American Public Gas Association

Weekly Update July 14, 2011

APGA Submits Testimony to House Energy and Commerce Pipeline Safety Hearing

Today, APGA submitted testimony to the House Energy and Commerce Committee in advance of their July 15 hearing to discuss their draft pipeline safety legislation, the "Pipeline Infrastructure and Community Protection Act of 2011." APGA lauded the Committee for addressing the issue of pipeline safety and for leaving out any alteration to the user fee structure. However, APGA's testimony focused on areas of concern with the following issues in the legislation: excess flow valves (EFVs), pipeline infrastructure data collection, incident notification and the surveying of cast iron pipelines.

The Committee's draft legislation includes an expansion of EFVs beyond the previous requirement of installation on new or replaced residential services. The bill requires that EFVs be placed on multi-family and commercial buildings, a requirement that APGA opposes. APGA's testimony discusses how this requirement would force the replacement of EFVs on these buildings which both raises questions of efficacy and would be several hundred times more costly than the EFV itself. This increased cost constitutes a substantial economic burden on public gas systems and ultimately consumers. APGA proposed to the Committee, that the appropriate remedy for EFVs is to allow the pre-established PHMSA working group of government, industry, and public experts to make recommendations on the EFV issue.

Similar cost concerns were evident when APGA examined the pipeline infrastructure data collection provision of the legislation. The bill requires that pipeline operators turn over geospatial and other technical data to the Secretary of Transportation upon request. APGA noted in its testimony that many public gas systems do not have this type of data. Moreover, if this provision remains as-is, it would force public gas systems to hire outside consultants which could cost tens of thousands if not hundreds of thousands of dollars which would also be a significant cost burden. APGA suggested to the Committee that the best course of action on data collection is that it should not apply to distribution piping and requests by the Secretary should be limited to the data that operators already have available to them.

The issue of incident notification raised a different concern for APGA. The draft legislation requires notification of an incident at the earliest practicable moment no later than hour after the incident occurred. APGA's raised the concern that this section ignores the fact that given the steps taken to respond to a potential incident, a one hour timeframe for notification is almost impossible to adhere to, especially when considering that the highest priority for an operator is protect people and property. APGA suggested the previously-established two-hour maximum for notification be maintained.

The Cast Iron Survey section of the legislation also raised a different concern for APGA. This section of the bill would require the Department of Transportation to conduct a biannual follow-up survey on the operator replacement of cast iron pipe. Given that gas systems are in the process of implementing procedures to comply with the Distribution Integrity Management Program (DIMP), APGA is concerned that this provision may preempt the operator risk analysis required under DIMP. Under DIMP, each operator is required to individually rank and mitigate their risk. APGA is concerned that this survey, and subsequent follow-up, may send a message to gas systems that the replacement of other, potentially higher risk main is less of a priority than the replacement of cast iron. APGA will continue to carefully monitor this legislation and will keep Members informed of any developments.

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

Two Important Regulatory Deadlines Approaching

Two deadlines for pipeline safety regulations occur August 1 and August 2. August 2 is the deadline for completing a written Distribution Integrity Management Programs (DIMP) Plan. If you have not begun developing your DIMP plan you should start soon – assembling the records necessary to complete the required threat assessments and risk ranking can be quite time consuming. The APGA Security and Integrity Foundation (SIF) has created a computer program called SHRIMP (Simple, Handy, Risk-based Integrity Management Plan) that can assist you in organizing your data and performing the required analyses. Information on SHRIMP can be found at www.apgasif.org.

August 1 is the deadline for modifying operation and maintenance (O&M) procedures and emergency response plans to include fatigue mitigation and other requirements of the control room management regulations. While only a few public gas systems have anything resembling a control room, the rule defines "controller" so broadly that it potentially includes any person who can monitor system flows, pressures or other data

via a computer. If your system has the capability to monitor operational data via a computer you should review the regulation to see if it applies to any of your personnel and, if so, modify your procedures to address fatigue mitigation. A summary of the rule can be found at www.apga.org. The APGA SIF is also working on model procedures for fatigue mitigation which will be available before August 1.

For more information please contact John Erickson of APGA's staff at 202-464-2742 ext 1002 or jerickson@apga.org.

