area of overlap, but
16 I think that's an okay thing.

17 And then we're to submit the five year plan
18 to the Advisory Committee for review, so you'll be
19 hearing more about research and development in your
20 future meetings as this progresses.

21 I mentioned that the Act just reinforced what
22 the Office of Pipeline Safety was doing. Before the
23 Act came about, we were already consulting with a
24 multitude of entities. I discussed the November
25 workshop that we had pulled together over 100 entities

1 involved in pipeline safety and pipeline research. The
2 Act sort of mimicked what we were doing. It said that
3 we were to consult with a variety of stakeholders in
4 creating our research and development program, and in
5 selecting and prioritizing proposals that we were to
6 work with basically the other government agencies, the
7 pipeline industry, academia, research institutes,
8 environment organizations and many others. So we were
9 ahead of the curve ball on that one.

10 Next steps, we will continue our R&D
11 coordination. We think it's the right thing to do. We
12 think it makes sense and looks like the legislation
13 says the same thing. So I don't think you'll see a
14 change in that. We are currently working on our
15 Memorandum of Understanding with the other federal
16 agencies. That is due April 17th. Hopefully, we'll
17 make that deadline. We'll also work with various
18 stakeholders in the development of the five year plan,
19 or hitting that from multiple approaches. We're taking
20 advantage of other forums to listen -- hear priorities
21 for the five year plan.

22 We, for example, we held an international off
23 shore workshop with the Minerals Management Service at
24 the end of February. It focused on research priorities
25 for the offshore industry and we're going to use that

1 as part of the five year plan.

2 We've already met with various trade
3 associations to discuss priorities, and have asked the
4 trade associations to help provide -- to help gain the
5 input of their industry on their research priorities so
6 that we have a collective voice.

7 We'll be going out with other forums. If you
8 look at our R&D website, which I'll get to in a few
9 slides, we have a place there for feedback. We're
10 hoping that we will get feedback on what people think
11 are priorities. We'll of course discuss this with --
12 have individual meetings or continue, actually,
13 individual meetings with the other government agencies,
14 both on the federal and state side. So many
15 stakeholders involved, and hopefully that'll all get us
16 on the right ... it'll be interesting to try to collect
17 all of the priorities and get them into a common form.
18 That should be interesting. I think we're up to the
19 task.

20 We'll revisit the R&D priorities that were
21 identified in the November 2001 workshop to make sure -
22 - well actually, to figure out if the same priorities
23 are still there, if new priorities have come about, or
24 if the priority order has changed. And then we'll use
25 that to issue additional broad agency announcements,

1 focused in on those research priorities. So
2 continuous cycle -- identify priorities through various
3 stakeholders, issue broad agency announcements, fund
4 the research, and then look again at priorities.

5 Here's the website. You can get to it from
6 other ways. This is the quickest way. It's (for the
7 transcript) <http://www.primis.rspa.dot.gov/rd>. It
8 contains not only the projects that we're currently
9 funding, but it also includes past research. It will -
10 - it shows current solicitations if they're available,
11 and past solicitations, the announcements we make such
12 as press releases, meetings that we're holding, former
13 presentations. You name it, it's there. Anything you
14 want to know about our research and development
15 program, this is the place to go.

16 You can also do a search on that website by a
17 particular project, whether it's name or category. So
18 if you wanted to see all the research that's been done
19 on damage prevention, you can type in damage prevention
20 and it will show you. Or you can click on category
21 that says damage prevention and it will show you the
22 research that was conducted. It's still being tweaked.

23 There are some errors in it, but it's pretty good. If
24 you find an error, bring it to our attention and we'll
25 quickly correct it.

1 And then, finally, if you have questions on
2 research -- several people you can call. You can call
3 myself. I can pretty much answer the questions on
4 preaward, what we're doing to coordinate, the
5 solicitations, how we go about the process. If you're
6 interested in a particular project and where it is at
7 this particular place and time, I recommend calling Jim
8 Merritt. His phone number is up there. And if you
9 have questions on contract -- how to do a contract with
10 the government, or how the process works on the
11 contractual side, call Warren Osterberg. Numbers are
12 listed. And with that, I'll kick it back to the
13 Committee.

14 MS. GERARD: Christina, I think we need to
15 outline for the Committee what the timeline would be on
16 the submission of the R&D plan to Congress and when the
17 Committee would have the opportunity and the
18 responsibility to comment on that plan prior to
19 submitting it for clearance.

20 MS. SAMES: The five year plan -- the first
21 five year plan is due to Congress December -- I guess
22 it would be December 17, 2003. We'll be working on the
23 development of that plan. I do not think it will be in
24 place by your May Committee meeting, although hopefully
25 we can give you at least an outline of where we are at

1 that particular time. We can brief you on the
2 Memorandum of Understanding, which will be in place at
3 that point, and tell you about next steps. I'm not
4 sure if you're planning a fall meeting, but if you were
5 that would be the perfect time to lay out the R&D plan
6 and get it to the Committee.

7 MS. GERARD: I think we need to work with the
8 Committee at the earlier stage, more at the outline
9 stage and get their input at the outline stage. I'd
10 like to ask the Committee if they would find it
11 appropriate for them to provide comments on a detailed
12 outline of the plan more in the late spring early
13 summer timeframe, and what manner of exchange of
14 information would be acceptable to them, because the
15 clearance process could take four months, and we would
16 like to try to meet the deadline of December.

17 MS. KELLY: Are you suggesting the May
18 meeting?

19 MS. GERARD: I guess I'm leaving it open as
20 to how we might -- we could mail you a document that
21 might be a detailed outline in the late spring, early
22 summer, and ask for comments electronically. Does the
23 Committee feel like we need to meet to discuss the
24 plan? I wanted to throw this out and discuss it now so
25 we can plan for the work accordingly.

1 MS. KELLY: Okay, comments?

2 MS. SCHELHOUS: I guess I had -- well, I was
3 going to ask questions for money anyway, first for the
4 03, how much did you have for research and development
5 for 03 and are you planning a scalable plan for your
6 five year, or going that you have this much money, or
7 expecting this much money? Are you going for the sky
8 and but realistically know you'll only probably get
9 this much money?

10 MS. GERARD: We can only speak to funding
11 requested through 04. First of all, the Congress
12 authorized a level of funding for the Office of
13 Pipeline Safety up to \$10 million, plus \$10 million for
14 the Department of Energy, and \$5 million for the
15 National Institutes for Standards and Technology.
16 That's an authorization.

17 MS. SCHELHOUS: But not --

18 MS. GERARD: Not an appropriation. In FY03
19 we just got our funding for 03, and the good news is
20 it's almost \$9 million, which is about twice what it
21 was in 02. That is three year money, which means that
22 we have up to three years to commit the money to
23 specific initiatives. I believe we have requested the
24 same amount of money, a little bit more, I think, for
25 the mandated controller project that was mentioned in

1 the statute, and so we have about the same amount of
2 money in the President's request for 04. We haven't
3 started the 05 budget yet, and even if we had, we
4 wouldn't be at liberty to discuss what the amount was,
5 but I think the Committee could make recommendations
6 to us as to any changes in priorities or areas of
7 additional emphasis that they would recommend as an
8 Advisory Committee that we take on.

9 MS. KELLY: There are several ways, or at
10 least several ways to accomplish this. One is to have
11 a full meeting, and the other is to receive information
12 in the mail and have a telephonic meeting. In order
13 for us to act, we would all need to have access to each
14 other's thoughts at the same time, which would be by
15 telephone, as opposed to having you poll individual
16 members. If you're looking for something very
17 informal, however, you could receive comments from
18 whichever Committee members would choose to offer them.

19 MS. HAMSHER: I guess I would, from a
20 Committee member, recommend that you pull together what
21 you have in the summer and that a telephonic meeting be
22 held. Because there is in the Pipeline Safety Bill a
23 roll for this Committee to play in review, I think it
24 needs to be more formal than here it is, call me if you
25 have any questions. So again, perhaps a telephonic

1 meeting, if there's not another need to meet in a time
2 that would be conducive to review.

3 MR. FEIGEL: Jim Feigel. Christina, this may
4 be a little premature, but what are you doing in
5 conjunction with DOT and NIST in forming this MOU and
6 five year plan to assure that there's going to be some
7 ongoing coordination and project management. Frankly,
8 I have some concerns that you guys -- you know, divvy
9 up your various pieces and then go about your business
10 and that doesn't strike me as being the best plan.

11 MS. SAMES: We've actually been coordinating
12 with Department of Energy for a number of years. They
13 participated in our November 2001 workshop. They've
14 been on all of our review panels for the broad agency
15 announcements, and in return, we have helped them
16 review their proposals, so that we did make sure that
17 we were coordinating, collaborating, and not
18 duplicating efforts. The Memorandum of Understanding
19 has to be signed off by all three agencies. We feel
20 that we have the lead so we're drafting it with input
21 from the agencies, and then it will be circulated to
22 the Department of Energy and the National Institute for
23 Standards and Technology. We would also like to
24 include the Minerals Management Service. They're not
25 listed in the legislation, but they have a role in

1 pipeline research, primarily offshore. We think that
2 they need to be included.

3 I don't see how the agencies could just
4 create a plan and go off on their separate ways at this
5 particular juncture. I think that the process that
6 we've set up has been to everyone's benefit and
7 therefore, because it's been to our benefit, we're
8 going to continue with it. We're going to make sure
9 that we continue to coordinate and collaborate and not
10 go off on our own little tangent.

11 MR. FEIGEL: I'll look forward to the draft.

12 MS. GERARD: Point of clarification.

13 Christina mentioned that when we had our November 2001
14 workshop, which I would consider a prioritization
15 planning meeting, the Department of Energy played a
16 role. Likewise, when the Department of Energy has had
17 its blueprint planning process, we participated in
18 that. So we don't wait until we're at the project
19 review stage, but work on needs assessment jointly.

20 MS. EPSTEIN: This is Lois Epstein.

21 Christina, since the law has been signed, what are you
22 doing that's different in terms of coordinating with
23 the stakeholders, if anything, and specifically I'm
24 interested in what kind of discussions you have had or
25 are planning to have with environmental organizations.

1 MS. SAMES: One of the changes that was
2 brought about from the reauthorization was we got word
3 that they were considering the National Institute for
4 Standards and Technologies. They haven't been a large
5 player in pipeline research, so they were sort of off
6 of our radar. As soon as they got on our radar, we
7 immediately began meeting with them, discussing
8 pipeline safety and pipeline research and how we could
9 work together, so that by the time the legislation was
10 finalized, we already had a good report with them.
11 They were already on board. They had committed to
12 assisting us in the review of our proposals and to
13 working with us on the MOU and the five year plan and
14 everything else.

15 As you know, Lois, it's always a challenge to
16 get various groups involved in things that are not a
17 hot issue for them. We have looked into how to get --
18 it's relatively easy for us to -- at least I think it
19 is relatively easy for us to work with the other
20 government agencies, the state agencies and the
21 industry. It's much harder to gain the interest of the
22 public and environmental groups. And several ways that
23 we're trying to do that are through workshops, like the
24 International Offshore Workshop which was open to the
25 public, through our website, through our announcements

1 to say, here, we're soliciting for research. This is
2 what we're doing and here's where the information goes,
3 so the people know about it. Through public forums
4 like the Advisory Committee. Through -- I also know --
5 well, I'm not sure if that's open to the public -- but
6 we're looking for other avenues, and if you have any
7 suggestions, please see me because it's a challenge.

8 MS. EPSTEIN: I guess there were contacts by
9 phone calls ... instead of just people to come to you
10 because -- it was a little strange, because I heard
11 first from GAO on priorities. I know they're doing a
12 survey, and that may be even useful to you all, to see
13 the results, and I know I'm not the only one that was
14 contacted.

15 MS. KELLY: We gave them -- we're probably
16 the culprits in that phone call. We gave them a list
17 of people that we think are informed about our agency,
18 that have been involved in our research planning, or
19 other activities, people that we thought could speak to
20 what we've done so far, how we're moving in the area,
21 future plans, so that's probably how they got your name
22 and number.

23 MS. EPSTEIN: And that's fine. I just was
24 wondering if that was for their benefit or your
25 benefit, or there's going to be a follow up phone call

1 from OPS directly or what, because you know, you might
2 have additional questions, and I don't know if the
3 information's going to be at all managed in some way
4 before you get it.

5 MS. KELLY: Let me suggest this then, because
6 the research project is an important one and you do
7 have some time constraints with respect to it, I may
8 even seek a little advice from our counsel because I
9 believe our technical responsibilities that are
10 specifically outlined are to review and speak to
11 proposed regulations, to provide peer review for risk
12 analysis, and then there's the other at the request of
13 the Executive Director. I'm assuming this is the
14 other.

15 MS. BETSOCK: Well, this is mentioned in the
16 Statute specifically.

17 MS. KELLY: For review by this Committee?

18 MS. BETSOCK: Yes. This is specifically
19 mentioned in the Statute. The provision reads, "Such
20 program plans shall be submitted to the technical
21 pipeline safety standards Committee and the technical
22 hazardous liquid pipeline safety standards Committee
23 for review, and the report to Congress shall include
24 the comments of the Committees.

25 MS. KELLY: That's absolutely clear. So we

1 will -- I think what we will have to do then is -- you
2 will have to, Christina Sames -- get information to the
3 Committee members as soon as you can, as early as you
4 can, and if we do not have other agenda items that
5 would require a physical meeting, we will plan a
6 telephonic meeting and take appropriate action at the
7 time. When you submit to us the draft materials or
8 whatever it is you want us to begin our review with, it
9 would be helpful if you would give us a timeline as
10 well, so that we would begin to plan -- because there
11 are a lot of people who's schedules will have to be
12 reconciled in order for us to have that meeting.

13 MS. GERARD: Going to Lois' question about
14 aggressive outreach to get public and environmental
15 organization representatives, when we have such a
16 conference call, I believe we notice in the Federal
17 Register?

18 MS. BETSOCK: Yes.

19 MS. GERARD: And I believe we can invite
20 specifically public representatives to listen to the
21 call?

22 MS. BETSOCK: Its notice to the public
23 register. The public can attend. We normally will
24 provide a room that the public can come to, and we
25 certainly could try to do some outreach in terms of

1 letting people know that this is taking place.

2 MS. HAMSHER: May I -- this is Denise
3 Hamsher. If I'm hearing Lois right, though, and if
4 this is a telephonic meeting that we're reviewing, I'm
5 wondering if a more constructive use of time is that as
6 you're developing the plan and floating drafts and even
7 before it's sent to us, going to back to what Lois --
8 if she's got some specific groups that have an interest
9 in R&D aspects of this, is you meet with them to get
10 some input so that the benefit of their input is
11 brought forth in the plan that's presented to us,
12 rather than them weighing in after the plan's already
13 drafted.

14 MS. KELLY: I think that's acceptable -- we
15 don't need to vote on that. That's a practical
16 recommendation and so if you would just take that into
17 account in putting the materials and information
18 together for us.

19 MS. SAMES: And Lois, if there are particular
20 forums where environmental groups maybe converge that
21 we could provide them information on our R&D program,
22 where we're going, so that they could be -- so that
23 they could provide input, that would be wonderful, if
24 you could provide maybe some possible forums for that
25 type of outreach.

1 MS. GERARD: Another thought is that, you
2 know, we sometimes invite representatives of the public
3 to attend at public meetings and to make presentations
4 and we invited Rick Kuprewicz who represents the
5 Washington Citizens Committee to this meeting for
6 purposes of discussion of another topic, but perhaps
7 Rick could take some information on this back to the
8 Washington Citizens Committee and perhaps we could
9 identify some other organizations. But we are trying
10 to provide for broader public participation in some of
11 these meetings by inviting them to come and speak and
12 give their views.

13 MS. KELLY: Yes.

14 MR. WILKE: Ted Wilke on the gas Committee.
15 Reviewing an outline of an R&D program is exceedingly
16 difficult because there's going to be lots of inputs to
17 the whole process, lots of parts. I've been thinking
18 about how do we make effective input to this and it's
19 not clear to me how we do that. It seems to me that
20 we're going to need a little bit of background
21 information on what are the priorities that OPS has
22 established as being appropriate, because I'm not sure
23 we could do that in a telephonic conversation for sure.

24 And secondly, perhaps some idea of the kinds
25 of inputs that you've got from the various groups that

1 have been participating with you so we have some
2 foundation on which to determine whether or not we
3 think the plan is appropriate and consistent. I just
4 think it's a very difficult task.

5 MS. GERARD: I would like to distribute to
6 the Committee the minutes from the November 01
7 workshop, for those of you who did not participate in
8 that. That is a public record.

9 MS. SAMES: Actually, Stacey, all of those
10 are on our website.

11 MS. GERARD: Okay, well, I want to make sure
12 it's easy for the Committee to access it and then
13 another public document is the R&D plan that we
14 provided to OMB. We made that publicly available to
15 congressional committees who have asked for it, so I
16 think we can provide that to the Committee as well.

17 MS. KELLY: And this is where I used the term
18 'other'. Anything else that will be helpful to the
19 review by Committee members prior to the time we have
20 the phone call. Any other comments by Committee
21 members?

