

- Avoiding the economic impact of unexpected supply interruptions. The Federal Energy Regulatory Commission (FERC) has estimated the impact of the 2000 Carlsbad, New Mexico accident on California spot gas prices. RSPA/OPS has used this estimate to calculate that the increase in gas prices resulted in an economic impact to California of approximately \$17.25 million per day.

- The rule will provide a better technical justification for increasing operating pressure in pipelines to alleviate future supply crises.

- The rule will provide a better technical justification to support waivers from existing requirements that mandate replacement of pipeline when population increases cause a change in class location. Experience may lead to future changes in the existing requirements. For now, estimation of the value of this benefit will be based on the use of waivers to eliminate pipe replacement after a class location change where there is adequate safety justification.

The TPSSC suggested that a reduction in the time required to return pipelines to service after accidents or regulatory shutdowns is another benefit of the rule. The premise is that implementation of the rule will provide better information about the pipeline. When pipelines are ordered shutdown, much of the time is used to gather additional information about the pipeline's integrity to support a return to service. Implementation of this rule will make more information readily available and will lead to less shutdown time. We expect shutdown times to be reduced by 50%.

The TPSSC agreed that the cost estimates presented by RSPA/OPS were reasonable. The committee commented that it is reasonable to assume that the benefits from implementing the law and the final rule would be similar, but that they are also very uncertain.

The TPSSC commented that the Pipeline Safety Improvement Act of 2002 imposes restrictions on what can be done within this rule. The Committee concluded that RSPA/OPS had reasonably exercised the authority it was afforded under the Act. The Committee also recommended that provisions in the Act that impose the most hardships—requirements to perform assessments at seven-year intervals and to perform reassessments before baseline assessments—be revisited in discussions with Congress.

The TPSSC unanimously approved the draft cost-benefit analysis, subject to the comments noted above.

Comments to NPRM

We received over 700 comments from 90 different sources in response to the NPRM. Some commenters submitted several comments, each comment addressing a different topic in the proposed rule. The commenters were as follows:

Seven (7) Trade associations with members affected by this rulemaking: American Gas Association (AGA), American Public Gas Association (APGA), Association of Texas Intrastate Natural Gas Pipelines, Energy Association of Pennsylvania, Interstate Natural Gas Association of America (INGAA), Inline Inspection Association (IIA), and Northeast Gas Association (NEGA).

50 U.S. pipeline operators: AGL Resources, Air Products and Chemicals, Inc., Arkansas Oklahoma Gas Corporation, Atmos Energy Corp., Baltimore Gas and Electric Company, ChevronTexaco, CMS Panhandle Eastern Pipe Line Company, CMS Sea Robin Pipeline Company, CMS Trunkline Gas Company, Consolidated Edison Company of New York, Consumers Energy, Dominion Delivery, Duke Energy Gas Transmission Corporation, El Paso Pipeline Group, Enbridge Energy Company, Enron Transportation Services, Equitable Gas Company and Equitrans LP, Houston Pipe Line Company, Intermountain Gas Company, Kansas Gas Service, Kern River Gas Transmission Company, Laclede Gas Company, Metropolitan Utilities District, MidAmerican Energy Company, National Fuel Gas Supply Corporation, New Jersey Natural Gas Company, Nicor Gas, NiSource Corporate Services, North Shore Gas Company, Northern Natural Gas Company, Oklahoma Natural Gas, ONEOK, Paiute Pipeline Company, PECO Energy, Peoples Gas Light and Coke Company, PG&E Corporation, Piedmont Natural Gas, PSNC Energy, Public Service Electric and Gas Company, Puget Sound Energy, Questar Regulated Services, Sempra Energy Utilities, South Carolina Pipeline Corporation, Southwest Gas Corporation, TXU Gas Company, Vectren Utility Holdings, Inc. Williams Gas Pipeline, Williston Basin Interstate Pipeline Company, and Xcel Energy.

One (1) Canadian pipeline operator: TransCanada Pipelines Limited.

Five (5) state agencies: Florida Department of Environmental Protection, Iowa Utilities Board New York State Department of Public Service, State of Connecticut Department of Public Utility Control,

Washington Utilities and Transportation Commission.

Three (3) advocacy groups: Citizens for Safe Pipelines, Cook Inlet Keeper, and Washington State Citizens Advisory Committee on Pipeline Safety.

Three (3) consensus standards organizations: Gas Piping Technology Committee (GPTC), NACE International, and Standards-Developing Organizations Coordinating Council (SDOCC).

One (1) Federal agency: National Transportation Safety Board (NTSB).

One (1) city/county: Washington City and County Pipeline Safety Consortium.

Two (2) consultant/contractors: Accufacts, and Oleska & Associates.

Three (3) businesses: Advanced Technology Corporation, Controlotron, and Kaempfen Pipe Corporation.

One (1) private citizen: Carol M. Parker.

General Comments

Most commenters supported the need for integrity management program requirements, and provided comments to the proposed rule that focused on specific details and language. Most commenters asserted that the proposed rule was too complicated and, to ensure safety and ease of compliance, should be simplified and clarified.

Some of the broader comments included one from a private citizen, Carol Parker, who asserted that the new pipeline safety law was written to ensure "adequate protection against risks to life and property posed by pipeline transportation" and that RSPA should use this new law as a guide to ensure adequate protection. Similarly, the Washington State Advisory Committee commented that the new rule should not sacrifice rule credibility and enforceability for timeliness, and recommended that RSPA slow down the process to ensure proper rule development. The NTSB stated that it generally supported the elements of the proposed rule including the baseline assessments, threat risk assessments, determination of assessment methods, and remediation and reassessment provisions. More specific comments are discussed under the applicable topic.

We have organized the comments into the following twelve groups, and will summarize both the comments and our responses on an individual basis.

1. Need for Clarity and Specificity
2. Applicability (Coverage) of the Rule
3. High Consequence Areas
4. Program Requirements and Implementation, including Integrity Assessment Time Frames, Assessment Methods and Criteria
5. Review, Notification and Enforcement Processes