APGA Summary of Control Room Management Rule
Who is a "controller subject to this rule?
The following definitions are included in the rule:

> **§ 192.3 Definitions**
> *Control room* means an operations center staffed by personnel charged with the responsibility for remotely monitoring and controlling a pipeline facility.
> *Controller* means a qualified individual who remotely monitors and controls the safety-related operations of a pipeline facility via a SCADA system from a control room, and who has operational authority and accountability for the remote operational functions of the pipeline facility.
> *Supervisory Control and Data Acquisition (SCADA)* system means a computer-based system or systems used by a controller in a control room that collects and displays information about a pipeline facility and may have the ability to send commands back to the pipeline facility.

To determine if the rule applies to any of your employees answer the following questions:

1. Do you have a control room as defined above? If no, you have no controllers subject to this rule.
2. If the answer to #1 is yes, do any of the personnel remotely monitor and control the safety-related operations of a pipeline facility via a SCADA system as SCADA is defined above? If no, you have no controllers subject to this rule. The key phrases are underlined.
    a. A person that monitors and controls via a SCADA system, but is not monitoring safety-related operations is not a controller.
    b. A person who monitors and controls safety-related operations, but not via a SCADA system is not a controller. Note, however, that PHMSA asserts that someone who monitors via SCADA but controls via SCADA or any other means is a controller. APGA disagrees with this interpretation.

If the answers to both #1 and #2 are yes, you have controllers subject to this rule. You must:

1. Update your **O&M Manual** to include the applicable control room management procedures .
2. Update you **Emergency plans** to include actions required to be taken by a controller during an emergency in accordance with §192.631.
3. Develop and follow **written control room management procedures** that include the following requirements

   If the system is an LDC with less than 250,000 meters and/or transmission with no compressors then your CRM procedures must include:
   a. **Fatigue mitigation**. Each operator must implement the following methods to reduce the risk associated with controller:
      i. Establish shift lengths and schedule rotations that provide controllers off-duty time sufficient to achieve eight hours of continuous sleep;
      ii. Educate controllers and supervisors in fatigue mitigation strategies and how off-duty activities contribute to fatigue;
      iii. Train controllers and supervisors to recognize the effects of fatigue; and
      iv. Establish a maximum limit on controller hours-of-service, which may provide for an emergency deviation from the maximum limit if necessary for the safe operation of a pipeline facility.
   b. **Compliance validation.** Upon request, operators must submit their procedures to the appropriate State agency.
   c. **Compliance and deviations.** An operator must maintain for review during inspection:
      i. Records that demonstrate that the 4 items under controller fatigue have been complied with (education and training records for controllers and supervisors; and
      ii. Documentation to demonstrate that any deviation from the procedures required by this section was necessary for the safe operation of a pipeline facility.

If an LDC has more than 250,000 meters or transmission pipe that includes compressors, then the written CRM procedures must include all of the above, plus the following:

1) **Roles and responsibilities.** Each operator must define the roles and responsibilities of a controller during normal, abnormal, and emergency

operating conditions. To provide for a controller's prompt and appropriate response to operating conditions, an operator must define each of the following:

a) A controller's authority and responsibility to make decisions and take actions during normal operations;
b) A controller's role when an abnormal operating condition is detected, even if the controller is not the first to detect the condition, including the controller's responsibility to take specific actions and to communicate with others;
c) A controller's role during an emergency, even if the controller is not the first to detect the emergency, including the controller's responsibility to take specific actions and to communicate with others; and
d) A method of recording controller shift-changes and any hand-over of responsibility between controllers.

