It’s Unanimous: Pipeline Safety Is Key
In rare full agreement, in December both houses of Congress unanimously passed the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011.

By S. Lawrence Paulson

It was that rarest of recent Washington phenomena: a major bill that passed by unanimous consent in both the House and the Senate. But the rapid, bipartisan approval of the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 in December 2011 belied the nearly two years of negotiations and compromises needed to get this measure to the president’s desk, an effort made vastly more complicated by a tragic and highly publicized accident.
An Altered Timetable

The first congressional hearing to reauthorize the federal pipeline safety program was held in May 2010 by the Railroads, Pipelines and Hazardous Materials Subcommittee of the House Transportation and Infrastructure Committee. Cynthia Quarterman, administrator of the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA), reviewed for the panel the requirements of the previous bill, the Pipeline Inspection, Protection, Enforcement and Safety (PIPES) Act of 2006, and noted that significant work still had to be done under that law.

But the PIPES Act was due to expire in December 2010, so Congress moved ahead with drafting that law’s successor. The events of Sept. 9, 2010, in San Bruno, Calif., however, changed the legislative timetable considerably.

At 6:11 p.m., a 30-inch-diameter segment of an intrastate natural gas pipeline known as Line 132, owned and operated by the Pacific Gas & Electric Co. (PG&E), ruptured in a residential area. The National Transportation Safety Board (NTSB) report on the incident quoted PG&E estimates that 47.6 million cubic feet of gas was released by the rupture. The released gas ignited, and the resulting fire destroyed 38 homes and damaged another 70. Eight people were killed, many were injured and many more were evacuated.

“San Bruno had a big impact on reauthorization,” says Craig Hoeferlin, assistant vice president, engineering and field services for Laclede Gas Co., who chaired AGA’s Operations Safety Regulatory Action Committee during reauthorization. “Everything was put on hold to determine what happened in San Bruno.”

Charles Dippo, vice president, engineering services and system integrity of South Jersey Gas, who testified for AGA at a number of hearings as the association’s 2011 operations chairman, adds, “When a serious incident like San Bruno happens, it’s exactly the kind of thing Congress is looking to review before it reauthorizes new legislation for the next four-year period. It really set the legislative agenda moving forward.”

The NTSB investigation of the San Bruno incident included a three-day hearing, the first held on a pipeline accident in more than a decade, at which 29 witnesses testified. “Determining the root cause of this tragic accident is not only critical to understanding how to improve upon current pipeline safety practices but also will help identify what actions might be taken by operators to enhance public safety,” AGA President and CEO Dave McCurdy said in a statement issued during the hearing. “AGA and its member companies stand ready to do all that they can to assist NTSB in its mission to learn more about the occurrence and to work with other stakeholders so that future accidents of this type can be prevented.”

Dippo and Christina Sames, AGA vice president of operations and engineering, testified for the association at the hearing. Sames told the NTSB, “It is critical for pipeline operators and regulators to know the details of incidents like this so that all stakeholders understand the key issues needing further consideration.”

NTSB issued its final report on San Bruno in September 2011, a year after the accident. It concluded that the rupture was caused by a fracture that originated in the partially welded longitudinal seam of one of six short pipe sections,
known in the industry as “pups.” The report said, “The fabrication of five of the pups in 1956 would not have met generally accepted industry quality control and welding standards then in effect, indicating that those standards were either overlooked or ignored.”

The NTSB issued 39 recommendations stemming from the San Bruno accident. The recommendations were directed to PG&E, the secretary of transportation, the California Public Utilities Commission, the governor of California, AGA and the Interstate Natural Gas Association of America (INGAA).

San Bruno’s Impact
While the NTSB’s investigation clearly stalled the pipeline safety bill, “it made perfect sense that legislators and staffers would want to have the most complete and accurate and up-to-date information before they went forward with the legislation,” Dippo says.

The legislation moved through Congress fairly rapidly once the NTSB’s final report was released. The House passed the bill by unanimous consent on Dec. 12 and the Senate followed suit on Dec. 13. President Obama signed the bill on Jan. 3, 2012. In a statement issued when the bill was signed, Transportation Secretary Ray LaHood said, “Not only will this legislation help keep America’s communities safer, it also helps give pipeline operators the certainty they need to run their systems more effectively.”

Hoeferlin and Dippo agree that San Bruno, and the NTSB report, had a significant effect on the final shape of the bill. “One example is public safety and awareness,” Dippo says. “There was testimony presented at the NTSB hearing by the San Bruno fire chief that their town and he in particular were not aware that this transmission pipeline went through the streets of San Bruno.”

The new law requires that a map of high-consequence areas must be maintained as part of the National Pipeline Mapping System and a program must be developed to promote greater awareness on the part of state and local emergency responders of that mapping system.

