

section 3(f) of Executive Order 12866 (58 FR 51735; October 4, 1993). Therefore, it was forwarded to the Office of Management and Budget. This proposed rule is significant under DOT's regulatory policies and procedures (44 FR 11034; February 26, 1979) because of its significant public and government interest. A regulatory evaluation of this proposed rule on Integrity Management for gas transmission pipelines has been prepared and placed in the docket.

#### *Cost-Benefit Analysis*

A copy of the draft regulatory evaluation has been placed in the docket for this proposed rule. The following section summarizes the draft regulatory evaluation's findings.

Natural and other gas pipeline ruptures can adversely affect human health and property. However, the magnitude of this impact differs from area to area. There are some areas in which the impact of an accident will be more significant than it would be in others due to concentrations of people who could be affected. Because of the potential for dire consequences of pipeline failures in certain areas, these areas merit a higher level of protection. RSPA/OPS is proposing this regulation to afford the necessary additional protection to these high consequence areas.

Numerous investigations by RSPA/OPS and the National Transportation Safety Board (NTSB) have highlighted the importance of protecting the public and environmentally sensitive areas from pipeline failures. NTSB has made several recommendations to ensure the integrity of pipelines near populated and environmentally sensitive areas. These recommendations included requiring periodic testing and inspection to identify corrosion and other damage, establishing criteria to determine appropriate intervals for inspections and tests, determining hazards to public safety from electric resistance welded pipe and requiring installation of automatic or remotely-operated mainline valves on high-pressure lines to provide for rapid shutdown of failed pipelines.

Congress also directed RSPA/OPS to undertake additional safety measures in areas that are densely populated. These statutory requirements included having RSPA/OPS prescribe standards for identifying pipelines in high density population area and issue standards requiring periodic inspections using internal inspection devices on pipelines in densely-populated and environmentally sensitive areas, and to

require reassessment of these areas at least every seven years.

This proposed rulemaking addresses the target problem described above, and is a comprehensive approach to certain NTSB recommendations and Congressional mandates, as well as pipeline safety and environmental issues raised over the years.

This proposed rule focuses on a systematic approach to integrity management to reduce the potential for natural and other gas transmission pipeline failures that could affect populated areas. This proposed rulemaking requires pipeline operators to develop and follow an integrity management program that continually assesses, through internal inspection, pressure testing, direct assessment or equivalent alternative technology, the integrity of those pipeline segments that could affect areas we have defined as high consequence areas *i.e.*, areas with specified population densities, buildings containing populations of limited mobility, and areas where people gather that occur along the route of the pipeline. The program must also evaluate the segments through comprehensive information analysis, remediate integrity problems and provide additional protection through preventive and mitigative measures.

This proposed rule (the third in a series of integrity management program regulations) covers operators of transmission pipelines for natural and other gases. RSPA/OPS chose to start the series with hazardous liquid pipeline operators because the pipelines they operate have the greatest potential to adversely affect the environment. This proposed rule completes the application of integrity management to all interstate (and many intrastate) pipelines.

We have estimated the cost for operators to identify pipeline segments that can affect high consequence areas at approximately \$23.34 million, the cost to develop the necessary programs at approximately \$90.9 million (with an additional one-time cost of \$367,400 to provide RSPA/OPS and state inspectors with real-time access to performance measures) and an annual cost for program upkeep and reporting of \$13.36 million. An operator's program begins with a baseline assessment plan and a framework that addresses each required program element. The framework indicates how decisions will be made to implement each element. As decisions are made and operators evaluate the effectiveness of the program in protecting high consequence areas, the program will be updated and improved, as needed.

The proposed rule requires a baseline assessment of covered pipeline segments through internal inspection, pressure test, direct assessment or use of other technology capable of equivalent performance. Unless an operator uses direct assessment, the baseline assessment must be completed within ten years after December 17, 2002 (the date the Pipeline Safety Improvement Act of 2002 was signed into law), with at least 50% of covered segments being assessed within five years. With direct assessment the baseline assessment must be completed in seven years, with 50% of the covered segments completed within four and 1/2 years. Until we see the results from operators' assessments we cannot determine whether direct assessment by itself is adequate to assess pipeline integrity or whether pigging might also be needed. The period for a baseline assessment may extend to 13 years, or ten years for direct assessment, for segments in moderate risk areas, that is, areas within a class 3 or 4 location that are not in the impact zone from a potential rupture.

After this baseline assessment, the rule further proposes that an operator periodically reassess and evaluate the pipeline segment to ensure its integrity within a ten-year interval for pipelines operating at greater than 50 percent of specified minimum yield strength (SMYS) and a fifteen-year interval for pipelines operating below 50 percent SMYS. However, to meet the requirements of the Pipeline Safety Improvement Act of 2002, if an operator establishes an interval greater than seven years, the operator will need to conduct an interim reassessment by the seventh year using a more-focused direct assessment (Confirmatory Direct Assessment) method. If an operator elects to perform a reassessment, using one of the other methods, every seven years, the operator need not use the confirmatory direct assessment. The proposed reassessment interval for pipelines assessed with direct assessment is five years unless all anomalies are excavated, in which case it is ten years.

Confirmatory direct assessment is a more-focused application of the principles and techniques of direct assessment, that is concentrated on identifying critical segments of suspected corrosion and third party damage. RSPA/OPS has structured the proposed requirements for confirmatory direct assessment in a manner intended to allow maximum flexibility for operators. Indirect examinations may be performed using only one, rather than two, tools. Corrosion regions may be larger than for regular direct