22 MS. SCHELHOUS: Yes, Ruth Ellen. Just going
23 looking at the legislation it very specifically states
24 a whole laundry list of different people or groups that
25 are supposed to be consulted with, so I guess

1 institutes of higher learning -- are you doing that
2 through DOT's stuff already, or -- DOT has some linkage
3 to certain transportation education stuff. And then it
4 says the National Labs, labor organizations.

5 MS. SAMES: Once again, the laundry list is
6 not only for the Department of Transportation, but all
7 the federal agencies, because it's the federal agencies
8 that are creating the five year plan. By federal
9 agencies, it's the -- the National Labs are primarily
10 under the Department of Energy, so I believe that's why
11 that wording was placed in the legislation. I think
12 they wanted to make sure that they were consulting with
13 people doing research for the Department of Energy. I
14 can tell you that academia did play a role in our
15 November 2001 workshop. They helped contribute to our
16 priorities and we always look for input from them. We
17 do have -- RSPA does have contracts and has set up sort
18 of a forum for the universities and information is
19 distributed to them through RSPA.

20 MS. GERARD: We do have a scheduled meeting
21 with a group of labor unions in early August, so we can
22 raise this -- it wasn't the agenda item, but we can add
23 it to the agenda for that meeting.

24 MS. KELLY: Are there any other comments by
25 Committee members? Any comments or questions from the

1 public? Yes.

2 MR. JOHNSON: Dave Johnson from Enron. Just
3 a couple kind of process points of clarification. One
4 is if the Committee -- and the Committee has done this
5 before, had a telecon meeting where they did not meet
6 together, and as I recall when that meeting is first
7 originally set up, there was a room noticed for the
8 public to attend, and I think several of us made the
9 point at that time that the public needs telephone
10 access also. If the Committee's going to meet by
11 telephone, it's unreasonable to make other interested
12 parties travel to participate, so as you're setting
13 that up, please build a big enough conference bridge
14 that interested parties can call in.

15 And I may have missed it, but on the GAO
16 questionnaire, is that -- are the results of that
17 essentially survey that the GAO is doing, is that going
18 to be provided to the Committee members as they
19 formulate their comments on the outline?

20 MS. KELLY: Yes, Mr. Wiese.

21 MR. WIESE: Jeff Wiese. I would say that the
22 survey is underway right now. They're reaching out to
23 expert lists as Christina said. We provide them a lot
24 of information. They're going to others that they're
25 picking out through their sources. I don't even know

1 if they're going to provide us the raw access, although
2 Christina and I meet with them on Friday to brief them
3 again. We can certainly ask for that, and if
4 available, provide it to the Committee. I know that
5 the Committee would certainly have the GAO report, and
6 I also know they're under some heat to finish up that
7 report fairly quickly.

8 MS. GERARD: But the GAO product belongs to
9 the customer, who in this case is the House
10 Appropriations Committee. So it may be that you need
11 to ask the House Appropriations Committee to have
12 access to the report.

13 MS. KELLY: Are there any other questions,
14 comments.

15 MS. HAMSHER: In the spirit of quickly
16 resolving that, can a resolution be made right now by
17 the Committee to ask, through the minutes, that
18 Appropriations Committee as a move by the Committee
19 itself.

20 MS. BETSOCK: The Committee can only
21 recommend to the agency that we ask that the report be
22 made available. The Committee can't act on its own.

23 MS. KELLY: And it's already in the record.
24 I think it's been requested. We don't need to actively
25 take a vote on that, do we?

1 MS. BETSOCK: Right.

2 MS. KELLY: Thank you. It is on the record.
3 Are there any other comments or questions? Thank you.
4 We'll take a ten minute break.

5 (Whereupon, a 15 minute recess off the record
6 was taken.)

7 MS. KELLY: Be seated please so that Sam Hall
8 can get started with his presentation on the National
9 Pipeline Mapping System.

10 **Briefing: National Pipeline Mapping System**

11 MR. HALL: My name is Sam Hall. I'm the GIS
12 analyst for the Office of Pipeline Safety. Today I'll
13 be covering the National Pipeline Mapping System and
14 some of our thinking regarding rulemaking for the NPMS.
15 To those of you who heard this presentation yesterday,
16 I apologize for having to go through it again. It's
17 largely the same although I will be covering some
18 additional information.

19 To sort of tell you what I'm going to tell
20 you here. My plan today is to give you an overview and
21 background on the National Pipeline Mapping System,
22 talk a bit about some of our thinking for the need for
23 a National Pipeline Mapping System rulemaking, and
24 what's important to say here, I think, is that a lot of
25 the statements that I'm going to make here today are

1 intended to draw some comments from the Advisory
2 Committee. My point here is to point out some of the
3 direction in terms of the thinking that we're doing in
4 the Office of Pipeline Safety in terms of how we intend
5 to use our internal databases, how we intend to use the
6 National Pipeline Mapping System, and a lot of the
7 things that you will see here are ideas. It's not
8 necessarily things that we are planning to do.

9 So I will give you some of that thinking
10 today. We'll also talk about some of the potential
11 changes that that could mean for the National Pipeline
12 Mapping System in terms of structure and how operators
13 will be expected to participate, or could be expected
14 to participate, and then I'll make a few comments about
15 data security.

16 Some background on the National Pipeline
17 Mapping System, I'm going to make some assumptions here
18 today that most people in the audience and most people
19 on the Committee are familiar with the National
20 Pipeline Mapping System and technically familiar, at
21 least to some degree, but to give some brief background
22 on the National Pipeline Mapping System.

23 It's a geographic information system that
24 includes -- it's a database, in essence, that includes
25 latitude and longitude positions of pipelines and the

1 attributes that are attached to those pipelines. And
2 the National Pipeline Mapping System contains limited
3 attributes that basically describes who operates the
4 pipeline and the commodity that flows through that
5 pipeline.

6 Up until December 17, 2002, submission to the
7 National Pipeline Mapping System was voluntary. And we
8 collected information from pipeline operators on a
9 voluntary basis. We did very well. This is our United
10 Way thermometer here. We have about 100 percent of the
11 liquid pipeline mileage -- we have 99 percent here,
12 it's effectively 100 percent, and on the gas mileage --
13 the gas mileage that we regulate, we have 61 percent of
14 that mileage in our system. And again, all that was
15 gained through a voluntary submission system.

16 The Pipeline Safety Act of 2002 required
17 operator submission to the National Pipeline Mapping
18 System as it exists today. There were no changes under
19 the Pipeline Safety Act that required additional
20 attributes to be submitted. It's the exact same system
21 as existed in the past.

22 A bit about what we use the NPMS for in our
23 office. We use the NPMS to create stats -- statistics
24 for liquid integrity management inspection, oversight
25 and inspection planning. We have developed a couple

1 mapping applications for OPS personnel to use in house.
2 We've also developed an online mapping application
3 that certain folks do have access to, password
4 protected access outside of our organization, and I'll
5 describe some of that security protocols and who
6 actually has access to that information later. And we
7 also use the NPMS to answer Congressional requests and
8 requests from the public, to answer questions such as
9 how many miles of pipeline are in a given state and
10 those kinds of questions that come from Congress on a
11 fairly regular basis.

12 One thing that we are proud of is that we've
13 developed an public internet application that allows a
14 user from the public to go into our website -- and
15 again, this is not live, it is not live now, but it
16 will be live probably within the next six months. This
17 public internet application allows the user to go in
18 and enter a zip code and bring back, not maps, but
19 contact information for the pipeline operators that
20 exist in that zip code. We're happy about that. That
21 pipeline contact information is a general contact for
22 the pipeline operators, so it gives the public a chance
23 to get information from pipeline operators without
24 actually seeing maps of the data.

25 The reason that's not live now because we are

1 still in the process of collecting the contact
2 information for the pipeline companies, and the
3 Pipeline Safety Act does require pipeline operators to
4 submit that information.

5 What I would like for everyone to walk away
6 from today, at least on the Committee, is the idea of
7 why do we need a mapping rule. What is our general
8 live thinking in terms of a mapping rule? We would
9 like a mapping rule for regulatory oversight and
10 effective data analysis. The mapping rule is going to
11 require additional attributes and improved geospatial
12 accuracy of the pipeline data, improved plus or minus
13 so many feet of the actual pipeline on the ground.

14 A bit more about that. Better data means a
15 smarter operator, and a smarter regulator. What we
16 would like to be able to do with the National Pipeline
17 Mapping System, and what we have trouble doing with it
18 today, is to identify where problems exist on the
19 pipelines, and to be able to correlate some of the
20 incident and accident data that we have in the Office
21 of Pipeline Safety with what actually exists in the
22 ground. So to be able to focus on where problems exist
23 geographically. And then use the National Pipeline
24 Mapping System also as a measure of success to
25 determine whether or not our activities in the Office

1 of Pipeline Safety are effective.

2 Part of that involves data integration and
3 normalization. Right now we have a study going on in
4 the office to look at how we can integrate databases,
5 disparate databases in our office. That study is
6 really looking at a lot of our business rules, how we
7 assign operator I.D.s and once we start to get a model
8 of how we are going to assign operator I.D.s and how we
9 collect information under the National Pipeline Mapping
10 System, we can begin to marry up the two databases, and
11 right now that's difficult for us to do.

12 A bit more on that. When -- in the National
13 Pipeline Mapping System, for instance, operators will
14 submit data for a pipeline operator, for instance,
15 operator I.D. 12345. It may be that that 12345
16 represents data that actually should be operated and
17 identified in the National Pipeline Mapping System as
18 23456. And so when we try to go back through our other
19 databases in the office and go to a common link, the
20 operator I.D. and try to marry up some of this
21 information, we get a disconnect, geographically. And
22 that's a challenge for us. And so part of this mapping
23 rule is to address that problem. And as I said, there
24 is a study going on right now to address other problems
25 in house to try to deal with some of our business

1 practices.

2 MS. GERARD: Could you clarify for them what
3 the change would be for them, for example, in this area
4 with operator I.D.? What does this mean to them?

5 MR. HALL: It would simply mean that when you
6 submit NPMS data to the National Pipeline Mapping
7 System, when an operator submits that data, their data
8 would need to reflect in terms of operator I.D., what
9 actually is operated under that operator I.D. And
10 that's that. As opposed to being able to submit one
11 operator I.D. for multiple companies. And often -- I
12 think the problem comes from, you'll have a parent
13 company that has several companies underneath it that
14 has several operator I.D.s, but let's say a mapping
15 division that is only under one operator I.D., and that
16 mapping division just submits all the data under one
17 operator I.D., under this we would try to control that
18 and make sure that the operator I.D. is attached to the
19 piece of pipeline, that that operator actually
20 operates. Does that answer the question? Good.

21 Lastly, my last point here is about
22 regulatory oversight, and I'll discuss this a bit
23 further, but we intend to use, and this is the
24 direction of our thinking, we intend to use the
25 National Pipeline Mapping System as a system for

1 prioritizing inspections, especially for gas integrity
2 management, and for verification of operator data,
3 again, especially for gas integrity management.

4 Again, I want to stress that this is -- a lot
5 of the things I'm going to show you today are really to
6 generate thinking and to generate some discussion, so a
7 lot of these things that I'm showing you are very
8 simplistic, and I'm showing you a general sense of how
9 the Office of Pipeline Safety is thinking and the
10 direction we're wanting to take.

11 This is a little equation that I developed to
12 try to bring that out. The first part of the equation
13 is an enhanced National Pipeline Mapping System with
14 more accurate pipeline locations, and the accurate
15 pipeline locations really refers to the plus or minus
16 500 feet geospatial accuracy that is required now under
17 the National Pipeline Mapping System.

18 MS. GERARD: What would it -- how would it
19 change, Sam?

20 MR. HALL: Right now under the current model
21 for gas integrity management, we're looking at
22 developing High Consequence Areas based on the location
23 of the pipeline. Under liquid integrity management, we
24 looked at developing High Consequence Areas separate
25 from pipelines and under gas integrity management,

1 they're based on what the pipeline is actually
2 travelling through, what the pipeline traverses. If
3 you base Consequence Areas on a piece of pipeline that
4 is inaccurate geospatially, plus or minus 500 feet in
5 any direction, and you have a potential impact circle
6 of 600 feet, for instance, if your 600 foot radius is
7 plus or minus 500 foot in either direction, you have a
8 disconnect in terms of what is actually being
9 protected.

10 So what it would mean in terms of improving
11 accuracy would be -- we're looking at national map
12 accuracy standards for 1 to 24,000 topoquads (ph),
13 which is plus or minus 40 feet.

14 Some additional attributes that we'll be
15 collecting, especially -- this is still that first part
16 of the equation on the board here -- the additional
17 attributes that we're looking to collect pertain most
18 especially to gas IMP, and High Consequence Areas.
19 I'll discuss some of those additional attributes in a
20 bit, but a couple of them would be to require diameter,
21 right now diameter is not a required field under the
22 National Pipeline Mapping System; pressure, MAOP and
23 MOP, not changing pressure on the line, but a one time
24 submission of a static number, MAOP or MOP, not the
25 actual operating pressure of the line, and some

1 attributes that would reflect High Consequence Areas
2 and why that pipeline is in a High Consequence Area.
3 Again, these are things that we are considering
4 collecting for the National Pipeline Mapping System.

5 So an attribute on a pipeline might say, this
6 is a High Consequence Area because it runs through so
7 many housing units. Next segment may say this is in a
8 High Consequence Area because it runs next to a place
9 where people congregate.

10 The second piece of the equation is
11 performance and compliance information, and this really
12 refers to a lot of the databases that we have inhouse
13 on operator performance and inspection data that we
14 have inhouse. And we would like to be able to link
15 that data back to the National Pipeline Mapping System.

16 And again, my previous slide talked a bit about the
17 study we have going on inhouse to try to deal with some
18 of our business rules and some of the ways that we can
19 collect that information and the operator I.D. issue
20 and it's something that we're addressing.

21 We'd like to take these two pieces of data,
22 combine them in some way and bring out a proxy for
23 risk. It's a way to develop a proxy for risk, and this
24 proxy for risk can be used to rank pipeline operators,
25 potential risk to the public --

1 MS. GERARD: Systems or operators?

2 MR. HALL: Systems or operators. It could be
3 -- again, this is a very simplistic model. It could be
4 -- we could use it in many different ways. This proxy
5 for risk would be used to rank a pipeline operator's
6 ability to affect the public safety, and help us to
7 allocate our inspection resources more effectively.
8 OPS can't be everywhere at once, and so the idea is to
9 try to focus our inspection resources in the places
10 where they're most needed.

11 This is a very simplistic example of that.
12 Again, this is simplistic. We have two pipeline
13 companies, pipeline company ABC and XYZ. Both have 100
14 miles of pipeline. Pipeline company ABC at the top has
15 a small diameter at low pressure. Ten percent of their
16 mileage in High Consequence Areas, and they're a
17 relatively good performer. Pipeline company XYZ also
18 has 100 miles of pipeline, but their pipeline is large
19 diameter at high pressure. Fifty percent of their
20 mileage is in High Consequence Areas and they're
21 relatively a poor performer.

22 The idea is that you would obviously want to
23 focus your inspection resources on pipeline company XYZ
24 and use limited inspection resources in the Office of
25 Pipeline Safety and limited public funds to best focus

1 on public safety.

2 What does all this mean in terms of potential
3 changes to the National Pipeline Mapping System? I
4 already discussed some of the additional attributes and
5 the improved accuracy issue. In order to accept a lot
6 of these additional attributes we have discussed using
7 an enhanced data model, which is called dynamic
8 segmentation. In the geographic information systems
9 world, that's a fancy word. It's really a data model
10 that will allow collection of data more efficiently and
11 more effectively from pipeline operators and make the
12 submission process easier. We are considering
13 collecting additional attributes. That represents a
14 burden. We're trying to lessen that burden. This is
15 our direction of thinking.

16 This enhanced data model will basically --
17 and I'd like to avoid getting into what the data model
18 consists of, it's a half hour presentation in and of
19 itself, and it's a relatively simple model once you
20 understand the model, but I'd like to talk about how it
21 would actually affect what we can use if for in the
22 Office of Pipeline Safety.

23 It would also allow to collect additional
24 attributes without having to break up the pipeline into
25 tons of different segments. It makes submission easier

1 and more efficient for pipeline operators. It would
2 allow OPS to maintain historical data on the pipeline
3 so that now we can, instead == Right now the National
4 Pipeline Mapping System represents a snapshot in time.
5 We're looking at what's in the ground right now, who
6 is operated by now. With this system, we would be able
7 to track over time with a date field, when this
8 pipeline segment was operated by which company, when
9 did it change hands, those kinds of things, without
10 additional burden to a pipeline operator.

11 The model would represent a pretty drastic
12 change in terms of how we do business internally, and
13 so we have a lot of discussion to go through in terms
14 of if we migrate to this model what is going to be the
15 burden -- in house, what is going to be our burden, and
16 how would it work for submission to the NPMS? What
17 would be the burden to operators? Quite a few details
18 that need to be worked out.

19 The design of the database, the design of
20 what attributes we're going to be collecting, depends
21 in large part of what we decide finally for gas IMP.
22 So a lot of the attributes that we would collect really
23 depend on some of our other rulemakings in house. And
24 so a discussion of --

25 MS. GERARD: Which we will be talking a lot

1 about tomorrow.

