

OPS will assemble this information and will make it available, on the internet, to the public and to state safety agencies.

RSPA/OPS does not consider it appropriate to collect additional information relevant to integrity management for public dissemination. RSPA/OPS will implement an inspection program to evaluate operator implementation of this rule. Those inspections will ensure that operators have proper commitment to integrity management, that they are scheduling and conducting their assessments as required, that they are using appropriate assessment methods, and that they are adequately integrating data. Regulators will take enforcement action when appropriate, and records of such enforcement will be available to the public as they are now.

The pipeline safety statute (49 U.S.C. 60109) requires that an operator provide a copy of its risk assessment and integrity management program to an interstate agent. Although we recognize an operator's security concerns with providing this information, we must include the requirement with respect to interstate agents. We recognize the role of State pipeline safety authorities with respect to intrastate transmission pipeline. But because of the comments and concerns about security and protecting this information, we do not want to require that operators also provide the States this information on intrastate pipelines. Each State's laws vary and a State may not be able to protect this information from public release. We will look into a means of how RSPA/OPS can share this information with a state pipeline safety authority while ensuring the information is protected. However, the rule does provide that when a State regulates a covered pipeline segment within that State, an operator provide the State notice about changes made to the operator's integrity management program and when making a repair, the operator cannot meet the required schedule for repair and cannot temporarily reduce pressure or take other action to ensure the integrity of the pipeline.

As discussed above, RSPA/OPS agrees that local safety officials are key elements in the identification of HCAs, and has revised the final rule to so specify. OPS expects that the regular interaction between pipeline operators and those officials will also serve to increase local officials' level of knowledge regarding the operators' integrity management efforts.

It would be inappropriate to include requirements in a safety rule simply to

elicit information that a vendor can use to develop its business.

12. Cost-Benefit Analysis

In the preamble of the proposed rule RSPA/OPS stated that it has never received comments from small gas transmission operators concerning the burdens of its regulations and that RSPA/OPS believed that the costs of its proposal would be proportionate to the amount of mileage the pipeline company operates. RSPA/OPS requested public input on any potential undue impact that this proposal would have on any small entities. (68 FR 4278, 4313.)

Very few commenters specifically addressed this question. Vectren stated there would be significant undue impacts associated with this new rule and provided estimated information relative to Vectren through 2013. Vectren's estimates showed in excess of 11% per year reductions in annual income through 2012. Similarly, the Iowa Utilities Board commented that burdens on small pipelines and operators should be minimized.

Carol Parker suggested that RSPA/OPS use the impact on the California economy in dollars to support the cost-benefit analysis of required inspection programs. Taking a somewhat opposing view, the Iowa Utilities Board asserted that the proposed requirements for pressure testing do not adequately recognize the tremendous social and economic consequences of interrupting service from the majority of intrastate pipelines. The Association of Intrastate Natural Gas Pipelines contended that the supply interruptions that may be caused by the rule have been understated, particularly during the period of any overlap. Questar asserted that RSPA/OPS has understated the true costs and this will be problematic if rate regulators adopt the RSPA/OPS analysis as a benchmark. New Jersey Natural Gas Company was concerned that the cost estimates for retrofitting are not accurate. INGAA provided a series of alternatives to the proposed regulations and provided their own estimates of savings associated with those changes.

The Energy Association of Pennsylvania estimated that over \$2,341,000,000 will be saved if the baseline overlap is eliminated.

AGA estimated that over \$1,100,000,000 will be saved if preventive and mitigative measures are used to perform reassessments along with the lengthened reassessment intervals provided in ASME/ANSI B31.8S.

Response: RSPA/OPS has made significant changes to the cost-benefit analysis. Included in these changes is

full consideration of the impact of the Pipeline Safety Improvement Act of 2002. The Act significantly changed the regulatory environment in which the new rule will be implemented. The Act requires that gas transmission pipeline operators develop integrity management plans, perform risk analyses, and perform certain tests, including retests at specified intervals. These requirements forever change the regulatory landscape. The notice of proposed rulemaking was issued in January, only one month after the Act was signed into law. RSPA/OPS modified the notice to acknowledge that the law was passed and that it imposed some requirements, but RSPA/OPS had not taken time to analyze thoroughly the impacts the Act would have.

RSPA/OPS has since performed extensive analyses to consider the impacts of the Act and to evaluate ways to make the rule more cost-beneficial. RSPA/OPS has estimated the costs to implement the requirements in the Act, without modification, to be approximately \$11 billion over 20 years. By comparison, we conclude the cost of implementing this rule will be \$4.7 billion over the same period. The difference reflects changes made in this rule in the definition of HCAs (which will have the effect of reducing the amount of pipeline mileage that must be tested) and provisions for limited scope reassessments every seven years. The Act requires that pipelines be assessed every seven years. The Act further requires that these assessments be performed using one of three specified assessment methods or "an alternative method that the Secretary [of Transportation] determines would provide an equal or greater level of safety." The alternative methods included in this rule will reduce costs significantly over the cost of performing periodic assessments using only the methods specified in the Act. There is therefore a benefit in adopting this rule of approximately \$6.2 billion in cost reduction for assuring pipeline integrity.

Benefits will also accrue in improved ability to site pipelines in certain critical markets. It is difficult to quantify this benefit, but RSPA/OPS believes it is real. Inability to site future pipelines could affect the Nation's ability to use the increased quantities of natural gas that the Energy Information Administration estimates will be needed to fuel our economy over the next 20 years.

The rule will significantly reduce the likelihood of pipeline accidents that result in deaths and serious injuries. Based on the historical record, RSPA/OPS has estimated this benefit to be on