



Weekly Update September 1, 2011

NTSB Issues Findings/Recommendations on San Bruno Accident

On August 30, the National Transportation Safety board (NTSB) held a hearing at which they released findings and recommendations stemming from the September 9, 2010 rupture of a transmission line in San Bruno, CA. A 30-inch-diameter segment of an intrastate natural gas transmission operated by the Pacific Gas and Electric Company (PG&E), ruptured in a residential area. The released natural gas ignited, resulting in a fire that destroyed 38 homes and damaged 70. Eight people were killed, many were injured, and many more were evacuated from the area.

NTSB's investigation found that the rupture was caused by a fracture that originated in the partially welded longitudinal seam of one of six short pipe sections, which are known in the industry as "pups." 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 weld defect in the failed pup would have been visible when it was installed. PG&E took 95 minutes to stop the flow of gas and to isolate the rupture site - a response time that NTSB felt was excessively long and contributed to the extent and severity of property damage and increased the life-threatening risks to the residents and emergency responders. NTSB also found that PG&E lacks a detailed and comprehensive procedure for responding to large-scale emergencies such as a transmission pipeline break, including a defined command structure that clearly assigns a single point of leadership and allocates specific duties to supervisory control and data acquisition staff and other involved employees. PG&E's supervisory control and data acquisition system limitations caused delays in pinpointing the location of the break. The use of either automatic shutoff valves or remote control valves would have reduced the amount of time taken to stop the flow of gas.

In addition, NTSB concluded that PG&E's pipeline integrity management program was deficient and ineffective because it was based on incomplete and inaccurate pipeline information, did not consider the design and materials contribution to the risk of a pipeline failure, failed to consider the presence of previously identified welded seam cracks as part of its risk assessment, resulted in the selection of an examination method that could not detect welded seam defects and led to internal assessments of the program that were superficial and resulted in no improvements.

NTSB issued 12 recommendations to the Pipeline And Hazardous Materials Safety Administration that would result in additional pipeline safety regulations and/or changes to existing rules. Among these are to require operators to provide system-specific information about their pipeline systems to the emergency response including pipe diameter, operating pressure, product transported, and potential impact radius; require that all operators equip their supervisory control and data acquisition systems

with tools to assist in recognizing and pinpointing the location of leaks; require that automatic shutoff valves or remote control valves in high consequence areas and in class three and four locations be installed and spaced at intervals that consider the factors listed in that regulation; require that all gas transmission pipelines constructed before 1970 be subjected to a hydrostatic pressure test that incorporates a spike test and require that all natural gas transmission pipelines be configured so as to accommodate in-line inspection tools, with priority given to older pipelines.

APGA's Operations and Safety Committee is reviewing these recommendations and preparing to provide input to PHMSA as these recommendations are implemented over the coming years. [More information on NTSB's findings can be found HERE.](#) For further information contact John Erickson of APGA at 202-464-2742, ext 1002 or jerickson@apga.org.

APGA Speaks at Western Regional Gas Conference

On August 24, APGA's John Erickson spoke to the audience at the Western Regional Gas Conference (WRGC) in Tempe, AZ about the Distribution Integrity Management Programs (DIMP) rule and modifications made to the SHRIMP program to address feedback from initial audits of SHRIMP plans. This year's WRGC attracted over 250 gas industry operations personnel and nearly 100 exhibitors.

John reviewed the results of two pilot audits of DIMP plans that were developed using the SHRIMP program developed by the APGA Security and Integrity Foundation (SIF). Based on feedback from these audits, the SIF made changes to the format of the written DIMP plan created by SHRIMP to ensure that all the items on the DIMP inspection form were covered. These included "date-stamping" the plans with an effective date and the date of the plan replaced by an updated plan; describing the process followed to develop the plan and adding an implementation plan section to the written plan.

Over 1,400 systems are using SHRIMP to develop their DIMP plans and a substantial number of systems represented at the WRGC were SHRIMP users. Information on SHRIMP, including an item-by-item description of how SHRIMP addresses items in the DIMP inspection form, can be found at www.apgasif.org. For further information contact John Erickson at 202-464-2742, ext 1002 or jerickson@apga.org.