2 MR. HALL: Which we will be discussing quite
3 a bit tomorrow. A lot of the -- it really doesn't
4 serve to talk about what attributes will be collected
5 specifically, but again, this is just for discussion to
6 draw out some suggestions from the Committee.

7 Potential changes to the NPMS, a rulemaking
8 would also require the submission of breakout tanks.

9 We've been working in close conjunction with API to
10 develop standards for collecting that information. We
11 have the support of API to collect that information.
12 Right now it's a voluntary data element within the
13 National Pipeline Mapping System. A potential
14 rulemaking would potentially require that submission.

15 And then finally there is the issue of Annual
16 Reports, and I would say this applies to both liquid
17 and gas, but there is the potential to use the National
18 Pipeline Mapping System --

19 MS. GERARD: Transmission.

20 MR. HALL: Transmission lines.

21 MS. GERARD: Because the Annual Report for
22 distribution wouldn't tie to the mapping system because
23 we don't map distribution systems.

24 MR. HALL: Correct.

25 MS. GERARD: I'm trying to prevent a heart

1 attack over this.

2 MR. HALL: We can use the National Pipeline
3 Mapping System to dump data from the NPMS into Annual
4 Reports relatively easily, especially data that has a
5 geographic element, by state information and those
6 kinds of things. It's a relatively easy port in terms
7 of data from the National Pipeline Mapping System into
8 an Annual Report format.

9 Getting away a bit from what changes would
10 take effect in the National Pipeline Mapping System, I
11 want to talk some about data security, because I think
12 that the collection of additional attributes warrants a
13 discussion of security.

14 September 11th made a lot of changes in the
15 Office of Pipeline Safety, and one of them was to take
16 the NPMS from a publicly available system -- anyone
17 could download it anywhere around the world, see all
18 the pipelines in the nation that we collected so far.
19 September 12th the whole thing came down. We had an
20 internet mapping application online that allowed users,
21 very similar to Yahoo or to MapQuest maps that allowed
22 users to pan and zoom and look at pipelines in relation
23 to High Consequence Areas and those kinds of things.
24 That came down September 12, 2001.

25 What we did in the ensuing months was to work

1 with our security elements within the Department of
2 Transportation and with some other federal agencies, to
3 determine how best to protect this information while
4 still giving good access to those who needed the
5 information. And this is what we've come up with.

6 We allow access to federal, state, and local
7 government officials and their contractors, provided
8 there's a confidentiality agreement in place for data.

9 And we also allow access to NPMS data in this online
10 mapping application to pipeline operators. Pipeline
11 operators only see their own data. They don't see data
12 from other operators, and they only see the data that
13 they've submitted. And the last thing that we do is
14 restrict the geographic extent to need. Meaning, if
15 Fairfax County, Virginia needed to see all the
16 pipelines in Fairfax County, we would give them only
17 the pipelines in Fairfax County, and we're very strict
18 about who we give the entire nationwide dataset to,
19 which obviously would represent a larger threat to
20 safety and security for the nation.

21 To tell you what I just told you -- I've
22 talked a little bit about what's going on -- our
23 thinking in terms of what we would like to use the
24 National Pipeline Mapping System for. Talked about
25 some of the changes that that would entail for the

1 National Pipeline Mapping System and a bit about
2 security. I can take questions.

3 MS. KELLY: Any questions from the Committee
4 and could someone cover up the light, please.

5 MS. GERARD: These three guys are not
6 allowed to sit together.

7 MS. KELLY: Thank you. Any questions by
8 Committee members, or comments? Yes, Mr. Wilke.

9 MR. WILKE: Ted Wilke, gas Committee. I'm
10 not sure I follow completely the logic in the equation
11 you had in which you came up with a proxy for risk. I
12 can understand its internal use, roughly, for setting
13 inspection priorities or any other internal use that
14 OPS might want. It's really not -- I mean we've had so
15 much discussion over the years of what risk is, it's
16 really not a very good proxy for risk, and the language
17 just -- it's like putting fingernails across the
18 blackboard for me. So I think a better choice of
19 language might be helpful there.

20 MS. HAMSHER: This is Denise Hamsher from
21 Embridge. Yesterday, Sam, when you were here and
22 briefing the liquid Committee, I think the same point
23 was made that while it is important information to help
24 OPS kind of understand the systems they may want to
25 inspect and zero in on, I think the more rigor of

1 inspecting integrity management plans of the specific
2 system is a better way to talk about risk than some
3 kind of overall ranking that just has a mapping
4 criteria or attributes that flag it.

5 MS. KELLY: Yes, Mr. Drake.

6 MR. DRAKE: Andy Drake, gas Committee. I
7 think you need to slow down a little second here, for
8 me, I guess. We were involved in the development, the
9 meta data issues were wrestled with at great length
10 about how data would be received and what it would be
11 structured to do and it was all predicated on a certain
12 purpose. And what I hear here is a very different
13 purpose for what this thing is going to do all of a
14 sudden. And I guess I have a couple of questions.

15 First of all, is there going to be a
16 rulemaking on the national mapping issues? Some sort
17 of specific regulatory mandate?

18 MS. GERARD: What Sam was doing was involving
19 the Committee in some early conceptual thinking. What
20 he was telling you was these are some things we're
21 talking about. We are thinking that we need to do a
22 rulemaking that goes beyond what the Congress required
23 in statute, for a variety of reasons. He says we're
24 thinking about doing a rulemaking. We're here to
25 discuss, get input on that.

1 MR. DRAKE: I think you have to know what
2 you're trying to be when you started, before you take
3 off and try to be something else, because it's going to
4 rip a lot of the underpinning out from where you are.
5 Changing whatever the current meta data is on accuracy
6 -- it's 500 feet -- to 40 feet is a significant fiscal
7 issue, not a light fiscal issue. The group wrestled
8 with that at great length, and it was all predicated
9 around what were you going to do with this information?
10

11 Now, I don't understand -- I agree with Ted,
12 I don't understand the value of trying to run risk
13 assessments off a map, when you're in the offices of
14 the operators, visiting with them very specifically
15 about specific HCAs, specific practices, and detailed
16 analyses. Now we're going to back up and look at it at
17 a 50,000 foot level and try to extract some value out
18 of that? I think that's ludicrous to be very frank.
19 The purpose of this thing was very different than what
20 you're trying to do and I don't -- it's just not
21 apparent to me how this thing is 1) going to succeed,
22 2) how it's going to be anywhere remotely cost
23 beneficial in the applications you're talking about,
24 and 3) that you can get anybody to jump into this mode
25 in any kind of reasonable timeframe. Many of these

1 operators don't have electronic information, period.
2 It's coming to you in paper format currently, and
3 changing the meta data issues around it is just going
4 to result in another dump truck load of data that they
5 don't have.

6 I just caution you to be very careful about
7 what it is you're trying to accomplish and are there
8 other vehicles that you currently have that can
9 accomplish those same objectives, or will accomplish
10 those same objectives in other venues. The mapping
11 thing had a very different purpose, and I think that's
12 what Congress was mandating it for, was some of those
13 purposes, but now I hear, we're going to jack the cost
14 up by 10 or 20-fold to do this other thing that no
15 one's mandated yet.

16 MS. GERARD: Could you say how you see the
17 purposes as different? I can understand your point
18 about the cost implications for changing the accuracy
19 standard, but I don't really see how the purpose is
20 changed for what we designed the system for, which was
21 for our planning purposes.

22 MR. DRAKE: Yes, I think we all need to go
23 back in time and remember the flood in Houston that
24 took so many pipelines out of service in San Jacinto
25 Bay (ph) and there was a great embarrassment because

1 the DOT did not know what pipes were in that basin.
2 And I think that was a very big driving force that
3 caused the genesis of a National Pipeline Mapping
4 System. It was some sort of system so that the DOT had
5 some working knowledge of where pipes were in
6 communities across the United States, who the operators
7 were, who the contacts were, what products they moved,
8 even to some degree, there was a great discussion about
9 diameter, and I think that's still a valid parameter.

10 But with that initiative, I think it spawned
11 off and shouldn't that information be exported to
12 OneCall systems to help the OneCall operators be more
13 efficient on the definition of who's in areas for
14 excavation notifications. I think the operators
15 concurred again that that was a useful, constructive
16 purpose, and the meta data was geared around that.

17 Now, when you start -- when you start trying
18 to get down into really high resolution GIS data to try
19 to drive decision-making off of it, I think you need to
20 do a business decision about do you already have that
21 information somewhere else that you don't need to spend
22 these information dollars to get the high resolution
23 graphics, when you already have the information in
24 other venues that you're using. The audits, the
25 interviews. And is there some value that you're

1 extracting out of this expenditure to get this
2 incredibly high resolute graphic to go with it? And I
3 don't see it.

4 MS. GERARD: Would you like to respond?

5 MR. HALL: One of the things that we use the
6 National Pipeline Mapping System for now is for
7 oversight for liquid integrity management. And that's
8 easy to do with the system that we have now, because
9 liquid integrity management has clearly defined High
10 Consequence Areas that are a priori, defined by the
11 Office of Pipeline Safety and given to pipeline
12 operators. We can run quick and easy analyses using
13 that data with the current mapping system on hazardous
14 liquids to give us an idea of how we're going to
15 allocate our inspection resources to those pipeline
16 operators that have the greatest amount of mileage in
17 High Consequence Areas, for instance, and other
18 parameters.

19 We'd like to be able to continue in that
20 theme, because it is very useful for us. The way that
21 the integrity management rule for natural gas is set
22 up, would not allow us to do that with the current
23 system as it exists now. And part of the reason for
24 that is this accuracy problem. Again, I described a
25 plus or minus 500 foot scenario where you've got

1 pipeline data that is plus or minus 500 feet, potential
2 impact circles that are 600 feet, and you're looking at
3 the wrong potential impact circle in a nationwide
4 system.

5 MS. HAMSHER: But -- may I suggest though,
6 that the operator isn't looking at the wrong impact
7 circle. You're just -- the problem that I have is that
8 we're taking a leap from having the operator define as
9 is in the High Consequence Rule, and leaping that all
10 of a sudden to say, and you must submit that in -- via
11 a GIS mapping system. That is a big, expensive leap
12 that I'm not sure has benefit to the operator managing
13 High Consequence Areas or OPS overlooking the
14 appropriateness of that operator identifying.

15 MS. GERARD: In the very beginning of the
16 National Pipeline Mapping System in 1993, emergency
17 communication was one purpose. The original purpose
18 always was to support our planning. And when we
19 started looking at ways of defining High Consequence
20 Areas and looking at the different rulemakings for
21 integrity management, we had assumed that we would use
22 the same bases for the gas rule as for the liquid rule.
23 And it was in public meetings that the gas industry
24 said, you know, we really have better data than the
25 census, and we said, fine as long as you can present

1 that data in a way so we have a common way of
2 communicating to the public what the areas are that
3 we're protecting. So it was always a premise of the
4 different approach we took for gas, that we would need
5 to map. Now whether or not we need to map to -- the
6 pipeline to the level of accuracy that Sam's talking
7 about. But one point --

8 MR. DRAKE: It's a question.

9 MS. GERARD: It is a question. We're raising
10 it as a question. We have -- we have, just to make the
11 point laid the 60 percent of the mileage of gas
12 pipelines that we have in the system now on top of
13 those same census tracks, just to see what we would get
14 if we used that method instead of the methods that we
15 proposed, then we can calculate very easily what the
16 segments are that cross those populated areas, and what
17 we have in the system right now would pick up 11
18 percent of the mileage of gas transmission lines that
19 are in the system now, which is within about two
20 percent of what it picks up of liquid lines that cross,
21 not can affect, but cross. But for gas pipelines, the
22 can affect situation is a whole lot more narrow.

23 So we're still in rulemaking, and we're still
24 figuring out how we can oversee the protections that
25 are implemented once the rule goes into effect. So Sam

1 and Steve have been trying to wrestle with this
2 question. How can we pass, to quote a friend of mine,
3 the red face test, to say that we know that the
4 operators are bringing the protections to the areas and
5 the population we have defined as being of highest
6 consequence. So that's a problem we're trying to
7 solve is how can we verify, validate to the same degree
8 we can for liquid?

9 MR. FEIGEL: Sam, of the 61 percent of the
10 existing gas pipelines that you do have in your data,
11 how was that geo-coded?

12 MR. HALL: I don't understand your question -
13 - geo-coded? How accurate is the data, is that what
14 you mean?

15 MR. FEIGEL: No, not accurate. I'm just
16 asking what sort of form, database and/or mapping
17 protocol are you using? I mean I assume it's you
18 because you said you had lat/longs on those --

19 MR. HALL: Yes, yes. We use geographic
20 information software to -- the information is submitted
21 to us in two ways. It's either submitted
22 electronically or on paper maps. And what we do is
23 take the electronically submitted information that is
24 submitted under a standard that we've developed --
25 originally in March of 1999, and revised in January of

1 2003 to reflect the mandatory language of the Pipeline
2 Safety Act. Operators submit data under a specific
3 standard, and they submit that to us either
4 electronically in a geographic information system
5 format, and software that allows us to easily integrate
6 it into our database; or in paper maps that we digitize
7 for that operator, incorporate it into our database and
8 deliver that data back to the pipeline operator.

9 MR. FEIGEL: What's the impediment in getting
10 the other 39 percent? Is that just -- I think I know
11 the answer.

12 MS. GERARD: There is no impediment.

13 MR. FEIGEL: Okay, well --

14 MR. HALL: The data is coming, yes. That's
15 the right answer.

16 MR. FEIGEL: At least in terms -- aside from,
17 for the moment, the cost benefit and the eventual end
18 use, am I missing something here? It doesn't strike me
19 that there's any huge issue at least developing the
20 database. Is there?

21 MR. HALL: In improving the attributes and in
22 getting a complete system for the National Pipeline
23 Mapping System as it exists now before any
24 enhancements, no, there are no impediments.

25 MR. FEIGEL: Okay.

1 MR. DRAKE: The issue of impediment is really
2 a misperception. Some people are already turning in
3 data at plus or minus three feet.

4 MR. HALL: Yes, that's correct.

5 MR. DRAKE: We are one of those people, so I
6 mean to me, actually, it's a great deal if we pass one
7 that says plus or minus three feet. It creates an
8 incredible competitive burden on these guys that I
9 don't have to pay for. But I think somewhere --

10 PARTICIPANT: Thank you.

11 MR. DRAKE: I know, and we appreciate that.
12 I think somebody has to back up and asked the question,
13 what are you trying to do with this thing? I think we
14 have to answer that question. When I hear you say that
15 you need plus or minus some tolerance so that you can
16 overlay the impact circles, I get really nervous with
17 what you're trying to do, because you're in the audits
18 with the operators, looking at very specific data on
19 very specific HCAs that shows you exactly what the
20 impact zones specific issues. Now you're trying to
21 replicate that and overlay it on another database, and
22 I don't understand the purpose of the need for
23 precision.

24 If Duke Energy has 1700 HCAs, and I submit my
25 map to you with 1700 HCAs on them, whether they're off

1 by a little bit or a lot, is really an interesting
2 sidebar, but you've already audited me. You've already
3 had a great length discussion with me. You know where
4 they are sort of in the world. And you know the
5 ranking that I've assigned and you've agreed to as a
6 part of your audit in review of me, you know of my
7 plan. I don't -- I just -- I'm fundamentally not
8 seeing what --

9 MS. GERARD: Here's what it is, Andy, and
10 again to quote an expression a friend of mine uses, we
11 want to know what the target is and we want to know
12 what the target is as we prepare to go out, because
13 believe it or not, we prepare to do inspections and we
14 want to know what the population is that we're
15 protecting when we go out and do an inspection. So
16 because we're doing it a different way, before we get
17 out there we want to know where are the people that
18 we're trying to protect in relation to the pipeline as
19 part of the inspectors preparing to go out there and
20 prepare the questions he's going to ask you, what's the
21 target? And we like to have it before we come see you.
22 We want to put it on the map and be able to know that
23 it's there. You know that it's there, but it's the
24 same old, age old question we always have gotten from
25 Congress and everybody else for hundreds of years --

1 you know, it's one thing is, you don't know where the
2 pipelines are.

3 Well, now we know where the pipelines are,
4 but you have said that you have better information than
5 the census on where the people are, and we want to put
6 that information on the map in a manner comparable to
7 what we have done for the liquid pipelines vis-a-vis
8 the census. So we're trying to find a way. What we
9 always said, generally, was we would append the data on
10 the population to the pipeline. So that's what we're
11 trying to do is put it on a map. We want to be able to
12 demonstrate to the outside world that we're verifying
13 that the protections are being put where they are most
14 important. Where are the people and where is the
15 pipeline?

16 MR. HALL: And I would like to add to that,
17 that you say in your development -- it's a logistical
18 question for us -- in your development of High
19 Consequence Areas for natural gas, you say that you
20 develop very accurate, very specific information where
21 these High Consequence Areas are and where your
22 pipeline traverses. My question is, in terms of
23 oversight in submitting that information to the
24 National Pipeline Mapping System, a question would be
25 how do you submit that information, which is very

1 accurate, to the National Pipeline Mapping System plus
2 or minus 500 feet? It's logistically a difficult thing
3 to -- there's a disconnect there. You've developed
4 very accurate information. The National Pipeline
5 Mapping System is plus or minus 500 feet. How do you
6 attach the attributes for these very accurate High
7 Consequence Areas to plus or minus 500 foot map, a very
8 inaccurate map? So for us it's a problem we're trying
9 to solve, so a fix would be to improve the accuracy of
10 the NPMS data, at least to a level where we could start
11 to collect the kind of information you're developing
12 for integrity management.

