

minimum requirements of Part 192. These activities include performing internal inspections at six-year intervals on the entire 24-inch mainline, annual close-interval cathodic protection surveys on the waiver segments, a direct current voltage gradient survey on the waiver segments, direct assessment and repair of any anomalies identified by the inspections and electrical surveys, and more frequent ground and aerial surveillance patrols and instrumented leak surveys on the pipeline.

The Federal pipeline safety regulations categorize the geographic areas along natural gas pipelines according to the population densities in the vicinity of pipeline segments. There are four classification levels with areas having the lowest population density designated as Class 1, while areas with the highest population density are designated as Class 4. The regulations impose more stringent pipeline design and operation requirements as the Class location increases. Operators are required to periodically monitor these geographic areas and when a Class location changes to a higher Class, operators are required to confirm or revise the maximum pressure at which the pipeline is allowed to operate within a specified period of time. In the absence of a qualifying pressure test, this generally means that the operator must reduce the operating pressure or replace portions of the pipe with higher strength pipe.

The PNGTS system was constructed in 1998 and 1999 and includes a 24-inch diameter section 143.8 miles in length (the "mainline"). The established maximum allowable operating pressure (MAOP) for the pipeline is 1440 psig. Pursuant to 49 CFR 192.609, PNGTS completed a Class location change study in February 2002. Due to construction activity, several areas along the mainline that were previously categorized as Class 1 locations were re-categorized as Class 3 locations. Based on the specifications of the pipe used in two of these areas, PNGTS determined that the MAOP confirmation criteria referenced in Section 192.611 were not met. The first area is located at Mile Post (MP) 2.55 and consists of 0.343-inch wall thickness, API 5L, Grade X-70 steel pipe ("Waiver Segment 1"). The second area is located at MP 3.30 and consists of pipe of the same material specifications ("Waiver Segment 2").

#### Waiver Request

PNGTS requested a waiver of compliance with the requirements at 49 CFR 192.611 to confirm or revise the pipeline's MAOP based on the following reasons:

1. The size of the geographic areas associated with the waiver segments is minimal. The area associated with Waiver Segment 1 is only 440 feet in length. The area associated with Waiver Segment 2 is only 155 feet in length.

2. The construction activity that resulted in the Class location change was minimal and is not expected to expand further. The construction consisted of several mobile homes and two multi-tenant structures containing four units each on the perimeter of a tree farm. The multi-tenant units cross the 660-foot Class boundary by distances of only 0.7 to 22.8 feet. In addition, the mobile home park is now at capacity and is unlikely to expand due to the sloping terrain in the area and property ownership constraints.

3. The pipeline was constructed as recently as 1999. Having been in service for only four years, the pipeline is nearly new and in excellent condition. No deficiencies were identified in a baseline close-interval cathodic protection survey conducted in 2000, and no anomalies were identified on or near the waiver segments in a baseline internal inspection conducted in 2002 with both magnetic flux leakage and geometry in-line inspection tools.

4. The pipeline's operating history has been trouble free. No leaks have been identified anywhere on the PNGTS pipeline since it was put into service.

5. The pipeline is equipped with a satellite-linked supervisory control and data acquisition (SCADA) system, including pressure transmitters and mainline valves equipped with remote control actuators enabling PNGTS to identify and promptly mitigate any releases in the vicinity of the waiver segments should they occur.

6. The proposed alternative risk control activities would provide a margin of safety and environmental protection that equals or exceeds that of the measures required under § 192.611 in the absence of a waiver.

7. Granting the waiver would avoid the delivery interruptions and costs associated with excavating and replacing the pipe in the specified areas.

8. The proposed alternative risk control activities would benefit virtually the entire pipeline system, as opposed to only the 595 foot portion associated with the Class location change.

#### Proposed Alternative Risk Control Activities

PNGTS proposes to perform the following risk control activities to provide a comparable margin of safety in lieu of the requirements to confirm or revise the pipeline's MAOP under § 192.611:

1. The performance of internal inspections on the entire 143.8 miles of 24-inch pipeline in 2008 and subsequent internal inspections at intervals not to exceed six years. The internal inspections would be performed using both magnetic flux leakage and geometry in-line inspection tools capable of detecting metal loss, dent-like deformations, and other integrity threats;

2. The performance of annual close-interval cathodic protection surveys on the Class 3 sections of the pipeline extending from MP 2.56 to MP 2.90 and from MP 3.30 to MP 3.39, as well as an additional 1000 feet of the Class 1 or 2 pipe on both the upstream and downstream ends of these sections;

3. The performance of a direct current voltage gradient survey on the Class 3 sections of the pipeline extending from MP 2.56 to MP 2.90 and from MP 3.30 to MP 3.39, as well as an additional 1000 feet of the Class 1 or 2 pipe on both the upstream and downstream ends of these sections;

4. The performance of direct assessment and appropriate repairs or other remedial measures for all anomalies or other indications of corrosion identified by the internal inspections in Item 1, or the electrical surveys in Items 2 and 3, regardless of the size or depth of the anomaly;

5. The performance of weekly aerial patrols (weather permitting) and quarterly ground road crossing patrols over the entire 143.8 miles of 24-inch pipeline. The ground road crossing patrols would include leak surveys on all road crossings located in the proposed waiver segments and corresponding Class 3 portions of the pipeline using appropriate leak detection equipment;

6. The performance of semiannual leak surveys on the portion of the pipeline extending from MP 0.0 to MP 6.80 using appropriate leak detection equipment.

RSPA is considering granting the requested waiver because of the minimal distance by which the structures cross the Class boundary, the age and condition of the pipeline, and the additional inspection and monitoring activities stipulated above on which the waiver would be conditioned. After RSPA has considered the comments it receives in response to this Notice, it will make a final determination granting or denying the waiver as proposed, or with modifications, and what additional terms and conditions it may be subject to. If the waiver is granted, and RSPA subsequently determines that the effect of the waiver is inconsistent with