The act’s requirements that the Department of Transportation (DOT) consider regulations for automatic and remotely controlled shut-off valves to be installed on new and replacement pipelines “where economically, technically and operationally feasible” and that the Government Accountability Office study the ability of pipeline operators to respond to releases in high-consequence areas can also be attributed to the circumstances of the San Bruno incident, Dippo and Hoeferlin say.

The act’s provisions on maximum allowable operating pressure (MAOP) were also influenced by the NTSB’s report, Dippo and Hoeferlin agree. DOT must require each owner or operator of pipeline facilities in populated and high-consequence areas to verify the MAOP of their lines, and DOT must issue regulations for conducting tests to confirm the material strength of previously untested gas pipelines located in high-consequence areas and operating at a pressure greater than 30 percent of specified minimum yield strength.

Praise for the Process
Did the changes spurred by San Bruno result in a better pipeline safety bill? “I think so,” Hoeferlin says. “It defined things more clearly. It was a very constructive process.”

Dippo calls it “a good bill on several levels.” He continues, “There are certainly areas in the bill that are written the way they are because of industry input. And I’m not talking just about AGA. INGAA, the Association of Oil Pipe Lines, the American Petroleum Institute—with all our collective testimony and input and work behind the scenes, we have a final product that we can live with, that is reasonable to implement and that gives us a basis on which we can move forward with improving our infrastructure.”

He adds, “What was most impressive to me was how AGA staff worked closely with congressional staff behind the scenes to answer...
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““There is a regulatory lag period that kicks in—the legislation gives the regulators a certain amount of time to get things in place, and the regulations themselves give operators time to get things in place,” explains Charles Dippo, vice president, engineering services and system integrity of South Jersey Gas.

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their requests for information in a timely and accurate way. Testimony is provided and information is submitted publicly, but there’s a lot of discussion that happens behind closed doors, and it was really impressive to see the AGA staff in action.”

AGA Chairman Larry Borgard, president and COO, utilities, for Integrys Energy Group, also praises the process of crafting the bill. “PHMSA has an open-door policy with respect to hearing what AGA thinks about various provisions. They’re willing to listen to what we have to say, and we’re open to listening to why PHMSA thinks a given provision needs to be enhanced.

“It was a respectful process, but clearly we advocated for what was most appropriate and for getting the biggest bang for the buck in terms of improving pipeline safety,” Borgard says.

Quarterman says, “I think all the parties involved were responsible in knowing that more needed to be done and being willing to compromise. The industry understands that pipeline safety benefits them as well. They don’t want incidents any more than anyone else, and they know that in order to make that happen, they have to step up their game too.”

Waiting for the Rulemakings

Passage of the bill, of course, is only a first step. While a few provisions took effect immediately upon enactment—most notably an increase in the penalty cap for a safety violation, from $100,000 to $200,000—the industry must await the results of numerous rulemakings and the completion of several studies before its members will know the exact rules under which they will be operating.

“The rulemakings are things that we’re already working on,” Quarterman says. “The reports are additional requirements—unfortunately, not with additional resources. The president’s fiscal year 2013 budget, however, does make up for some of those shortfalls, including more people and money [for PHMSA].”

While that budget still has to be approved by
Congress, “we’re hoping all of our constituents will support us on our request,” Quarterman says.

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To be on track for meeting the baseline integrity management assessment deadline, Dippo says, South Jersey Gas had to go through its entire system and risk-rank its pipes, assessing the riskiest 50 percent in the first five years and then completing the balance according to the rankings.

“But there are pipelines within our system that we can only take out of service for inspection or perform smart pigging on during certain times of the year,” he says. “It isn’t necessarily the summertime, because we sell quite a bit of gas to electric power generators and that’s their peak time of the year. And certainly the winter doesn’t always provide the best time for us to do these system assessments.

“So for some of these transmission integrity assessments, we’re looking at small windows in the spring and fall to do these inspections and surveys and assessments and get those facilities back in service once we’ve made the necessary repairs,” Dippo says. “So the years tend to go by very quickly. You certainly can’t wait until your deadlines approach. You really have to get on these things.”

He adds, “That’s one of the benefits of having the legislation in place. There’s a degree of certainty in terms of what the regulatory requirements are going to look like.”

It’s all part of what AGA Chairman Borgard calls “the continual improvement of pipeline safety in the United States.”

He says, “If you look at the incident rates, they continue to go down year after year, over a long period of time. People look at the very unfortunate, most highly publicized incidents and question whether we have a safe pipeline system in the United States, but the fact of the matter is that year after year, decade after decade, our systems are continually getting safer.”