13 MR. WUNDERLIN: My name is Jim Wunderlin from
14 Southwest Gas, and I'll talk from a distribution
15 company. We serve about a million and a half customers
16 in Nevada, Arizona, and some in California. We're part
17 of the 39 percent that's about to submit maps to the
18 National Pipeline Mapping System.

19 MS. GERARD: Of your transmission miles, for
20 the record.

21 MR. WUNDERLIN: Transmission, right. The
22 transmission lines. I would, I guess, reinforce the
23 statement that accuracy could be very expensive. We
24 have a good mapping system, electronic, that represents
25 our system very well, but I'm not sure that we're ready

1 to go to 40 foot accuracy at this point. It could
2 conceivably cost us millions of dollars to do that
3 without going back and reviewing what we actually have
4 as far as the accuracy.

5 The other question I would have is you talked
6 about allocation of resources was one of the reasons,
7 and looking at it from a distribution company, we're
8 regulated by three states that we serve. We don't see
9 DOT representatives very often. And the states -- the
10 Arizona Corporation, the Public Utility Commission of
11 Nevada, and the California Commission are the ones that
12 are going to come and audit us on pipeline integrity.
13 I don't believe your resources are going to be coming
14 from DOT or OPS to review our integrity management
15 process or plans, our HCAs, et cetera. It looks like a
16 duplication of information that may not be necessary
17 from that aspect.

18 MS. GERARD: But you do provide the maps.

19 MR. WUNDERLIN: But the states right now have
20 the information. They can literally drive down the
21 street five miles and they're into our mapping room.
22 We show them the HCAs. We show them the process.
23 They're not 2000 miles away looking at a representation
24 without us there to explain the process. We will have
25 to step through the whole integrity management process

1 with them, justify what we're doing, how we developed
2 our HCAs, how we prioritized our pipelines. We're not
3 doing that for DOT. We're doing it for the states.

4 MS. GERARD: But the states are doing it for
5 us through a partnership agreement and we're very
6 grateful for them doing that work and for putting state
7 resources in for doing it. But we have to pick up
8 their piece of the patchwork quilt and have it match
9 and go into the national picture, that the Department
10 is responsible for ensuring it's protected. So we're
11 very happy for them to do it, to pick it up, go down
12 the street and get it, and send it to Sam and put it on
13 one national map. Because in the end, we have to
14 account for how well we've done improving protections,
15 increasing safety, looking at the total population.
16 The whole question of normalization -- there's a lot of
17 work we have to do here to evaluate are we improving?
18 Have we done the job? Have we responded to what the
19 Congress asked? We can't do it without having a
20 national picture.

21 MR. WUNDERLIN: I'm not sure that having the
22 mileage map and having the HCAs designated, you talked
23 about identifying problems. I'm not sure how that's
24 going to help you identify problems.

25 MS. GERARD: Normalization. Normalization.

1 As a friend on the left here talks about all the time,
2 you cannot do this without being able to normalize, and
3 the GIS gives us, with the types of technologies that
4 are available today, a basis to have the map help us do
5 the normalization analysis. Once we have the data, the
6 population, the attributes on there, it can slice and
7 dice it for us. It's kind of a one time investment.
8 It's not the type of thing we're asking you to do all
9 the time, and again, I repeat, we are talking to you
10 about a problem we want to solve, and maybe there is
11 some other way to solve it.

12 MR. WUNDERLIN: Well, we haven't talked about
13 how we're going to update these maps and how it
14 continually changes. There's not going to be one time
15 costs. There's going to be an ongoing cost to us as
16 operators, that's for sure.

17 MS. GERARD: As the population changes?

18 MR. WUNDERLIN: I guess I'm just not
19 convinced that I see the benefit of all the expense
20 that we're going through as distribution companies at
21 this point. We're going to provide the information
22 that's required by law now. I'm not convinced I've
23 seen the benefit of going the extra step with all the
24 extra attributes at this point.

25 MR. HALL: Okay, thank you for your comment.

1 MS. HAMSHER: I guess I have a recommendation
2 that I think there is an underestimate of 1) how much
3 can gain by having it mapped, and 2) how much it would
4 cost to get it to that accuracy. I think there's a
5 couple of different ways. We went through the original
6 voluntary National Pipeline Mapping System with a
7 couple pilots. As you explore solutions to this, and
8 particularly look at the benefit gained by the costs
9 imposed, I would strongly recommend that you look at
10 intrastate and small and do a pilot test, because it is
11 a -- and I'm not our mapping expert, but I know that we
12 internally have done a lot of evaluation of whether to
13 take the next leap into a full GIS and while it's
14 enticing, we can't quite justify that incremental
15 expense to -- that adds a lot more value. Doesn't mean
16 we don't manage the information, it just means it's not
17 fully integrated into a GIS display.

18 MS. GERARD: I also need to remind you that
19 in order to complete the rulemaking, we need to look at
20 cost benefit. And at the public meeting last week,
21 INGAA and AGA put on the docket an alternative approach
22 to defining High Consequence Areas that took elements
23 from what we had already, but kind of moved the pieces
24 on the chess board, and one of the concepts that was
25 put on the table was allowing the operators the option

1 of taking the impact zone and running that analysis of
2 that impact zone, whatever size it is based on diameter
3 and the pressure, along the entire pipeline.

4 One of the questions that I asked is what's
5 the difference in the population that's protected when
6 you do that? It's an alternative to what has been
7 proposed, and we need to look at the question, who's
8 getting the benefit of these protections? What is the
9 difference? It's one of the reasons why I asked Sam to
10 quantify what percent of the population would be
11 protected if we simply took the census definition. We
12 took the census definition, we could tell you right now
13 these pipelines that are on the map, crossing these
14 census areas which have been updated as of 2000 now --
15 we have that data, right?

16 MR. HALL: That's right.

17 MS. GERARD: We know what population areas
18 and we could put a buffer on the map and we could see
19 them and we can say 11 percent of this mileage crosses
20 these populated areas, and we can say it's 11 percent
21 Congressman Overstar.

22 MS. KELLY: Yes, Mr. Comstock.

23 MR. COMSTOCK: Some of the issues that I have
24 have been talked about, so I'll stop on those, but I
25 want to back up to where Mr. Wilke started talking

1 about this and the proxy for risk number that would be
2 assessed. I work in a distribution system representing
3 40,000 customers. We get our gas from a transmission
4 line at city gate stations coming into our community.
5 Our customers don't separate the transmission company
6 from the gas company, it's the city's gas, and when
7 there's a problem, they call us and we work through
8 those partnerships.

9 Now we work very hard in public education to
10 create a good neighbor policy. The system is safe,
11 we're here to serve you, and those types of things. We
12 also work with our transmission companies to set that
13 information out there. By assigning a proxy for risk
14 to a pipeline, could set forth a negative perception
15 in the community that those are unsafe pipelines. And
16 so the 1000 good deeds that we've done for the last
17 several years could be unturned in a moment with an
18 assignment of a number, a title, some type of
19 information that's out there that we would have to do
20 large public education programs to get back into a good
21 neighbor, this is a safe atmosphere to live in.

22 MS. GERARD: I don't think that Sam proposed,
23 when he was talking about his concepts, that that
24 information is used outside the regulatory agency. I
25 think he was describing it as strictly a planning tool

1 for us to prioritize our resources in inspecting the
2 several hundred transmission companies that we inspect.

3 MR. HALL: That's right. This is an internal
4 tool to try to prioritize where we are going to put our
5 resources. And again, we're a small agency and we're
6 overseeing a huge number of miles of pipeline. We need
7 to best allocate those resources.

8 MR. COMSTOCK: I understand, believe me,
9 allocation of resources is one of the things we deal
10 with every day. We don't have enough people to serve
11 our citizens either. But it's a huge public education
12 emphasis in communities about how these partnerships
13 work, and I know you're going to keep it internal, but
14 public information requests are submitted, and if these
15 are submitted in some form or fashion, this information
16 gets out, it could be something that we have to deal
17 with in the future. So I ask that -- I guess what I'm
18 asking is that -- I'll get off my soapbox -- is that as
19 aggressively as you seek the data to determine the
20 proxy for risk, as there's improvement in the pipeline
21 and this proxy for risk is minimized, that that is
22 published, or that is put into the record or the system
23 as quickly as it's put in as a proxy for risk, that
24 it's removed. That if the actions are taken, necessary
25 information is there, that type of thing, that that's

1 lessened however you're going to designate that,
2 whether it's on a scale of one to ten or whatever it
3 is.

4 MS. GERARD: Michael, just to put this in
5 context, this morning when we were talking about
6 performance measures, and we said that the performance
7 measures that we had proposed in the gas integrity rule
8 was kind of the tip of the iceberg, we said we would
9 come back to the question of what performance
10 information should be available to the public, and we
11 would do that through rulemaking and we're at least a
12 year away from that.

13 MS. KELLY: Mr. Drake, then Ms. Epstein, then
14 Mr. Feigel and then Mr. Lemott, and Ms. Schelhous.
15 Remember your order.

16 MR. DRAKE: A long list of yet to comment. I
17 am sympathetic to your comment about trying to answer
18 how much percentage of the U.S. population is getting
19 protection. I think there are many ways to answer that
20 question. I think using this tool is probably the most
21 expensive way from the least efficient way, but I think
22 you need to engage in looking at the other opportunity
23 you have to answer some of those questions, because I
24 think you will find in them tools that you already have
25 an possess which are fully capable of answering that

1 question already.

2 The concern that I have about your comment
3 about impact zone assessment driving the need for
4 higher accuracy levels in the data, makes me concerned
5 that 1) either you're trying to define where the HCAs
6 are on the pipeline before we even sit down and talk,
7 or 2) that you're actually going to gather data on
8 where everybody in the United States lives with some
9 reasonable accuracy next to the -- reasonable accuracy
10 of the pipeline in the U.S. infrastructure and project
11 some sort of impact zone around all those pipelines.
12 That is -- if we're even thinking about going there, we
13 need to stop very quickly. That is a hole with no end
14 in it.

15 MR. HALL: That's not something we've thought
16 about, and that's not the direction of thinking now.

17 MS. GERARD: And we're really open to hearing
18 your recommendations about how to do this. We really
19 are open. This is very early in the discussion. I'm
20 sure there's a lot of ways to do it. Your smart guys,
21 please give us your recommendations.

22 MS. EPSTEIN: I want to provide another
23 perspective on Andy's concerns. As a member of the
24 public, it's really a no-brainer that OPS should know
25 where the pipelines are, and from the perspective --

1 putting aside my perspective as a member of the public
2 and whether I should get the information. But if you
3 are a local official, you need to be able to have some
4 way of verifying that OPS and the pipeline company has
5 picked up all your schools, that the High Consequence
6 Areas are accurate, that you need to have that
7 accountability. And Andy, that's why I think it's
8 important, why I think it's important to have this
9 because there have been too many -- I mean some of it
10 goes to history of OPS and industry that there have
11 just been too many times where it's seen as a small
12 club -- don't worry, we'll protect you. And this is a
13 way of making a system be put in place that local
14 officials and state officials can look at on their own
15 and see whether the right areas have been protected.

16 I'm concerned about the High Consequence Area
17 definition being in such flux. I think it should be
18 something that we can all agree on. Whether or not we
19 like the definition, at least we all agree about what
20 it says.

21 MS. GERARD: Well, you're going to be here
22 tomorrow, Lois, which I'm really grateful for, as a
23 member of the liquid Committee, that you're staying to
24 hear the gas discussion, because there's a lot of
25 interesting concepts that are still being talked about

1 as a result of our raising impact zones in the NPRM for
2 integrity management. And so that's why we're raising
3 these questions, and I don't care if it's every
4 operator drawing on a piece of mylar where the
5 population is and mailing it to Sam. Somehow or other
6 we have to get it, and I want you all to tell us what
7 is the most cost effective way of doing it, because we
8 have to know. We have to know. It doesn't necessarily
9 have to be the way Sam proposed, but somehow we have to
10 have it. It has to be comparable to the quality of
11 information that we have for liquid.

12 MS. EPSTEIN: And others have to be able to
13 verify it.

14 MR. FEIGEL: Let me offer a modest suggestion
15 that might accommodate Mike's concern. If your focus
16 is really resource allocation, why don't you tag what
17 you're doing something along those lines and don't use
18 terms like risk surrogate. If it really is a matter of
19 inspection and resource allocation, call it something
20 like that as a tag. And that's not deceptive at all.
21 That's in fact what you're doing, and that will get
22 away from some of this politically charged language,
23 and I think Mike has a real concern about it.

24 MR. HALL: Okay, thanks for your comment.

25 MS. SCHELHOUS: I do want to go on record

1 because at a national level OPS does need to have all
2 the information to be able to do it. I think they
3 would help to see -- we saw what the liquid pipeline
4 for seeing the mapping where you could see the layering
5 of this is the water areas for High Consequence Area,
6 then you had the wildlife put on, and then you saw the
7 pipes and stuff. And you could make decisions and
8 realize what areas were impacted or not impacted, and
9 by layering the different pipelines on it. They need
10 to do that same thing for the gas and stuff. But that
11 seems to be that -- at a national level.

12 MR. DRAKE: We agree.

13 MS. HAMSHER: I think the leap is we need to
14 talk about our goal. There's no disagreement on that.
15 But the means to that goal is not necessarily to
16 mandate a 40 foot plus or minus accuracy.

17 MS. SCHELHOUS: But what might help then is
18 to show your examples of how skewed right now --
19 examples of what you can -- what kind of accuracy you
20 can get or you're not getting would probably at least
21 demonstrate a little in clearer terms why you have the
22 problem you have, and then possible options as to what
23 different accuracies would give you.

24 MS. GERARD: I would like to invite any
25 operator who's in the room or who is a member of the

1 Committee to give us some suggestions, in writing, as
2 to how we can depict population in relation to your
3 pipeline. I know Sam and Steve have an open mind,
4 would like to sit down and talk to you about it. We
5 cannot complete our rulemaking on gas integrity
6 management without a concept for how we are going to
7 oversee it. How we oversee it has to be in our minds
8 before we finish the rulemaking. And that means
9 December.

10 MR. LEMOTT: Thank you. I was just very
11 disturbed by the risk priority and just wanted to
12 suggest that it's really not risk, at least as I
13 understand it, but you're talking about prioritizing
14 your inspections. So if you call it inspection
15 priority per se, I think that will be much more
16 acceptable and I would recommend it.

17 MR. HALL: I'd like to comment on that. I
18 think that's a very good suggestion, and again, this
19 slide was not intended to raise this issue in any way.
20 It was really to give an idea of how we're thinking.

21 MR. HARRIS: One more suggestion, Sam. The
22 last line on the ABC and XYZ, good and bad operator,
23 take it off. Because what it's done is skewed the
24 conversation and now talking about being a bad
25 operator. You can get the same outcome as far as

1 prioritization, without that line.

2 MR. HALL: Thank you.

3 MR. THOMAS: I share the concerns of the
4 other industry operators here and I would just add my
5 voice to that but not repeat those things. I think my
6 comment would be at maybe a higher level that I think
7 we would all be willing -- would agree with the need
8 for OPS to do planning, to have a tool to look at
9 where especially pipelines are to assist in thinking
10 about regulations and how they can best be done. I
11 think we'd all certainly support that goal.

12 I think what bothers me, and maybe I'm going
13 a little beyond, but this hit me cold and I just
14 watched it come out, would be a move toward gathering
15 data on individual pipelines and maintaining it in some
16 database in Washington, and then manipulating or trying
17 to draw conclusions on specific pipelines. That
18 bothers me a lot. And I'd have to think a lot more
19 about what you wanted to gather and what you wanted to
20 do with it. To the extent we've talked about things --
21 first of all, location's not a problem. We always say
22 location's fine. Now you're talking about I think,
23 population density and other HCA factors and I
24 personally have no problem with that. I think it's
25 legitimate for you to know that. I would suggest you

1 get them from us, though, who have done a highly
2 accurate, probably based on photography kind of thing.

3 But I say again, I'm concerned when I see you talking
4 about wanting to gather more information about specific
5 pipelines and hang it in the GIS and start doing things
6 I don't even want to think about with it.

7 MS. KELLY: Are there any comments from the
8 public that have not been made already by Committee
9 members? Yes, Ms. Mathison.

10 MS. MATHISON: Marti Mathison with the
11 American Petroleum Institute. I guess I have a
12 question and then a comment. Yesterday we actually
13 were -- the liquid Committee was offered an even more
14 aggressive proposal than what Sam offered today,
15 including additional data fields out of a proposed
16 Annual Report for liquid operators parallel to the gas
17 Annual Report, and we were also proposed that there
18 would be a meeting to discuss this in a public forum
19 the end of May. So I guess my question is do you
20 intend to go ahead with the public forum on all these
21 mapping issues at the end of May, and do you plan to
22 also discuss the additional mandatory data elements
23 like are on Annual Reports and actually beyond existing
24 Annual Reports?