2) **Provide adequate information**. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:
   a) Implement sections 1, 4, 8, 9, 11.1, and 11.3 of API RP 1165 whenever a SCADA system is added, expanded or replaced, unless the operator demonstrates that certain provisions are not practical for the SCADA system used;
   b) Conduct a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when other changes that affect pipeline safety are made to field equipment or SCADA displays;
   c) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed months;
   d) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months; and
   e) Establish and implement procedures for when a different controller assumes responsibility, including the content of information to be exchanged.
3) **Alarm management.** Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:
   a) Review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations;
   b) Identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time

exceeding that required for associated maintenance or operating activities;

c) Verify the correct safety-related alarm set-point values and alarm descriptions at least once each calendar year, but at intervals not to exceed 15 months;
d) Review the alarm management plan required by this paragraph at least once each calendar year, but at intervals not exceeding 15 months, to determine the effectiveness of the plan;
e) Monitor the content and volume of general activity being directed to and required of each controller at least once each calendar year, but at intervals not to exceed 15 months, that will assure controllers have sufficient time to analyze and react to incoming alarms; and
f) Address deficiencies identified during the above activities

4) **Change management.** Each operator must assure that changes that could affect control room operations are coordinated with the control room personnel by performing each of the following:
   a) Establish communications between control room representatives, operator's management, and associated field personnel when planning and implementing physical changes to pipeline equipment or configuration;
   b) Require its field personnel to contact the control room when emergency conditions exist and when making field changes that affect control room operations; and
   c) Seek control room or control room management participation in planning prior to implementation of significant pipeline hydraulic or configuration changes.
5) **Operating experience.** Each operator must assure that lessons learned from its operating experience are incorporated, as appropriate, into its control room management procedures by performing each of the following:
   a) Review incidents to determine if control room actions contributed to the event and, if so, correct, where necessary, deficiencies related to:
      i) Controller fatigue;
      ii) Field equipment;
      iii) The operation of any relief device;
      iv) Procedures;
      v) SCADA system configuration; and
      vi) SCADA system performance.
   b) Include lessons learned from the operator's experience in the training program required by this section.
6) **Training.** Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's

program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

a) Responding to abnormal operating conditions likely to occur simultaneously or in sequence;
b) Use of a computerized simulator or non-computerized (tabletop) method for training controllers to recognize abnormal operating conditions;
c) Training controllers on their responsibilities for communication under the operator's emergency response procedures;
d) Training that will provide a controller a working knowledge of the pipeline system, especially during the development of abnormal operating conditions; and
e) For pipeline operating setups that are periodically, but infrequently used, providing an opportunity for controllers to review relevant procedures in advance of their application.

DOT Hosts Online Discussion Forum for Women With Careers in Transportation

The United States Department of Transportation is hosting two national online dialogues focused on the unique issues for women in blue-collar transportation careers. Free and open to all, participants will have the opportunity to submit, comment on and rate ideas in an online message board to interact with colleagues from across the country, creating a national exchange of ideas, suggestions and best practices for women in blue-collar transportation careers.

The message board threads are accessible 24⁄7 during their allotted times and participants can easily log on from home. The first "How do we best describe and promote women working in skilled, blue-collar transportation-related careers?" will be available now until July 15, 2011. The second discussion will take place July 25-29 on the topics: "How do we leverage existing programs that promote recruitment and hiring of women working in transportation-related trades?" and "What ideas, suggestions or strategies do you have for retaining and advancing women's talent within your industry?".

To view the dialogue and participate, please go to www.dialogueforwomen.ideascale.com.

APGA Speaking Engagements
July

July 19
Ohio Gas Association Market Conditions Conference - Columbus, OH
Dave Schryver

July 28-29
Louisiana Pipeline Safety Seminar, New Orleans, LA
John Erickson

August

August 30- Sept 2
NAPSR National meeting, Savannah, GA
John Erickson
Bert Kalisch

Weekly Storage Report: Storage increases to 2,611 Bcf.

Here is the weekly EIA Summary Report issued on Thursday, July 14, 2011, that reports last week's storage report highlights for Friday, July 8, 2011. A 84 Bcf increase has been reported.

Summary

Working gas in storage was 2,611 Bcf as of Friday, July 8, 2011, according to EIA estimates. This represents a net increase of 84 Bcf from the previous week. Stocks were 218 Bcf less than last year at this time and 52 Bcf below the 5-year average of 2,663 Bcf. In the East Region, stocks were 116 Bcf below the 5-year average following net injections of 59 Bcf. Stocks in the Producing Region were 100 Bcf above the 5-year average of 901 Bcf after a net injection of 14 Bcf. Stocks in the West Region were 36 Bcf below the 5-year average after a net addition of 11 Bcf. At 2,611 Bcf, total working gas is within the 5-year historical range.