

natural gas to be supplied by the existing infrastructure. (The particular circumstances of each area would have to be taken into account in deciding whether operation at increased pressure is acceptable).

The quantitative estimates of benefits also considers only direct effects, *i.e.*, damages caused by the explosion and fire resulting from a natural gas transmission pipeline rupture. There are other consequences of such accidents that can be avoided or prevented. Unplanned business interruption can have a severe economic impact on the area in which an accident occurs. Temporary cessations in operation, longer term pressure restrictions, and repair efforts often require interruption of natural gas supply to some customers. In some areas, this can include entire communities that may be served by sole source laterals receiving gas from transmission lines in the vicinity of the accident. Interruption of natural gas service has both economic and safety consequences. Service must be restored in a controlled manner to avoid subsequent explosions from natural gas escaping into businesses and residences from open pilot valves. Gas distribution company employees must enter each customer's premises, isolate pilot valves, purge piping of air that may have become entrained, and relight pilot lights. This is a labor intensive effort that can take several days for a moderately-sized community. An integrity management program will allow an operator to identify and repair defects that could lead to accidents before they occur. Since these tests and repairs can be planned, their performance can be done at the optimum time to minimize detrimental effects on businesses, homes and supply generally.

Consistent with RSPA/OPS practice, much of the proposed rule is written in performance-based language. This approach stimulates the development and use of new technologies for assessing pipeline integrity which may allow more accurate detection of problems that can now be found or detection of problems that have heretofore been difficult to find.

The performance approach also results in supporting operators' development of more formal, structured risk evaluation programs and RSPA/OPS's evaluation of the programs. Most important, the performance approach encourages a balanced program, addressing the range of prevention and mitigation needs and avoiding reliance on any single tool or overemphasis on any single cause of failure. This will lead to addressing the most significant

risks in the most effective manner. This integrity-based approach provides a good opportunity to improve industry performance and assure that these high consequence areas get the protection they need.

A particularly significant benefit is the quality of information that will be gathered as a result of this proposal to aid operators' decisions about providing additional protections. Two essential elements of the integrity management program are that an operator continually assesses and evaluates the pipeline's integrity, and performs an analysis that integrates all available information about the pipeline's integrity. The process of planning, assessment and evaluation will provide operators with better data on which to judge a pipeline's condition and the location of potential problems that must be addressed.

Integrating this data with the safety concerns associated with high consequence areas will help prompt operators and the Federal and state governments to focus time and resources on potential risks and consequences that require greater scrutiny and the need for more intensive preventive and mitigation measures. If baseline and periodic assessment data is not evaluated in the proper context, it is of little or no value. It is imperative that the information an operator gathers is assessed in a systematic way as part of the operator's ongoing examination of all threats to the pipeline integrity. The proposed rule is intended to accomplish that.

The proposed rule has also stimulated the pipeline industry to develop supplemental consensus standards to support risk-based approaches to integrity management. These standards will lead to better quality control on a national basis, particularly important in the area of using new assessment technologies where correct application is critical to achieving the desired safety outcome. Without such standards, there have been instances of incorrect application of assessment technology leading to incidents. These and future incidents of this type can be avoided.

The proposed rule provides for a verification process, which gives the regulator a better opportunity to influence the methods of assessment and the interpretation of results. RSPA/OPS will provide a beneficial challenge to the adequacy of an operator's decision process. Requiring operators to use the integrity management process, and having regulators validate the adequacy and implementation of this process, should expedite the operators' rates of remedial action, thereby

strengthening the pipeline system and reducing the public's exposure to risk.

RSPA/OPS does not believe that requiring this comprehensive process, including the re-assessment of pipelines in high consequence areas at the proposed intervals, will be an undue burden on natural and other gas transmission pipeline operators covered by this proposal. RSPA/OPS believes the added security this assessment will provide and the generally expedited rate of strengthening the pipeline system in populated areas is benefit enough to promulgate these requirements.

Regulatory Flexibility Act

Under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) RSPA/OPS must consider whether this rulemaking would have a significant impact on a substantial number of small entities. RSPA/OPS estimates that there are 668 gas transmission operators that could potentially be impacted by this proposed rulemaking. This data comes from RSPA/OPS user fee data base. A pipeline company would be impacted if its pipeline could effect a high consequence area (HCA). HCA's are located primarily urban areas but include rural areas where more than 20 people congregate.

The Small Business Administration (SBA) defines small entities in the gas transmission industry as those with revenues of less than \$6 million annually. RSPA/OPS does not collect information on operator revenues. The Census Bureau however does collect data on natural gas transmission pipeline companies. Natural gas transmission companies are listed under North American Industry Classification System (NAICS) 486210 Pipeline Transmission of Natural Gas. The 1977 Census lists 1,450 establishments. Establishments in the case of gas transmission companies means unique pipelines. Seven hundred and fifty two of these establishments have revenues under \$5 million annually. These establishments are aggregated into firms. NAICS 486210 has 155 firms. Seventy-one of these firms have revenues of less than \$5 million annually and could be considered small entities under the SBA.

It is evident from the discussion above that several of the 668 transmission operators reporting to RSPA/OPS are in fact establishments and not firms. RSPA/OPS does not have information on how many unique firms there are among the establishments that report.

RSPA/OPS does not have detailed information on the number of small entities in the gas transmission industry.