25 MS. GERARD: We really have to consider what

1 we need for what project. A lot of these discussions
2 are driven by the challenge we have for planning to
3 oversee gas integrity management. Erik mentioned the
4 word photograph. It is from the record of comments
5 that the gas industry made to approaching planning for
6 integrity management that we made the decision to take
7 the data on population from the gas operators in a
8 manner different than we put it on the map for liquid
9 operators. So we listened to you. We invested in that
10 concept. We have a final rule that we published, based
11 on the expectation -- I believe we mentioned it in the
12 rulemaking on HCAs -- that we would need at some point
13 to address the issue of the maps. So photographs might
14 be a way. If you can provide an accurate photograph in
15 relation to the pipeline, that's another way of getting
16 the information to us. But there needs to be a way
17 that we can plan, and we have an open mind, and we may
18 have this discussion sooner than May in order to
19 proceed on the gas side, and we may have a separate one
20 as it relates to liquid. We're just going to have to
21 think about it. I don't think we can give you an
22 answer today. It may be too late for us to have this
23 public discussion at the end of May for the gas rule to
24 be on time.

25 MS. KELLY: Yes, Mr. Wilke.

1 MR. WILKE: I don't know if this is helpful,
2 but it seems to me that there's a difference between,
3 Stacey, what I heard you say that you really need, and
4 the purposes that I've ever seen laid out on the
5 National Pipeline Mapping System. If I could be so
6 forward -- if you could articulate in writing for us
7 the goals that you're trying to achieve, and perhaps
8 some criteria or some understanding of why you can't
9 achieve that today, that might be helpful to us,
10 because this is fairly -- we're looking at a pretty
11 high level of this whole thing. It's very high cost
12 and sort of fuzzy objectives.

13 MS. GERARD: Very briefly. In order to
14 oversee integrity management, one of the questions that
15 we have asked in our enforcement of liquid is, has the
16 operator used an appropriate basis to determine what
17 their pipeline could affect. The liquid industry felt
18 that we were very consequence-oriented, very, very
19 consequence-oriented when we approached implementation
20 of their rulemaking. You have to consider, in moving
21 this rulemaking out for liquid, very different
22 experience than with gas because there never was a
23 specific consequence basis in the history of oversight
24 of liquid pipelines. So we went very heavy on
25 consequence.

1 We may not need to use that same approach on
2 gas because there's been 30 years of history of the gas
3 industry being regulated, based on consequence of
4 population density. But we still have to have a method
5 of overseeing whether or not the gas operator has
6 adequately identified those additional areas that go
7 beyond regulation today, those hard to evacuate areas,
8 those areas where people congregate. There are places
9 we are planning to require protection to be provided
10 where data has not been provided as part of the records
11 in gas regulations so far.

12 So we want to be sure that if we're asking
13 protections to be brought there that we know where the
14 "there" is. And that we can then ask the operator,
15 well, how did you assess that.

16 MS. KELLY: Any further comment from the
17 Committee? Mr. Drake.

18 MR. DRAKE: Just one for a clarification so
19 that when we do this again we don't bruise each other
20 too badly. For the value of some of the other
21 Committee members, as we said prior, there are
22 significant differences between gas and liquid, not
23 just physically, but regulatory-wise. In the gas
24 system, they had a class schema where the operators are
25 required to keep track of every single structure

1 intended for human occupancy inside a quarter of a mile
2 wide corridor. So the operators have this data, and
3 it's very different from the data that the liquid
4 operators have historically.

5 A great deal of the discussion around
6 consequence analysis was to take advantage of that
7 data. And so we're really not talking about the data
8 or using the data in the analysis, it's really just a
9 matter of exporting a graphic at some accuracy. And
10 that's the key delta here. We're not talking about not
11 doing a good analysis, or not even offering it to the
12 public. We're willing to extrapolate this to somebody
13 to do reviews on it, it's just a matter of -- that
14 issue of accuracy is a very expensive issue.

15 We spent a great deal of time within my
16 company -- we're on our third generation GIS, and I can
17 tell you, do not take the issue of accuracy of data
18 transmittals lightly. It is exponentially expensive,
19 and that's my point.

20 MS. KELLY: The discussion as I understand it
21 is to assist you in moving forward in preparing this
22 information for regulatory review. Is that correct?

23 MR. HALL: That's correct.

24 MS. KELLY: Alright, so I believe a good
25 number of substantive comments have come out of this

1 discussion that I assume will be helpful to you in
2 moving forward, and there was also a request during the
3 course of the discussions that to the extent that
4 industry has recommendations for easier ways or more
5 cost-effective ways of accomplishing the same result,
6 that you submit that also to Sam Hall and the other
7 related staff for their consideration. One final
8 comment from the public.

9 MR. KUPREWICZ: Some of these comments have
10 already been said but --

11 MS. KELLY: Identify yourself.

12 MR. KUPREWICZ: Oh, excuse me. Rick
13 Kuprewicz with Accufax. A couple issues, I think, from
14 a public perspective -- and it's been subject of some
15 of the discussion within our own committees back in
16 Washington state. I support Stacey's comment that
17 we've got to be able to figure out how to oversee this
18 process, and if it's still confusing, we need to slow
19 it down and regroup all parties, because it only gets
20 worse. It doesn't get better.

21 The other perspective that I'd add to this
22 process on gas transmission High Consequence Areas --
23 we're going with an empirical correlation process here.
24 It isn't going to be down to the number of feet and
25 inches here. Let's not lose that perspective. I know

1 when it comes to enforcement they've got to draw
2 circles and whatever, but I think the concept for many
3 companies, we're trying to get in the right ball park
4 and do a screening of certain kind of risk studies.

5 With regards to risk, we've got to be real
6 careful in the use of that word, and I want to support
7 those comments because the general public, when you say
8 they're in a risk area, they correlate that with I'm
9 the next guy, and that's not necessarily the case,
10 especially as proactive things are occurring. So
11 you've got to be real careful about that.

12 And then the last comment I can add is the
13 use of accuracy. I've advised our W -- Washington
14 Utility Transmission Commission of which they put
15 everything on GIS, just about, in Washington state.
16 Great danger in the misuse of the word accuracy. And
17 the operators who've got field experience will
18 understand this. You're not going to put a D-9 Cat on
19 a pipeline right-of-way based on GIS and tell them to
20 go bulldoze. So I think your point here is, is you're
21 trying to get some sort of correlation, well, you're in
22 the right ballpark to do some sort of repeatable
23 analysis that regards inspections, you feel comfortable
24 that an operator's prudent about where he's inspecting
25 or checking things for his operation. So that's all I

1 have to say.

2 MS. KELLY: Thank you. Thank you, Mr. Hall.

3 We have two agenda items left. One is the operator
4 qualification compliance, and pipeline safety
5 preparedness. Do you have any concerns about the
6 order?

7 MS. GERARD: Jim, how long will your
8 presentation be?

9 MR. O'STEEN: Not very long.

10 MS. KELLY: Are there any members who have to
11 leave in the next half hour?

12 **Briefing: Pipeline safety preparedness**

13 MR. O'STEEN: I'm going to share with you an
14 overview of pipeline security and basically what we
15 have done to improve security in essentially the last
16 18 months since 9/11. I passed around a little facts
17 sheet for your reference.

18 Basically, we proceeded after 9/11 with a
19 non-rulemaking approach to security. This is
20 consistent with the rest of the energy sector. And the
21 reason we did this is for two major reasons. One, we
22 believe by doing a cooperative type program, and not
23 going to rulemaking, we would make quicker progress in
24 improving the security of pipelines. The other was we
25 believe that using that process would better able us to

1 protect information -- critical information -- than
2 through a rulemaking type process. That would have to
3 be made public in many cases.

4 So that was the approach that we've taken and
5 I think -- well, I'm confident that we've made a great
6 deal of progress using that technique and it's really
7 been a result of the tremendous cooperation we have
8 received from the industry, from states in working
9 together -- and other federal agencies -- in working
10 together to try to improve the security of the pipeline
11 system.

12 Our efforts really are kind of hinged on
13 three areas, kind of understanding -- in the area of
14 security -- understanding pipelines and security better
15 -- planning and communications.

16 Early on we -- right after 9/11, we called
17 many, many operators and had discussions with operators
18 to get information on what were critical pipeline
19 systems, what was important in security, also to start
20 building the relationships that we were going to need
21 to move forward. Some of the things that we found in
22 those discussions were basically pipelines really are
23 robust and redundant systems; that, obvious to all of
24 you, most of it is underground and fairly well
25 protected underground; that there are systems that are

1 very extensive in their size; and in thinking about it,
2 you really can't protect it all, so you have to
3 prioritize your activities. So the thought was, it was
4 shared and I think agreed upon by many people, was
5 there were certain facilities that are critical and
6 that's where we need to be able to identify those
7 facilities and concentrate our efforts in dealing with
8 critical facilities.

9 Another thing was that although we have a lot
10 of exposure, that pipeline damage can be repaired in a
11 few days and that most disruptions of energy supply
12 really can be worked around because the system is quite
13 redundant in its design. And I think we got pretty
14 good, early on, government and industry and state
15 agreement that this was really the right approach to
16 take and we moved on to try to improve security with
17 that in mind.

18 So security planning. In the security
19 planning area, some of the things that we have done is
20 we've been passing out alerts to the industry. As we
21 get threat information, we pass that out and we've
22 built some systems to push that information out
23 effectively. We have worked with other agencies and
24 industries to define critical pipeline facilities and
25 develop a system to link excavating threats to specific

1 operational responses by pipeline operators that are
2 key to the Homeland Security's five tiered system of
3 threats.

4 We've worked with the Federal Energy
5 Regulatory Commission and the DOE on rapid response and
6 recovery of pipeline service. Some of the important
7 features there are looking at being able to -- the
8 permits necessary or the authority to move in and
9 repair quickly after a terrorist event, and FERC has
10 been addressing some of those recently in rulemaking.
11 Also looking at -- and the industry, I think, really
12 took the leadership in this -- looking at the
13 importance of spare parts and the equipment they need
14 in order to make rapid repair of systems.

15 We've developed, again, and throughout this
16 entire process it was very much a coordination and a
17 cooperative effort with industry and the states and
18 other federal agencies, we built closer relationships
19 with the federal agencies -- the other federal
20 agencies. That was early on that we realized that we
21 really had to have better communications systems and
22 better coordination with them. That has been evolving
23 and it is continuing to evolve with the recent creation
24 of the Department of Homeland Security and the
25 Transportation Security Agency.

1 They are now up and running and starting to
2 take the authority that they've been given and to
3 provide a stronger leadership role. We basically had
4 to fill in early on and now they are starting to step
5 forward and say, we have some authority here and we
6 want to work with you. Very much in a partnership.
7 They have told us that they cannot do it without
8 essentially the partnership that has been built over
9 the last 18 months, which is the Office of Pipeline
10 Safety and the industry and the states.

11 Together we developed some consensus security
12 guidance that covered essentially looking at threats,
13 vulnerability assessment, security plans and proactive
14 measures. The -- this was basically industry guidance,
15 although we had input on it, and industry has
16 distributed this guidance to their members last year to
17 help them prepare in assessing the threats, the
18 vulnerabilities, putting together plans, identifying
19 their critical facilities, and addressing how those
20 critical facilities can be protected. And again, rapid
21 response and recovery.

22 We have made it very clear that the federal
23 expectation is that indeed they have plans, that they
24 do identify those facilities, and that they are moving
25 forward to implement those and as best we can tell,

1 that is taking place. There's a spectrum. Some people
2 are certainly far ahead of others, but there has been a
3 great deal of activity and for that we're very thankful
4 to the industry and all that have been involved.

5 Some of the things that we have to do yet and
6 are in the process of doing is RSPA has been building
7 the necessary support to conduct regional security
8 exercises, and we have let contracts to do this and
9 we're in the process of -- we'll be starting these late
10 this spring. Basically these are similar to the OPA
11 (ph) type drills we have done in the past with a
12 security scenario, and we do them on a more regional
13 basis and involve gas as well as oil.

14 The other thing that we've made it very clear
15 that it is our intention to do and we, again, are
16 moving very rapidly to do that, and that is to go out
17 and verify that the operators are indeed -- have
18 implemented the security plans. Our intent is to do
19 this in a very similar to what we've done in the
20 integrity management type audits. It's essentially an
21 audit at the headquarters where we would set down and
22 have a discussion using a set of protocols that we're
23 finalizing, that we would have a discussion as to how
24 they had identified the threats to their systems, the
25 vulnerabilities, what critical facilities, have they

1 identified critical facilities, how are they protecting
2 those, what are their plans look like, what are their
3 plans for response and recovery?

4 MS. GERARD: Small point of clarification.
5 It's not an inspection.

6 MR. O'STEEN: It's not an inspection.

7 MS. GERARD: It's a verification.

8 MR. O'STEEN: It's a verification --

9 MS. GERARD: Of critical facilities.

10 MR. O'STEEN: Of critical facilities. We
11 encourage everyone to have a security plan whether you
12 have critical facilities or not. However, we are
13 focusing on operations that have critical facilities
14 and focusing on how they are addressing those critical
15 facilities. Because again, we believe you can't
16 protect and you can't address every inch of pipeline.
17 There's just too many miles. If we tried to uniformly
18 address it, we wouldn't do adequate coverage for those
19 truly critical facilities.

20 In the area of communications, we've
21 established 24 hour a day, seven day a week rapid
22 communication with pipeline operations, particularly
23 the most significant ones in the country where we can
24 push threat information out to them very quickly
25 through phone calls. We've also developed a large

1 capability to distribute electronically, information to
2 operators, to states, to trade associations, and we
3 have over 500 people on that email, essentially contact
4 list, where we've been distributing the transportation
5 teasers that provide threat information.

6 MS. GERARD: And that capability is in
7 Washington or outside Washington if something should
8 happen in Washington.

9 MR. O'STEEN: Yes, it is in Washington and it
10 has been duplicated in back up locations in two places.

11 MS. GERARD: You can specify them.

12 MR. O'STEEN: Okay, we have -- our backup
13 office is our Central Region office in Kansas City, and
14 we have a third backup in Atlanta.

15 MS. GERARD: Unspecified locations.

16 MR. O'STEEN: Unspecified -- right. Yes,
17 unspecified, do not put that on the record, okay.

18 MS. GERARD: Unspecified locations.

19 MR. O'STEEN: Okay. We have also, in the
20 communication area, we have been doing routinely, calls
21 with -- we've been doing many presentations with
22 industry and state people, and we've been doing state
23 calls routinely with our state pipeline safety agencies
24 to try to maintain coordination of our policies and
25 approaches. And that's the conclusion. Are there any

1 questions?

2 MS. GERARD: The certification, Jim?

3 MR. O'STEEN: The certification of?

4 MS. GERARD: By operators.

5 MR. O'STEEN: Oh, I had not mentioned that.

6 One of the things that we did ask operators to do so
7 that we could get early information before we are able
8 to get out and audit all the different operations is we
9 asked them six months ago to provide a certification to
10 us that indeed they had the industry guidance
11 materials, they were familiar with them, they were
12 familiar with the materials that we had circulated to
13 the industry, that they had gone through the process of
14 looking at their vulnerabilities and identifying
15 critical facilities, and that they were developing
16 security plans, and they were in the process of
17 implementing those plans. And those letters are coming
18 in to OPS and the states so that we have a measure of
19 the activity that is ongoing.

20 MS. KELLY: Thank you. Any comments or
21 questions from Committee members? Ms. Schelhaus.

22 MS. SCHELHOUS: You said you would answer
23 today or maybe provide more information about the MOU
24 or proposed MOU you're working on. Or you can't talk
25 about it?

1 MS. GERARD: They asked the question on the
2 status of the MOU with TSA and since I know that that
3 has been an up to the minute type of -- I figured Mr.
4 Diplomacy here could answer that question.

5 MR. O'STEEN: Yes, okay.

6 MS. GERARD: How about passing the buck down.

7 MR. O'STEEN: Early on -- I will expand the
8 question a little bit, if I can. Early on we developed
9 MOUs or Memoranda of Agreement with the Department of
10 Energy and the FBI and others as to how we would share
11 information and push out information. Most of those
12 parties have moved to the Department of Homeland
13 Security, including the Transportation Security Agency.
14 Before the Transportation Security Agency was
15 transferred to the Department of Homeland Security a
16 series of Memorandums of Agreement were established or
17 were drafted, let me put it that way, to describe how
18 our various authorities and how we were going to
19 interact with each other. Those were not signed prior
20 to their departure to the Department of Homeland
21 Security and they are not, at this point, going to be
22 signed in the near future is my understanding.
23 However, as a gentleman's agreement, we are working
24 under that draft.

25 MS. KELLY: Does that answer your question?

1 MS. SCHELHOUS: Okay. I also have another
2 one. Because actually it gets into how much DOT is
3 keeping because it is relative to whether they're
4 keeping some security and it is showing up in
5 regulatory documents.

6 The other issue would be background checks.
7 They -- for TSA they've already instituted a rulemaking
8 where they are giving their blessing on airport or air
9 -- for pilots and mechanics and different persons,
10 employees, that have to get certification from FAA.
11 TSA has a right to -- has to give yes or no before FAA
12 can issue it. So I was wondering what is -- I don't
13 care either way at this point, I was just curious as to
14 has the issue come up?