NGV Update

Business: The Wall Street Journal (WSJ) reported on August 26 that Clean Energy Fuels Corporation, a California-based company (co-founded by T. Boone Pickens) that constructs natural gas fueling infrastructure, has received \$150 million in capital from three investors: Springleaf Investments Pte. Ltd., Lionfish Investments Pte. Ltd. and Greenwich Asset Holding Ltd. Sp. Their investment amounts to a 13 percent ownership stake in the company and comes after Chesapeake Energy Corporation also invested \$150 million.

Clean Energy Fuels plans to use the additional capital to expand its development and infrastructure building program. The company's Chief Executive Officer (CEO) Andrew J. Littlefair told the WSJ that,

"Our development program for fueling station-building is expanding rapidly and we welcome the support provided by the funds."

The website DomesticFuel.com reported on August 25 that a new CNG station in Santa Ana, California was opened by Waste Management of Orange County. The station will service the company's existing natural gas powered refuse and recycling trucks and will sell CNG to public fleets, transit agencies, taxis, and municipalities.

Waste Management of Orange County's General Manager, Jason Rose told DomesticFuel.com, "We are dedicated to doing business in the most sustainable way possible as well as offering our customers more ways to live green...Natural gas powered vehicles run cleaner and quieter, improving air quality and reducing noise pollution. Santa Ana can look forward to cleaner air and neighborhoods as we get more CNG vehicles on the road."

The new Santa Ana station continues Waste Management's national leadership in the use of alternative fuels. The company currently operates the largest heavy duty fleet of natural gas powered vehicles in North America.

If APGA members have any questions, please contact Scott Morrison by phone at 202-464-2742 or by email at smorrison@apga.org.

The Success of Tomorrow Depends on the Research of Today

WHAT: The 2011 R&D Forum. Sponsored by the APGA Research Foundation (RF) and the Gas Technology Institute (GTI)

WHERE: Chicago, IL at GTI Headquarters.

WHEN: October 25 & 26, 2011

COST: Hotel (two-nights) and food provided at no cost. Just get to Chicago.

WHY ATTEND: Learn about new technologies that will help you to reduce operating costs while improving customer satisfaction and new technologies that will help you provide your residential and commercial customers environmentally-friendly end-use appliances. You will leave the Forum knowing that research and development is crucial to the long-term success of the natural gas industry.

AGENDA: The R&D Forum program begins at 5:00 pm CT on Tuesday, October 25, with a tour of GTI facilities followed by a networking dinner with GTI leadership and R&D project managers. The forum picks up on Wednesday, October 26, with morning and afternoon informative classroom presentations on supply, operations and end-use R&D projects, some of which are near commercialization. GTI will then host a reception and dinner on Wednesday evening.

HOW TO REGISTER: Please go to www.apgarf.org/2011Forum by October 5, 2011 to mail or fax your registration form. Please encourage one of you Board members to join you. There is no registration fee,

food costs are covered for all attendees and two nights room plus tax will be covered for the first forty (40) registrants.

THE HOTEL: Radisson Hotel O'Hare. The hotel provides a complimentary 24-hour O'Hare airport shuttle. The hotel will shuttle between the hotel and GTI at specific times.

The RF Board and GTI looks forward to seeing you in Chicago! Again, space and hotel rooms are limited.

Please call Bob Beauregard at APGA 202-464-2742 or Mary Kos at GTI 847-768-0950 with your attendance confirmation or questions.

August Recess Roundup

As the August recess comes to a close, Members of Congress and their staffers are returning to Washington, DC to prepare for the start of session on September 6. Though specifics about the agendas of the House and Senate have been kept secret for most of the recess, new details emerged in the waning days of August.

On Monday, August 29, House Majority Leader Eric Cantor (R-VA) outlined in a memo to Republican members the agenda for the House of Representatives for the remainder of 2011. The agenda focuses on two areas: rolling back a variety of regulations (primarily from the EPA) and on tax cuts. The House will seek to block EPA regulation of coal ash, ozone, greenhouse gases and other regulations, while also seeking to pass a small business tax deduction that would allow qualified businesses to take a deduction equal to 20% of their income.

