

over the expected costs to industry of complying with legislative requirements absent this rule. Publishing this final rule, and requiring that gas transmission pipeline operators comply, is clearly the appropriate course of action.

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 in its draft regulatory analysis used an estimate of 668 gas transmission operators that could potentially be impacted by the gas integrity management proposed rule. For the final regulatory evaluation RSPA/OPS performed an extensive computer search of gas transmission operators and found that many operators were in fact subsidiaries of large gas transmission companies and that there are 275 gas transmission operators that could potentially be impacted by this final rulemaking. A pipeline company would be impacted if its pipeline could affect a high consequence area (HCA). HCA's are located primarily urban areas but include rural areas where more than 20 people congregate.

Of these 275 companies, approximately 35 could be considered small companies. About 25 of these are municipally operated gas distribution companies who also operate a transmission pipeline. The Small Business Administration (SBA) had concerns with the regulatory flexibility certification performed for the proposed gas integrity management regulation. In discussions with SBA OPS suggested that it would contact the American Public Gas Association (APGA) which is the trade organization which represents municipal gas distribution companies which make up the majority of the small entities among gas pipeline operators. OPS has asked that APGA help to disseminate information on rulemakings that could impact small pipeline operators. APGA has agreed to perform this function. While OPS has in the past solicited comments from small pipeline operators concerning potential impacts of pipeline safety regulations few if any small pipeline operators have ever submitted comments.

The Interstate Natural Gas Association of America (INGAA) estimates that its members account for 80% of the gas pipeline transmission mileage in the United States. INGAA has only 24 members however, 3 of these members are not U.S. gas transmission operators. Therefore, approximately 21 companies account for 80% of the U.S. gas

transmission pipeline mileage. The remainder of the pipeline companies in this industry share only 20% of the total pipeline mileage.

The majority of the remaining 20% of transmission pipelines belong to large gas distribution companies and large industrial companies. The approximately 35 small entities own and operate very little mileage. Because they operate such little mileage (in most cases less than 30 miles of pipeline), the compliance costs to these small entities if they are impacted by this rule will be significantly lower than those operators thousands of miles of pipeline as the costs of inspection and planning should be considerably lower. Specifically, OPS has estimated that the program planning and paperwork costs to operators with 30 miles or less of pipeline will be considerably less than for long distance pipeline operators. If a small pipeline operator has for example only 30 miles of pipeline it is likely that they will have only a few miles of pipeline that will fall under this rule. If they choose to perform direct assessment which the APGA has said is the likely choice of their members the cost to inspect this will likely fall under \$100,000. On the other hand a large transmission operator performing internal inspection on more than a thousand miles of pipeline is likely to cost that operator several million dollars. RSPA/OPS believes that this rule does not unduly burden small entities. Nevertheless, RSPA/OPS stands ready to provide special help to any small operators to assist them in complying with this final rule. Conversations with some small transmission companies indicates that state pipeline offices have been particularly effective in assisting small entities. Based on the above discussion I certify that this final rule will not have a significant impact on a substantial number of small entities.

Paperwork Reduction Act

This final rule contains information collection requirements. As required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Transportation has submitted a copy of the Paperwork Reduction Act analysis to the Office of Management and Budget for its review. The name of the information collection is "Pipeline Integrity Management in HCAs Gas Transmission Pipeline Operators. OMB Control Number 2137-0610" The purpose of this information collection is designed to require operators of gas transmission pipelines to develop a program to provide direct integrity testing and evaluation of gas transmission pipelines in HCAs.

The following is a summary of the highlights of the paperwork reduction act analysis. The complete analysis can be found in the public docket. The costs and hour burden is based on 275 companies with a loaded labor cost of \$60 per hour.

In the first year of promulgating this rule operators will have to identify which segments are in HCAs. This will take 167 hours per company plus 5 hours per impact circle. Impact circle is a measure of how wide the HCAs will be. The total hours for the entire industry will be 25,083 hours in the first year only.

The development of the integrity management plan will take 8333 hours for an operator with more than 30 miles of pipelines and 2,083 for operators with less than 30 miles of pipeline in the first year. The time to update the plans annually will be 833 hours for operators with more than 30 miles and 417 for operators with less than 30 miles.

The one time requirement to examine the need for remotely controlled valves is estimated to take operators with more than 30 miles of pipeline 833 hours and 417 hours for operators with less than 30 miles of pipeline.

Additionally, all the operators will be required to integrate the new data they collect into their current management systems. The time to integrate the data the first year will be 22 $\frac{1}{3}$ hours per mile and 1.9 hours per mile annually thereafter.

Additional paperwork and recordkeeping beyond those already discussed, will add 833 hours in the first year for companies with more than 30 miles of pipeline and 417 hours for operators with less than 30 miles of pipeline. In subsequent years this should add 83 hours of paperwork burden for all operators.

The total initial time to perform all paperwork is 8,818,500 million hours at a cost of \$529.1 million. The subsequent annual time to update the paperwork is 752,000 hours costing \$45.1 million dollars. Comments concerning this information collection should include the docket number of this rule. They should be sent within 30 days of the publication of this notice directly to the Office of Management and Budget, Office of Information and Regulatory Affairs, 726 Jackson Place, NW., Washington, DC 20503, ATTN: Desk Officer for the Department of Transportation (DOT).

Comments are specifically requested concerning:

- Whether the collection is necessary for the proper performance of the functions of the Department, including