15 MR. O'STEEN: The issue has been discussed.
16 Yes, they're doing it in the air. They are also
17 looking at essentially background checks and
18 credentials for truck drivers, particularly of
19 hazardous materials because of the fear of using those
20 as weapons. They have considered expanding that, but
21 currently they have no -- they have at least not shared
22 with us, and we've asked the question, any specific
23 plans to expand it at this time? I think they have
24 their hands full in reality.

25 MS. KELLY: Ms. Mathison.

1 MS. MATHISON: Just a couple of comments,
2 really. I think the OPS should be commended for the
3 quality of the work that they have done the last 18
4 months on security. They have truly been a leadership
5 agency in insuring that things were happening, that the
6 appropriate steps were taken, and then with a
7 verification step. I have been collecting, on behalf
8 of the hazardous liquid industry, the certifications
9 that have been made to OPS that the companies have in
10 fact identified their critical facilities, done
11 planning, and are following through with the
12 implementation of their plans. I know for a fact that
13 95 percent of the hazardous liquid mileage has their
14 certifications in place at OPS and done, and the other
15 five percent, they'll probably never get because it's a
16 bunch of small people -- small operators and people
17 that are kind of -- I wouldn't say marginal to the
18 business, but not in the -- probably unlikely to have
19 truly critical facilities.

20 The other thing that I would say is this
21 transition to the Transportation Security
22 Administration and the Homeland Security, the industry
23 has no intention of leaving this negotiation to the
24 Office of Pipeline Safety alone. We have a meeting
25 scheduled on Monday next week with OPS, the TSA folks,

1 and the industry, to talk about what are the next steps
2 to make sure that this momentum is carried forward,
3 because we don't want anybody disturbing this because
4 it has been so successful.

5 Let me tell you, the pipeline industry has
6 spent a tremendous amount of money on security of their
7 facilities in the last 18 months. We don't collect the
8 information and we don't want the information, but when
9 I listen to operators talk, and talk about having the
10 National Guard outside of their facilities because
11 they're at level orange, and having armed guards in
12 place, this has truly been taken seriously by the
13 industry for those truly top level, critical
14 facilities, plus the next tier, which is those
15 facilities that might impact the public in other ways,
16 other than necessarily supply disruption or death and
17 injuries, but having to do with damaging drinking water
18 or being unable to provide military facilities with
19 fuel, things like that.

20 So I think OPS is really to be commended
21 here.

22 MS. GERARD: I want to thank you for that
23 comment and say that all the credit for this goes to
24 Mr. O'Steen and his team who has taken the
25 responsibility for this and carried it out. It was

1 Jim's really like his first day on the job at OPS, but
2 it was added to his list of duties, and we thank him
3 for his leadership on that and I think it's very
4 important that you do realize that you do have a
5 communications initiative ahead of you as you look at a
6 massive new government agency being formed for this
7 purpose, and that, you know, we will be there beside
8 you, but you need to make a commitment to communicate
9 to the Administration on this.

10 MS. KELLY: Yes, Mr. Andrews.

11 MR. ANDREWS: Thank you. Ben Andrews. When
12 we were asked to certify whether or not we had critical
13 facilities, the definition for critical facilities was
14 pretty open to interpretation. Has that been narrowed
15 down at this point?

16 MR. O'STEEN: The -- we had established a
17 definition for critical facilities that we had
18 distributed and we were all using as a working
19 definition for critical facilities. There has been
20 some interest on the part of the industry to consider
21 some revisions of that. I think that's appropriate,
22 and OPS I think, would like some revisions and the
23 Transportation Security Administration would like to
24 consider some revisions. Unfortunately I think there's
25 some divergence in some of those. So this is the

1 purpose of the meeting that was just mentioned next
2 Monday, was to start that process, the dialogue of how
3 we can improve that definition so that it is clearer --
4 because right now it is subject to some interpretation
5 and I think it's always going to be subject to some
6 level of interpretation, but I think we can -- we can
7 make it clearer.

8 MR. ANDREWS: As a follow up, would you --
9 once that's done would you ask for recertification by
10 the operators as to whether he has the facilities?

11 MR. O'STEEN: I think yes. That's to be
12 determined. I mean partly we're going to be out doing
13 audits and certainly we'll sit down in that dialogue.
14 Again, the view, particularly in these audits, is to
15 make sure that progress has been made and people are on
16 the right track, so we see this as dialogue and if
17 there's some disagreement, to work together to try to
18 come to a realization as to what the proper approach.
19 We realize each operation's a little different in the
20 way it's approached and the way it would be implemented
21 is going to be different from operation to operation.

22 I would just like to add I thank you for the
23 kudos, but I just want to say that the team that we had
24 at OPS is really the people that are responsible for
25 that along with all of the many people in the industry

1 and the states who participated, because they're the
2 ones that really made it happen, so I thank everyone
3 for that -- tremendous contributions.

4 MR. CALDWELL: Just one quick question. Joe
5 Caldwell, Southern. Jim, when you say we will be doing
6 audits, is that limited to OPS or is that a team
7 effort?

8 MR. O'STEEN: There's a team effort at OPS,
9 basically we have put together for the audits a team of
10 some representatives from our regional offices and our
11 headquarters, and they're the people who are developing
12 the protocols and the training and will be the core
13 group that will start those discussions, and then
14 essentially use them to train others as we need them.

15 Our intent, though, is to keep this fairly
16 narrow because of security. We want to protect
17 information that would be shared with us by operators.
18 We want to take very little information, if anything,
19 away from these. We're not -- we have no intention of
20 building big databases in our offices to -- in the area
21 of security, because you know the more you concentrate
22 it, the more valuable the information becomes.

23 We're going to be looking at the interstate
24 operators and we're going to be looking it basically on
25 a threat-risk type basis.

1 MS. GERARD: Don't say risk.

2 MR. O'STEEN: Yeah, I think it's an
3 appropriate use as well. And the idea -- okay, so
4 essentially we're going to be looking at the interstate
5 operators, primarily, although there are some LDCs that
6 are very large and have a significant threats and so in
7 that case, we would want to deal with the states. Many
8 of these have already been audited by state
9 organizations, so it may not be necessary to do those.
10 We will also provide our information, essentially the
11 protocols and information that we develop, to states to
12 use for intrastate audits if they choose to do those,
13 so that essentially they would have the advantage of
14 having the same materials.

15 MS. KELLY: Thank you. Thank you very much.
16 Very productive, very interesting. The last item on
17 the agenda is a presentation by Stacey Gerard on
18 operator qualification compliance, and you wanted to
19 correct some information on the record.

20 MS. GERARD: Earlier in the day, under the
21 agenda item, alternative mitigation measures, I
22 mentioned a study that OPS had done of the
23 effectiveness of the pressure reductions, and I said I
24 didn't think that there was a single case identified
25 where a pipeline failed after pressure had been

1 reduced. I need to correct that. There was one case.
2 I want to correct that for the record, and I have a
3 page from that report if anybody wants to see it.
4 Moving on to the subject of operator qualification
5 compliance.

6 **Briefing: Operator Qualification Compliance**

7 MS. GERARD: A little bit of background. I
8 think everybody here knows that we finalized a
9 rulemaking in this area a number of years ago. There
10 were a couple of compliance dates and the NTSB had
11 closed their evaluation of our action here
12 unsatisfactory. And in testimony and hearings as
13 recently as one year ago, the NTSB, while they were
14 complimentary about our work in a number of other
15 areas, still were commenting about the unsatisfactory
16 nature of our work in this area. And as I mentioned
17 earlier today, one of our objectives is to clean up our
18 record, and we consider an unsatisfactory closed action
19 by the NTSB as extremely negative and undesirable.

20 About the same time, the GAO was completing
21 their evaluation of our approach to integrity
22 management for a Congressional client and the report
23 from the GAO about our preparation to oversee integrity
24 management, I think we could call fairly positive. And
25 the NTSB had also reviewed our approach to preparing to

1 oversee integrity management and in their hearing on
2 the Bellingham accident, mentioned the fact that they
3 thought that if we implemented the approach to
4 oversight in our protocols that we had laid out, that
5 they thought that this was, in fact, an acceptable
6 approach to overseeing integrity management.

7 So a light bulb went on in OPS and we said,
8 hmmm, wonder if there's some way to correct our
9 unsatisfactory on operator qualification. What if we
10 consider taking an approach to oversight that would be
11 similar to integrity management? And we got ourselves
12 together and decided that in spite of the fact that we
13 had trained everybody to inspect to guidelines that we
14 already had in place, we were going to revisit that
15 idea.

16 About the same time, the Congress was in the
17 final stages of considering the Pipeline Safety Act
18 reauthorization. They heard about this discussion with
19 the NTSB. We had gone to the NTSB Chairman with our
20 Administrator and said if we took a similar approach to
21 developing detailed protocols for operator
22 qualification, to have a different approach to
23 oversight in areas that have been very generally
24 described in regulation, do you think you could
25 consider that you might review our action and find it

1 satisfactory. And the then NTSB Chairman said on the
2 spot, yes, yes. So hearing about that meeting,
3 Congressional staff wrote into the provisions of the
4 Pipeline Safety Act that we would, in fact, be
5 statutorily required to develop standards that we would
6 use to evaluate the adequacy of the operator's methods
7 for qualifying their employees. And we believe the
8 legislation was written in such a way that the existing
9 regulation would be acceptable, but the standards for
10 evaluation would need to be established.

11 We drafted protocols and we have put them out
12 there in the public. These are intended to be
13 guidelines for our inspectors. They are not changes to
14 the regulation. We believe that when we write a broad
15 performance regulation that we have a fair amount of
16 discretion to pursue with the operator how the operator
17 is going to comply with broad performance requirements.

18 We have had three public meetings on this
19 subject in the last three months, one meeting just
20 concluded today. I see Daron has arrived from that
21 meeting, and Daron, I want you to feel free to come up
22 here and comment when I finish, and I believe that Mike
23 was also at that meeting. We've completed three
24 meetings.

25 In the first of these meetings there were 13

1 issues identified and prioritized in the public meeting
2 that were issues that the industry, states and the
3 public had with the protocols that we proposed. And in
4 your notebook under the tab, operator qualification,
5 there's a list of the 13 issues -- before the tab, the
6 way the Hebrews do it. You have to read from backwards
7 -- you have to read from right to left.

8 I talked to Richard Sanders this morning
9 about how the third public meeting was going and I'm
10 going to characterize from the OPS standpoint, six
11 issues, and I would open up the comments to people who
12 participated in the public meeting -- I was not there -
13 - to give their viewpoint. But apparently we still
14 have some areas of disagreement, and they fall along
15 these lines:

16 We believe that, given that the regulation is
17 very performance ... in style, that we have the right,
18 as the oversight agency, to ask questions that delve
19 into the basis for the operator's decision making about
20 methods of qualification and data or bases that the
21 operator uses to make decisions, especially about the
22 issue of interval for requalification, to come right to
23 the point. And I believe that the industry commentators
24 still believe that we are going beyond the scope of the
25 regulation. We are committing a lot of time and energy

1 to talk about this in public to try to resolve this and
2 I don't think we're there yet.

3 But I would honestly say that I think the
4 vast majority of operators who are covered by this
5 rule, which is a much larger number of operators than
6 are covered by our integrity management rules, the
7 model that we are using, that there's a real discomfort
8 with the protocol approach that we're using. I'm
9 specifically telling this to the Committee because we
10 have a statutory requirement to come up with these
11 methods, these standards -- the law says standards --
12 that we would use to evaluate the adequacy of the
13 operator's approach.

14 And we have three years from last December to
15 complete our inspections. So we do not -- we, by the
16 way, do not have a statutory deadline to complete our
17 integrity management inspections, but we do have a
18 statutory mandate to complete these inspections for
19 operator qualification. And so we're reluctant to let
20 this matter of the standard drag on, and quite frankly,
21 I think it's a very progressive approach that we're
22 taking to discuss in public, month after month, the
23 basis that we are going to use to guide our inspectors
24 to do this. And we're still committed to doing it, but
25 I think it's about time to start wrapping it up.

1 That's issue number one, the broad policy difference
2 about whether or not we have the right to probe the
3 operator's basis of decision making. That's issue one.

4 Issue number two. We created a new
5 enforcement policy called the Notice of Area of
6 Recommended Improvement in our integrity management
7 program for liquid operators, because we understand
8 that with these regulations we are significantly
9 raising the safety bar, and that we are asking a lot
10 from the industry. And we look at the degree of
11 difficulty in achieving these standards, and we have an
12 appreciation for the fact that there is a lot of work
13 to be done to get there. Our objective is to get
14 there. Our objective is to improve our understanding
15 of what you're doing to get there, to be able to
16 document it, record it, and monitor it, and assure the
17 public that in fact you are getting there. But it
18 takes time and it doesn't happen overnight.

19 So we decided to create this policy called
20 Notice of Areas of Recommended Improvement so that we
21 can communicate with operators about areas that we
22 thought they should be working on in this developmental
23 period that we're recognizing is necessary to be able
24 to achieve compliance in the manner in which we expect.

25 It seems that there's an awful lot of

1 operators who are looking at that Notice of Area of
2 Recommended Improvement as an enforcement action
3 without due process. We're looking at it as a way to
4 communicate with you our best advice as how to get to
5 the goal line. Now we believe in working with you and
6 working with the states, and there seems to be an
7 overwhelming amount of public comment from operators
8 that they don't like the Notice of Area of Recommended
9 Improvement, especially as it relates to operator
10 qualification.

11 I want to ask the Committee's advice to
12 consider whether or not we should change the policy on
13 this. We can go back to Notice of Amendment, which is
14 an enforcement action, and then the opportunity for a
15 hearing is available. We were trying to give a
16 developmental period of time. We were trying to find a
17 way to work with you to improve. In listening to you,
18 and being responsive as a regulator, I have to say we
19 are in a major quandary here about what to do. That's
20 the second issue.

21 Third issue that has come up is that it seems
22 to be recommended by the industry that we collect data
23 that could be used to help define the consequences or
24 the seriousness of I guess the impact of failure in
25 certain task areas, to help have a basis for operators

1 to use nationally to make decisions down the road, to
2 approve the basis for the intervals for qualification
3 of different tasks. And we're happy to do that, but it
4 seems to be kind of new recommendation which I wanted
5 to put out there.

6 Number four, the industry, in order to
7 illuminate the process further, has undertaken a
8 benchmarking -- what I would call a benchmarking study
9 to look at how well or how OPS's standards in this area
10 stack up with other similar regulated industries. I
11 don't think that we got the report on that yet, and I
12 think that that's interesting information that I think
13 should be immediately made available. But I certainly
14 hope that such a report would look at the relative
15 burden or responsibility on any single individual in
16 the pipeline world who may have multiple tasks with
17 multiple impacts of executing those tasks, compared to
18 equivalent individuals in other regulated industries,
19 in other words, that degree of difficulty and level of
20 responsibility should certainly be able to be
21 normalized in some way if we're going to compare and
22 contrast. And we would look forward to receiving that
23 information in a hurry.

24 We seem to -- next issue, I think this is
25 number five -- we seem to have a continuing

1 disagreement about the difference between what we would
2 call maintenance activities where parts of lines would
3 be taken out of service to repair, and that whether or
4 not those activities that go on to renew the pipeline
5 are maintenance activities or new construction. I
6 think this is probably an area where, as regulators, we
7 and the states most fall on our swords that the
8 objective here is to take a pipeline that exists and
9 recondition it, that it is not new construction.

10 And finally, we do support the concept of
11 identifying additional criteria and details being
12 aggregated into a consensus standard, and we will
13 commit approximately five OPS-ers and hope to support
14 five NAPSRS representatives participating in that
15 consensus standards process and getting that going.

16 I am unhappy that after three public meetings
17 I think we still seem to have major differences in the
18 areas that I spoke about. I'd like to call on Mike and
19 Daron Moore who's in the room to comment whether or not
20 my summary is accurate of sort of the degree of
21 differences between the regulators and the industry on
22 operator qualification standards for evaluating the
23 adequacy.

24 OPS: Bob Cave wanted to read some stuff in
25 about small system operators.

1 MS. GERARD: Okay, I apologize, Bob. We do
2 recognize that there's work being planned for the small
3 operators that we support the importance of.

4 MR. CAVE: I thought it might be helpful for
5 the Committee to hear first hand from myself and then
6 Mike also. In conversation with our members and with
7 some state regulators, there is some concerns and some
8 issues that we have been talking about on the
9 protocols, and thought there might be some additional
10 guidance or direction that could be developed or
11 implemented. So we've talked with Stacey and that was
12 a group consisting of not only LDCs from APGA and AGA,
13 but also from the propane side, the National Propane
14 Association, a small liquid operator as well. And we
15 tried to find a master meter organization but as you
16 know, there is not a master meter group out there.

17 The intent is to try and look at these
18 protocols and see what and how they could be
19 implemented as the enforcement moves forward. So with
20 that as an oversight, one of the cochairman is Mike
21 Comstock, Rich Marini from New Hampshire is the other
22 cochairman of this group, and they have started a
23 dialogue and they have started looking at it. So maybe
24 that is an entrance, Mike, you can tell them more about
25 it.