It should be noted that all of these proposals face slim odds of being passed into law given Democratic control of the White House and Senate. A full list of the House's proposals and their approximate times for consideration can be found on Majority Leader Cantor's blog at: <http://majorityleader.gov/blog/>.

One other noteworthy development from the end of the recess is that APGA's position in opposition to Liquefied Natural Gas (LNG) export applications has caught the attention of the Hill and a Senate office has asked us to meet to discuss the issue. We have met with them several times and at this point we expect legislation, possibly two bills, to be introduced in September that would make it more difficult to export LNG. We will keep you informed on those efforts.

If APGA members have any questions, please contact Scott Morrison by phone at 202-464-2742 or by email at smorrison@apga.org.

GPS-Enabled Leak Surveying Pilot Project at Greenville Utilities Commission

Gas Technology Institute (GTI) is hosting a webinar for APGA members to share the results from the pilot project conducted this summer at Greenville Utilities Commission (GUC) to demonstrate a new software application that uses GPS to track leak survey routes and create electronic leak tickets. The one-hour webinar will take place on September 23rd starting at 10:00 am Eastern Time.

This webinar will present the VeroTrack™ Automated Survey Tracking (AST) and the results of the 60-day evaluation period at GUC, including highlights and issues encountered.

The VeroTrack AST integrates GPS technology into routine leak surveying and pinpointing operations. The application, developed by GTI and InMaps, attaches GPS coordinates to survey routes and leaks while tracking compliance requirements. The application also automatically creates and populates an electronic leak form that is directly transferred to a back-office leak management system.

The benefits of this approach include:

- Reduce errors by eliminating the need for map highlighting and paper records
- Ensure compliance by creating a GPS “bread crumb trail” of the routes walked including the status of the equipment to ensure it was turned on and functioning properly
- Reduce labor requirement for data entry from paper forms to a database by using a streamlined process that automatically transfers electronic survey routes and leak tickets
- Reduce time spent re-locating leaks by using GPS to navigate back to leaks
- Allow managers to monitor the performance of in-house or contract surveyors with real-time updates on survey status.

You are encouraged to extend this invitation to others at your company to join this webinar and learn more about this technology and how it might benefit your company.

If you or someone at your company plans to join the webinar, please send your name and email address to Alicia Farag, Program Manager, and she will send back the log in and call information for the webinar. Her email address is alicia.farag@gastechnology.org. Alicia can also be reached at 847-544-3492.

About GTI

Based in the Chicago area, GTI has been meeting the nation's energy and environmental challenges for 70 years by developing technology-based solutions for consumers, industry, and government. For more information about GTI, visit www.gastechnology.org.

Florida Gas Association Hosts Natural Gas Summit this Month

This month the Florida Natural Gas Association will host a Natural Gas Summit this September 22-23, 2011 at the Omni Orlando Resort in ChampionshipGate, Florida. The program agenda will focus on natural gas as it relates to energy security. Attendees and participants will include state and federal policymakers, industry CEOs and legislative leaders. General panel topics include:

- The significant role of natural gas in meeting long term energy demands
- Reliability and safety of natural gas delivery
- Consumer outreach in the natural gas industry
- The role of natural gas as an affordable, efficient, clean fuel source

The list of speakers already confirmed includes state commissioners, industry leaders and national energy representatives. [Register](#) or view the [brochure here](#).

Here is the weekly EIA Summary Report issued on Thursday, September 1, 2011, that reports last week's storage report highlights for Friday, August 26, 2011. A 55 Bcf increase has been reported.

Summary

Working gas in storage was 2,961 Bcf as of Friday, August 26, 2011, according to EIA estimates. This represents a net increase of 55 Bcf from the previous week. Stocks were 137 Bcf less than last year at this time and 60 Bcf below the 5-year average of 3,021 Bcf. In the East Region, stocks were 107 Bcf below the 5-year average following net injections of 54 Bcf. Stocks in the Producing Region were 44 Bcf above the 5-year average of 913 Bcf after a net withdrawal of 3 Bcf. Stocks in the West Region were 3 Bcf above the 5-year average after a net addition of 4 Bcf. At 2,961 Bcf, total working gas is within the 5-year historical range.