1 MR. COMSTOCK: Some of our go-forward points
2 in regards to the small operators that we're looking at
3 is first of all, how to define what a small operator is
4 in the gas industry. We're looking at a couple of
5 definitions, perhaps by the number of meters that the
6 company may serve. There's been some numbers that have
7 been suggested -- zero to 500 meters would be a small
8 operator tier one; 501 to 20,000 meters would be a tier
9 two; and then anything beyond 20,001 meters would be
10 exposed to the whole protocol audit. So we are
11 working on that issue.

12 Also, as Bob stated, the goal was to
13 characterize the protocols into some form or fashion
14 that small operators could get their arms around, and
15 actually give them some guidance material on how to
16 comply with the rule. For instance, if the protocols
17 address -- a number of protocols address what's in a
18 written OQ plan, is that in order for them to meet
19 compliance with that rule would actually be to develop
20 the written OQ plan and then perhaps to provide some
21 minimum standards for them to have within that plan,
22 much in line with what the small operator guidebook is
23 in place now to help them meet the requirements of 192.

24 The other thing that we're working on as that
25 team moves forward is the inclusion of this guidance

1 into the proposed standard that's being considered,
2 that Stacey said she supported -- and that's great.
3 But also meet the timelines that are out there in front
4 of OPS for implementation around June 30th.

5 The sticky point, of course, for us to move
6 forward as the small operator group is the development
7 of the protocols. Once we have a baseline established
8 for the protocols and how they are going to look, we
9 certainly can provide that guidance to small operators
10 very quickly as we know what the baseline is. So we
11 are waiting for that also, and as soon as that's done,
12 moving forward at, I think, a very quick pace.

13 MS. KELLY: Mr. Feigel.

14 MR. FEIGEL: Mike, I would urge you and other
15 representatives of small operators to participate in
16 the consensus standards development, because it strikes
17 me that if we can have a sort of a uniform industry --
18 not industry, but a true consensus, that's going to
19 really facilitate long-term solution. The short term
20 protocols, admittedly for everyone -- regulator and the
21 industry are a needful focus, but if you guys go off on
22 a parallel path long term, nobody's going to be well
23 served, and we need to coordinate the long term
24 solution.

25 MR. COMSTOCK: Your point is well taken and

1 we've worked with the development of that, been on the
2 ground floor of that process, and if we ask for a seat
3 at the table, certainly we'll be provided one, and
4 we'll be getting representation there for that.

5 I apologize, in order to make this meeting, I
6 had to leave for the afternoon yesterday. Daron did
7 attend the afternoon session and maybe could shed some
8 more light on those issues, so I would yield my time to
9 Daron, if you like.

10 MR. MOORE: Thank you. My name is Daron
11 Moore. My nametag is misspelled -- for the record,
12 it's D-A-R-O-N. I'm from El Paso Corporation out of
13 Houston, Texas. Mike and I have mentioned, are members
14 of the tier one -- industry tier one team, which is
15 engaging OPS in the area of operator qualification, the
16 second negotiating or discussion period. And I
17 appreciate the moving of the agenda to later in the day
18 so I was able to be here.

19 I wrote up a couple of pages of notes last
20 night for someone to read into the record, and I'll
21 work from throe as well, and I'll try to address your
22 comments, Stacey, and I think it's going to be very
23 positive, so that's good news.

24 We have been meeting in monthly -- monthly
25 since January 2003. The goal of these meetings is to

1 craft a go-forward strategy for the implementation of
2 the operator qualification rule finalized about three
3 years ago. Item one I think needs to be stated very
4 clearly from the industry's perspective, the Committee
5 needs to hear, is that we have absolutely no problem
6 with protocols, no problem whatsoever. Protocols are a
7 way for enforcement personnel to understand what the
8 rule says, what to ask, what to do with that
9 information. We have no problem with that. I've
10 laughed with Richard Sanders who's the head of the OPS
11 side of this and said, Richard, if you want to talk
12 about my eight year old daughter during the inspection,
13 I'm obligated to talk about my eight year old daughter.
14 We will talk about any topic OPS wishes to talk about.
15 But that brings up some other issues I'm going to
16 discuss here in a moment.

17 OPS is still intending to promulgate
18 protocols, inspection guidelines for use by OPS, and
19 it's our understanding currently that some of these
20 protocols are going to lie outside the final rule that
21 was promulgated about three years ago. And that's
22 where the rubber meets the road when it comes to
23 discussing issues with OPS and having them inside an
24 enforcement or compliance arena.

25 We are discussing with OPS to develop and

1 finalize those protocols that are inside the rule, and
2 we're working extremely diligently to do that. But
3 we're not optimistic that this will occur, in other
4 words the protocols will not lie outside the rule,
5 based on both verbal and written comments by OPS.
6 Protocols outside the rule present a direct threat to
7 industry due to possibility of protocols in time become
8 enforced as if they were inside the rule. It's a
9 direct threat to industry. This would be de facto
10 rulemaking without due process, such as the issuance of
11 a Notice of Proposed Rulemaking and a comment period,
12 which is inside the rules for developing new -- inside
13 the guidelines for developing new rules.

14 For the Committee's information, industry
15 submitted comments to OPS on March 10, 2003, just a few
16 weeks ago, detailing which of OPS protocols that were
17 out in the public as Stacey mentioned, which ones are
18 outside the bounds of the existing rule and we gave
19 specific and clear reasons for why we believe those
20 protocols are outside the rule. Clearly, industry is
21 working with OPS in this issue in a diligent and timely
22 fashion. OPS has a very aggressive time table, and
23 we're working very hard to meet that with OPS, meeting
24 with them every month and working literally on weekends
25 at times, to get our comments in to OPS in a timely

1 fashion. The use of protocols which are outside the
2 bounds of the existing rule is unacceptable, and
3 frankly without legal grounds if they're to be used in
4 a compliance or enforcement arena.

5 Item two, and it ties directly with --

6 MS. GERARD: Daron, could you just give an
7 example for us about -- from your comments, because I
8 haven't seen the March 10th comments, of an example of
9 a protocol that goes outside the rule? We don't want
10 to do that.

11 MR. MOORE: There are numerous questions and
12 protocols that are based on process. How does the
13 operator do this? How does the operator do that?
14 That's not discussed in the rule. That does not mean
15 that industry should not describe to OPS why we're
16 doing certain things. You need to know that, to know
17 that we're trying to comply, to know that we're trying
18 to improve pipeline safety. You guys need to know that
19 from OPS and the enforcement side. By them residing
20 inside the protocols, it presents itself to us as being
21 something that could be used in the enforcement arena.
22 And process-based discussions are outside the bounds
23 of the rule, although we'll talk about it. And that's
24 why I said early on, we'll talk about anything.

25 MS. GERARD: That is the question. I guess

1 that is the question that I wanted to bring in front of
2 the Committee to get some advice about it because, as
3 you said, how does the operator do it is what we think
4 we need to look at in this performance-framed rule.
5 And so that is the heart of the question right there.
6 We think it is, you think it's not.

7 MR. MOORE: The heart of the question is, as
8 it stands right now, there are several I guess, but
9 number one is what's going to be in the protocols?
10 Will it be inside the rule or outside the rule? And we
11 recognize that that final determination is made by OPS.
12 We know that. We're making recommendations to you
13 based on how we understand what the protocols say and
14 how we understand existing rule.

15 MS. KELLY: Mr. Comstock.

16 MR. COMSTOCK: Daron, if I can -- there's one
17 that I like to point to, especially from a small
18 operator's standpoint. One of the protocols reads,
19 "How does your training organization fit into the
20 implementation of your program?" A lot of small
21 operators don't have training organizations, nor is
22 that mentioned in the rule anywhere. And I've the
23 sheet upstairs, I can show you that stuff.

24 But I guess what we're looking at is that
25 that doesn't fit firmly into the rule, and it certainly

1 doesn't fit a number of organizations that I deal with
2 on a daily basis. For instance, in my own
3 organization, I am the training organization. Our
4 human resources people who have training staff do soft-
5 skill training. They do how to deal with negative
6 people and those kinds of things, those types of
7 skills. When it comes to the technical training, we
8 don't have training organizations. So the way that
9 that's written, it doesn't fall within the scope of the
10 rule.

11 MS. GERARD: I can understand that.

12 MS. KELLY: You may proceed.

13 MR. MOORE: Thank you. Where this becomes a
14 problem, protocols being outside the rules, and Stacey
15 mentioned this, the Notice of Areas of Recommended
16 Improvement, I'll call them NARIs for short so you guys
17 will know exactly what I'm talking about. These Naris
18 -- and I'll always go back to where I am -- OPS is
19 intending to use a new compliance tool known as NARIs.
20 The intent is for OPS to use this tool to communicate
21 to operators where there are deficient areas in
22 operator's plans outside the existing rule, or where
23 operators are found to be deficient overall, but not
24 sufficiently deficient to receive a stronger warning
25 such as a Notice of Amendment, or Notice of Probable

1 Violation or warning letter.

2 There are several problems with NARIs as the
3 industry currently sees the issue, and there are three
4 of them, and then I'll offer a solution. One, NARIs do
5 not provide the industry with any due process provided
6 by enforcement actions under Part 190 of the Federal
7 Pipeline Safety Regulations. In other words, OPS may
8 issue a NARI for any reason, and operators have no
9 ability to respond. There are no legal bounds for us
10 to respond to the NARI. OPS and industry both have
11 rules to follow, and those are embodied in the Pipeline
12 Safety Regulations Part 190.

13 NARIs are not discussed in the regulations
14 and are not acceptable to industry as a compliance or
15 enforcement tool. And OPS has characterized NARIs to
16 us, not as a compliance tool, but a -- not as an
17 enforcement tool, but as a compliance tool. Industry
18 does not recognize the difference between those two
19 terms. That's one problem we have right off the bat,
20 so I'm using both, compliance and enforcement, in this
21 discussion. We see a problem with both of those terms.

22 Item two on NARIs. Discovery by future plane
23 of attorneys. A NARI has no legal standing, therefore
24 operators have no legal recourse to respond. However,
25 the burden is on operators to comply with a NARI

1 regardless of whether it makes technical sense for
2 pipeline safety, increases pipeline safety, or is even
3 based on the final rule. And by the way, NARIs are
4 being, as Stacey mentioned, contemplated by OPS for
5 other enforcement issues as well, such as hazardous
6 liquid IMP plans.

7 If an operator does not agree with a NARI due
8 to particular circumstances, and decides to take no
9 action on the NARI, which is an entirely reasonable
10 scenario, and then the NARI is subsequently discovered
11 during a legal proceeding way outside the areas of
12 pipeline safety, maybe some kind of lawsuit or
13 whatever, operators will be presumed guilty with no
14 recourse in that particular court of law and we're
15 absolutely left with no grounds for recovery or coming
16 back.

17 Correspondence between OPS and industry
18 should be limited to official issues, not informal, as
19 they've been described to us, enforcement actions such
20 as NARIs as they've been described.

21 Item three. NARIs --

22 MS. GERARD: Point of clarification, Daron,
23 just for the record. The Notice of Area of Recommended
24 Improvement is not to go beyond the regulation. It's
25 an area where we think the operator may need some time

1 to be able to comply with the regulation. But it is
2 not beyond the regulation. I understand your issue
3 about due process. I think in a lot of ways it isn't
4 much different from a letter of concern or other types
5 of tools that we've used in the past. We were
6 considering it appropriate for something that we
7 considered a systemic process being developed that took
8 some time. But we saw it as with areas we saw within
9 the regulation, not beyond the regulation. Just for
10 the record.

11 MR. MOORE: That's not been reflected in what
12 we've heard in the public meetings, number one, but I
13 think that still opens up the area of inside the
14 existing Part 190 and how operators can respond in
15 opening up the variety of box of Pandoras that can be
16 out there with this kind of document on the record.

17 Item three, NARIs could present a moving
18 target for operators, and it's assuming they're outside
19 the rule, so this is characterized by that, Stacey.
20 Thanks for your comment. Since NARIs may not be based
21 on the rule, but instead are intended to possibly
22 address perceived process weaknesses which was
23 discussed earlier, or other areas where OPS does not
24 believe an operator is performing at the level which
25 OPS expects, even though the -- well, the bar for

1 issuance of NARIs could progressively become lower, the
2 bar, resulting in higher expectations of operators by
3 OPS.

4 We've seen that in some other enforcement
5 areas, for example, the regulations do not discuss two
6 hours for making telephonic notice of an incident. It
7 says prompt. Yet we've had enforcement actions on a
8 variety of companies stating you didn't make the call
9 within two hours. That's a vivid example of what's
10 potentially going to happen with NARIs in other
11 enforcement actions. We're trying to prevent that up
12 front and find a way to go down a path that makes
13 sense.

14 So let's talk about that path for a moment.
15 I like to offer solutions and not just stand up here
16 and talk about problems. A possible alternative
17 solution which may alleviate the industry issues and
18 legal issues but still be effective for OPS is the use
19 of a -- I'll call it a Notice of Inquiry, in which OPS
20 seeks additional information about how operators are
21 complying with the existing rule, which is how we've
22 been characterized a lot of the NARIs will be used --
23 they're looking for more information to find out
24 whether our processes are up to speed, make
25 recommendations on our processes, et cetera, for

1 compliance with existing rule.

2 Industry, as I mentioned a while ago, has
3 agreed that discussion on any topic is acceptable, but
4 enforcement or compliance actions on anything outside
5 the existing rule, we'll have to try to contest it in
6 some form or another. And unfortunately, in a NARI
7 environment we can't contest it because it doesn't have
8 any legal ground. So it creates a real problem.

9 This possible solution of Notice of Inquiry
10 would seem to preclude most if not all the future
11 possible negative ramifications of NARIs from
12 occurring.

13 And finally -- I'll talk a little bit about
14 where we are with the operator qualification effort.
15 Industry is committed to working diligently and closely
16 with OPS not only on the protocols, which are to be
17 completed by April 4th, so we're coming up very close
18 on a final deadline. This morning we were supposed to
19 enter into an informal real dialogue with OPS on the
20 protocols, which would be the first, I would call, open
21 dialogue we've had in the three public meetings.
22 Literally what's happened so far is industry presents
23 their views, and we go to caucus for anywhere from a
24 half day to a full day, and OPS comes back and presents
25 their views and Riding reads it off the screen, and

1 then the meeting shuts down. There is no open dialogue
2 going on. So neither side really understands where the
3 other one is coming from in many cases, and that's
4 really unfortunate.

5 So they're due on April fourth so they can
6 start the new inspection cycle on April seventh, as I
7 believe one company is going to be inspected then, El
8 Paso is scheduled for April 14th. Now only are we
9 going to work on protocols, we are also committed to
10 working with OPS on FAQs due May 30th, supplementary
11 guidance due June 30th, and a new personnel
12 qualification for pipelines national standard, to be
13 completed by next summer.

14 And we talked a little bit about maintenance
15 versus new construction a little while ago, Stacey
16 stated, and I'll have some comments about how the
17 standard ties in with that. It's a big effort that
18 we're undertaking.

19 This is a very aggressive timetable,
20 particularly in light of the rule being in place for
21 three years, but it's one that industry is committed to
22 meeting with OPS.

23 And finally with regards to items one and two
24 that I talked about a while ago, protocols potentially
25 being outside the rule, and the NARI issue, industry is

1 preparing comments for the open docket on this topic.
2 In this docket filing, industry will explain in detail
3 which protocols we believe, assuming they're still
4 there, are outside the rule and we'll find out which --
5 what the protocols are on April fourth. And while much
6 like our March 10, 2003 submittal to OPS -- it'll look
7 much like that, which one we believe are outside the
8 rule if there are any, and specifically why we believe
9 they're outside the rule if applicable.

10 It's not our desire to make this filing. We
11 said this two times last two public meetings. I made
12 those comments myself. We made statements at public
13 meetings about that, but we feel -- industry -- that it
14 is our obligation to protect our positions in this
15 manner, particularly in view of the use of NARIs in the
16 future.

17 With that, I'd like to address some of your
18 top six, Stacey, for the Committee's benefit. Item one
19 was probe issue -- this is what I wrote trying to
20 summarize what you said, so correct me if I'm wrong.
21 Probe issue of how operators make decisions. As I
22 stated early on, we have absolutely no problem with
23 discussing whatever issues are there. It's the threat
24 of the protocols being used in the enforcement or
25 pseudo-enforcement environment that causes the

1 heartburn for industry. We'll talk about whatever you
2 want to talk about, and we'll even engage in a written
3 dialogue on why we're doing what we're doing et cetera.
4 Having it in a compliance or enforcement arena is
5 dangerous for us.

6 Stacey's item two. NARIs. She said that a
7 Notice of Amendment was an option. I agree entirely.
8 Industry agrees entirely. We'd like to stay inside the
9 Part 190 grounds as best we can because it provides due
10 process for operators who may get an enforcement action
11 that may have resulted from a misunderstanding. And
12 I've seen those several times when I respond to
13 enforcement actions on El Paso. Sometimes it's simply
14 a misunderstanding in the field between OPS and the
15 operator. And we've cleared it up with a letter back
16 to OPS. Having NARIs out there doesn't offer us the
17 opportunity to do that, so we're trying to avoid that.

18 Item three as I understood it was collect
19 data to establish intervals for requalification. We're
20 going to be addressing that in the standard that we're
21 going to be writing very soon. I actually asked for a
22 show of hands yesterday afternoon, who in the room is
23 interested in volunteering to be on this industry
24 consensus standard, and we got about 15 industry hands,
25 Stacey said there's ten other regulatory hands, that's

1 great. We didn't see that yesterday. I'm ecstatic to
2 hear that.

3 MS. GERARD: Member number one is our new
4 employee in the back of the room, Stan Kostanas. Is he
5 still there?

6 MR. KOSTANAS: Yes, I've been told.

7 MR. MOORE: Stan, welcome aboard. We have
8 worked out with ASME, by the way, that we were going to
9 house the standard at ASME and we think we've got it
10 narrowed down very closely to exactly what this
11 Committee will look like. More than likely I'll wind
12 up being the interim Chair so you can see the
13 commitment level there on the part of industry.

14 Item four was benchmarking study. We also
15 call it the comparative analysis study. We had a
16 presentation yesterday morning by Barney Selig on this
17 topic. Barney is the primary writer of this document
18 and the report was received very well by both industry
19 and the Office of Pipeline Safety and the other
20 regulatory community members. We're going to put this
21 report in the docket when we're completed with it and
22 we expect completion certainly within two weeks, maybe
23 within one week. So we're very close to getting that
24 done. It has been reviewed at least twice by some
25 members of industry for editorial reasons and

1 organization et cetera, so we're well along in getting
2 that report completed.

3 Item five was maintenance versus new
4 construction. This is a classic case of pipeline
5 safety versus what the rule says. Clearly there's some
6 areas where pipeline safety can be improved here, and
7 we can do that. But the rule didn't address it well
8 enough as it's currently written. What we recommended
9 to the regulatory community and they seem to have
10 accepted -- and I said it yesterday fairly loudly, I
11 thought -- was that this would go to the standard and
12 will receive all due consideration there. And the
13 idea, from OPS and from us in industry, is that the
14 standard will form the basis for a new operator
15 qualification amended rule, probably about two years
16 from now. It'll take about a year to get the standard
17 completed and approved, and that can lead to a new rule
18 a couple years from now, and this will clean up a lot
19 of the angst that we're going through right now by
20 having a rule that's a lot cleaner and clearer to both
21 sides of the issue -- both parties at table.

22 So we think that maintenance versus new
23 construction will move into the standard arena and will
24 be fully vetted there in an open, public forum.

25 Item six was additional criteria, and that

1 also has been agreed to move to the standard.

2 So these issues are not being pushed away at
3 all. They're going to a place where they can be fully
4 vetted and considered openly and publicly, but trying
5 to get it out of this really tough timeframe we have of
6 getting protocols prepared by April fourth.

7 MS. GERARD: One other point of clarification
8 then -- I guess this is like the game of telephone, you
9 wonder how it comes out the other end this way. We
10 always expected that operators would respond, they just
11 wouldn't be required to respond to a NARI.

12 MR. MOORE: NARIs -- you mentioned Letters of
13 Concern. They're a lot like that. At least the way I
14 view them. I've never seen a NARI, not yet anyway.

15 MS. GERARD: I'm not sure we've written one.

16 MR. MOORE: Well, that's somewhat nice to
17 hear.

18 MS. GERARD: We haven't Linda? I think we
19 perfected in our review the model letter last week, but
20 we haven't shown it to Barbara yet.

21 MR. MOORE: I guess it's now a matter of
22 public record that something's been drafted.

23 MS. KELLY: Yeah. Are there any other
24 comments from the public? Thank you for yours. Yes,
25 Ms. Epstein.

1 MS. EPSTEIN: This is just a question. I
2 suppose one approach is to go with what Mr. Moore just
3 discussed regarding the standard. Has OPS thought
4 about a supplemental rulemaking? I don't know if that
5 would do the same thing?

6 MS. GERARD: We have not wanted to call the
7 old rulemaking inadequate. We thought that by
8 developing a good approach to guiding our inspectors to
9 oversee it, that we did in a public way through the
10 protocol process, we would solve the problem. Because
11 we honestly believed in that broad performance language
12 that we had the ability to probe into the process
13 questions. We think the process questions about how
14 you would achieve performance is fair game in a
15 performance rule. So I guess several years ago, when
16 the authors you know, reg-negged this out -- I don't
17 know what you were thinking, but I would have -- if I
18 was there, been saying now, if you write it this way
19 it's fair game for us to probe what the process is that
20 you use to arrive at the performance.

21 MS. KELLY: Richard Huriaux. Use the
22 microphone.

23 MR. HURIAUX: I don't want to belabor what
24 happened now five years ago too much, but there was
25 never any question in anybody's mind at the negotiated

1 rulemaking meeting that inspectors would be expected to
2 look at how the qualification for a particular task was
3 developed in term of supporting its adequacy to produce
4 a qualified individual. So this is really -- this
5 whole question is a complete surprise, and before last
6 year some time I hadn't heard of this question. It
7 never came up in the negotiated rulemaking committee.
8 But now that it has we're dealing with it and I think
9 we're on our way to solving it.

10 MS. GERARD: Yes, A, we're committed to
11 dealing with it -- the process of having a public
12 meeting, a month on this subject, is of course very
13 labor intensive but it's an indication of that -- we
14 think it's a very important issue. We're trying to use
15 the public meeting as a forum to communicate.
16 Obviously, we still have a ways to go to refine the art
17 of how we work things out in public. We're probably
18 doing a better job on gas IMP than OQ in terms of using
19 the meeting as an informal opportunity to dialogue.

20 And we are just so overloaded with other
21 mandated rulemaking activities, we're not really ready
22 to put one more rulemaking item on the agenda. I mean
23 we're growing old here trying to catch up with the old
24 commitments, so we're avoiding taking on a new one, and
25 I'm really happy that the standards activity is being

1 committed to in such a robust way because eventually
2 we're going to get there, which is the main thing. I
3 am just concerned about our status now, that we're not
4 doing everything we can right now to engage operators.

5 MR. DRAKE: I have a question for you,
6 really, and I think it goes back to what Richard
7 brought up, the genesis of this rulemaking is
8 fundamentally important to understand, although we
9 don't like to go back five years, but we need to go
10 back five years because it explains why we have this
11 weird looking animal that we don't recognize and it
12 doesn't work in today's environment.

13 We were dabbling in trying to figure out a
14 better regulatory approach and this reg-neg was coughed
15 up in that environment as some constructive venue to
16 solve this problem, and a totally performance-oriented
17 rulemaking was generated which has no precedent. It
18 had never been practiced before on this kind of scale,
19 and at the same time, we were working with risk
20 management and on comes integrity management.

21 I think some of the things that we've learned
22 since the beginning of this rulemaking that when you
23 deal with a performance-based rule, it is very
24 difficult to implement it because it is so subjective
25 that the target is almost totally invisible, that

1 without a presence of some sort of baseline,
2 prescriptive compliance venue, the target becomes so
3 vague and so flexible that now you start getting into
4 this how do you think kind of stuff. What were you
5 thinking about? How did you -- what was your criteria?

6

7 Now you've got these long windy discussions
8 about your logic, but -- because there's no reference
9 point of what looks okay that's very clear and
10 actionable. And that's the animal you're dealing with
11 here. You've got this operator qualification rule that
12 is totally "flexible", allows for custom solutions
13 across the spectrum of a huge industry, and all kind of
14 different thinking and different designs, different job
15 titles, different job functions, and yada, yada, yada.

16 That's a lot of questions that need to be asked.

17 I think my question really is, is there --
18 and I think Lois may be boding that a little bit -- is
19 is there a -- you know, we had talked a while ago about
20 would these standards, kind of infusing a more
21 prescriptive venue that was more clear and definitive,
22 that pared down the need for the logic thinking
23 questions that are real subjective and onerous,
24 frankly, in an auditing environment for everybody
25 involved -- is the standard still viewed as that tool

1 that would help, maybe, clip down some of these
2 protocols that seem spurious and certainly windy
3 anyway? Or is the standard in addition to the long,
4 windy questions?

5 MS. GERARD: It would be our approach, if
6 there was a consensus standard that existed, it would
7 be our approach to go to an NPRM and probably
8 incorporate that standard into the rulemaking. That
9 would be what we would do and we would revamp the
10 protocols in light of the fact that we had a different
11 rulemaking. But that's a couple years away and we've
12 got to get from here to there and we are accountable to
13 the public for enforcing the rule we have and required
14 by law to see everybody, inspect everybody within three
15 years, based on some standard for this highly
16 subjected, flexible thing, and I guess what I'm saying
17 to you as an Advisory Committee and the public that's
18 out there is we are going to have to get through it.
19 We're going to do something. We're doing the best we
20 can to split the difference with you between vague and
21 fuzzy and something meaningful, and I hope you
22 understand that we are trying to do a good job here and
23 not be unreasonable, but I have to tell you we have to
24 ask you some questions about how you're getting there.
25 That process stuff -- there's going to be some of

1 that. Maybe we have to pare it back some more but I'm
2 telling you here and now, unless you tell me that you
3 are totally opposed to our asking some process
4 questions, they've got to be in there.

5 MR. FEIGEL: I'm really bothered by the whole
6 tenor of this discussion, and again, I respect the time
7 constraints that everyone's under for some obvious
8 statutory reasons. I'm going to leave that off the
9 table. It bothers me a great deal that if we commit
10 because of very reasonable reasons, sizes of industries
11 and different ways of operation and different
12 geographical considerations, that it is reasonable and
13 prudent to commit to performance-based standards, and
14 then we back in prescriptive standards through the back
15 door by simply flipping them out into a consensus
16 standard, we've accomplished very little.

17 I think frankly, both the regulator and the
18 industry and the interested public needs to make a real
19 and concerted commitment to understanding and
20 implementing what real performance-based standards are,
21 and not just calling -- what I'm afraid we're headed
22 towards performance based and then wind up back in the
23 same vicious circle we've traditionally been. Again,
24 I'm perfectly willing to see all these accommodations
25 we need to make in the short term, but this ain't no

1 long term solution.

2 MS. KELLY: Ms. Epstein.

3 MS. EPSTEIN: I wasn't involved in the
4 development of the rulemaking, but I think my
5 recollection of the history was that there's always
6 been a tension between performance based and
7 enforceability. I've raised that over and over again,
8 and it sounds like we have a pure performance-based
9 standard that is just unenforceable right now, and so
10 we can't make that commitment to a pure performance-
11 based.

12 MR. FEIGEL: Then we have a poor standard,
13 because enforcement is necessary, but it is not even
14 close to being sufficient. And if we don't have -- and
15 there are performance-based standards, and I can cite
16 you a number, that are -- to use your -- what I'll call
17 your term -- that are enforceable, and to create
18 artificial tension between enforceability -- it's very
19 easy to come up with a prescriptive standard that's
20 enforceable. And it is usually not very good, and at
21 the end doesn't meet real needs, and we've got to get
22 over this.

23 MS. EPSTEIN: I don't disagree with what you
24 said. I think there's a problem with the standard,
25 though.

1 MS. KELLY: I'll ask Stacey for last comments
2 on next steps regarding this.

3 MS. GERARD: We have a public meeting
4 scheduled in Atlanta on the -- about the 23rd of April.
5 I promise to read and have the rest of the key OPS
6 staff read your March 10th letter. We're going to do
7 our dead level best to be reasonable with the protocols
8 that we proposed out there. We intend to finalize
9 them. You're not going to be entirely happy with them,
10 but we're going to try to be reasonable, and that's
11 going to be our short term solution.

12 We're continued to commit to work on the
13 consensus standards process, but I think that the
14 industry is going to have to get used to the idea, and
15 our staff is going to have to get used to the idea that
16 there are techniques that have to be used to enforce
17 very flexible performance language, and we're just
18 going to have to get through it together.

19 I think that you will find that we will be
20 investing a lot in training our people to do it the
21 same way. As you can see, we're committed to being
22 public about how we're developing it. There's going to
23 be some ups and downs. You're going to make
24 appointments to come in as companies to talk to us
25 about it and say we don't think it's fair. We're going

1 to be reasonable about it. And we're going to go
2 forward. That's the best that I think we can do at
3 this point, and there's going to have to be a certain
4 amount of holding your nose and just jumping in the
5 water with us on this.

6 MS. KELLY: Is there anything in the interim
7 that's required of this Committee?

8 MS. GERARD: There isn't anything that's
9 required, but because it was a statutory requirement
10 for us to develop the standard and because we were
11 having this problem, I wanted to make sure the
12 Committee was aware of it, could see that we have a
13 series of public meetings underway. If the Committee
14 is concerned or wants to participate, or get to any of
15 those public meetings, or be briefed on what's going
16 on, I want the Committee to be aware.

17 This is a very important policy initiative
18 here. It's a technique that we're using over and over
19 and over again. We're using it in liquid IMP, we're
20 planning on using it on gas IMP, as soon as we're able
21 to we'll start having public meetings on how we plan to
22 implement the enforcement of gas IMP. I think we need
23 to do a much better job of communicating our
24 expectations about implementation once we have a
25 regulation.

1 And as Jim -- or Stan mentioned -- we're
2 using a similar approach to validate -- not inspect --
3 the performance of operators in the security area. We
4 feel that we need to improve the basis we use to
5 oversee. We're being very public about it. We're
6 inviting your comment on it. It's got to change.
7 Liquid operators have been bearing the brunt of the
8 trial and error process and I would say that liquid
9 operator CEOs have been coming in and saying, we've had
10 some problems but we see the value. I've had liquid
11 CEOs say that comprehensive inspections that we have
12 done, using this approach on liquid IMP is worth a
13 million dollars. I've had CEOs make those kinds of
14 comments.

15 So we're trying to add value here. This is
16 not a snapshot approach, are you complying on this day
17 and time? This approach is designed to achieve a
18 higher level of performance and it takes a while to get
19 there, and we believe in having some sort of a
20 framework that is understandable. We don't want to
21 keep raising the bar. We set the bar high, and we
22 expect it to take some time to get there, and we think
23 that we should have a fair basis for defining those
24 expectations for you so that you can track them, we can
25 record them and everybody knows what the target of the

1 expectation is.

2 MS. KELLY: Thank you. Yes, Ms. Epstein.

3 MS. EPSTEIN: I'll be brief, it's just
4 something that is related to the reauthorization that
5 hasn't been part of any of our discussions, and I just
6 wanted to raise it before we left today.

7 The technical assistance grants component
8 that Ruth Ellen raised earlier that was different from
9 the technical assistance that we did discuss in our
10 Committee meeting, is somewhat similar to programs that
11 EPA under the Superfund law where this money -- and I
12 just wanted an updated status from OPS about what
13 they're doing to try to get those funds out to
14 communities and non-profits so that there could be some
15 technical assistance money that's unavailable right
16 now.

17 MS. GERARD: The OPS 04 budget was prepared
18 prior to the Pipeline Safety Act passing, and we have
19 not requested any funding in that category. We are,
20 however, beginning to research what kind of criteria we
21 would use should we decide to make those awards and
22 we've been working with the WUTC at Washington state --
23 the Washington Utilities Transportation Commission,
24 who's had some experience with communities and citizens
25 advisory groups and we've asked them to work with us to

1 provide us some criteria for functions that community
2 groups can play to identify qualifications for people
3 who should play those roles, to identify what
4 information is needed and what safety outcomes are
5 desired.

6 At this moment, that's the only step that
7 we're taking to prepare, but we'll be doing more in
8 that area, but we haven't begun yet the process of
9 defining the 04 budget, that's as far as we've gone,
10 and I'll take for the record your recommendation that
11 we look at a similar process that EPA might have.

12 MS. KELLY: Ms. Schelhous.

13 MS. SCHELHOUS: Different Subject. Federal
14 Aviation has a requirement, I believe, where when the
15 airlines start getting into trouble relative to
16 bankruptcy or going into bankruptcy, they are required
17 to do additional inspections and stuff relative to
18 insure that the safety aspects are being continued,
19 like the maintenance and employee training, that kind
20 of stuff. Does OPS have any kind of similar type
21 action for activities or --

22 MS. GERARD: We do monitor financial
23 conditions and when we believe that there's an issue,
24 we contact the CEO and identify the fact that these
25 financial conditions raise additional safety concerns

1 for us and we're likely to do unannounced inspections.
2 We have done that in the recent past with particular
3 operators. We do call operators in for what we call
4 kind of a national program review, to monitor
5 performance. I can -- there's at least a couple of
6 companies that we've done that with in the past and
7 members of Congress have inquired about that and we've
8 provided the data when requested.

9 MS. KELLY: A quick administrative matter.
10 The members of the gas Committee, are there any of you
11 who will not be able to stay through the end of the
12 meeting tomorrow night -- tomorrow, not night? That
13 means everybody will be here. Fine.

14 Before we close, I'd just like to thank all
15 the members of the Joint Committee for your time and
16 energy. This has been a very robust discussion.
17 There's been a great deal of information that's been
18 put on the table to assist the members of OPS in their
19 charges. I'd also like to thank the members of the
20 public for your attention and your input. This is also
21 very helpful. We are adjourned.

22 (Whereupon, at 5:30 p.m., the hearing in the
23 above captioned matter was adjourned, with the Gas
24 Committee to be reconvened tomorrow morning, Thursday,
25 March 27, 2003, at 9:00 a.m.)