

northeasterly from within the LNG terminal in Cameron Parish, LA, to an interconnection with a Columbia Gulf Transmission Company pipeline in Evangeline Parish, LA. Along this route, the pipeline connects to ten or more interstate and intrastate transmission pipelines and has a peak day capacity of approximately 2,130,000 Dth/d. This is the only leg of the pipeline to which the waiver will apply.

- Leg 2, is a 1-mile, 36-inch diameter pipeline, running northerly from the LNG terminal to an interconnection with a Natural Gas Pipeline Company of America (NGPL) pipeline, located approximately 0.41 miles north of the terminal. This leg is entirely within Cameron Parish, LA.

- The Florida Gas Transmission (FGT) lateral is 2.2-mile, 24-inch diameter, lateral pipeline extending from Leg 1 to an existing compressor station owned by FGT in Acadia Parish, LA.

- The Bi-Directional Tie-in line is an interconnection between Leg 1 and Leg 2. The tie-in allows Leg 1 to receive gas from NGPL when not receiving gas from the LNG terminal.

#### **Pipeline Design, Specifications and Quality Control**

KMLP's waiver petition describes various qualitative characteristics of its proposed pipeline system and it believes the proposed pipeline system meets and/or exceeds current PHMSA pipeline safety regulations. KMLP plans to design and construct the pipeline using steel pipe that conforms to Kinder Morgan's Material Standard M8270. KMLP also states that the Class 1 location line pipe for its proposed pipeline conforms to American Petroleum Institute's (API) 5L Grade X80 and X70 longitudinal or helical seam submerged arc welded pipe. This specific pipe is externally coated with plan fusion bonded epoxy (FBE) as specified in Kinder Morgan's Engineering Standard (M8370).

In its waiver request, KMLP states all pipeline welds will undergo nondestructive testing during construction. Crews will repair or remove and replace any weld imperfections discovered during testing that do not meet the pipeline safety regulations. To help and inspect the pipeline, KMLP will install pig launchers and receivers designed to allow the use of inline inspection (ILI) tools. KMLP will survey the pipeline with a multi-channel geometry ILI "smart" tool capable of detecting anomalies (including dents and buckles) before commissioning the pipeline for nature gas service. KMLP will also

conduct a hydrostatic test of the pipeline to no less than 100 percent of SMYS before the pipeline is placed into service.

#### **Risk Analysis**

KMLP stated it conducted a risk analysis for the pipeline project using a proprietary risk assessment program to compare the risks associated with using a 0.80 design criteria for a Class 1 location pipeline with the risks associated with the 0.72 design criteria required by § 192.111. The analysis determined there was no significant increase in the risk associated with using the 0.80 design criteria for this pipeline design and location. The risk analysis considered the following nine risk areas: (1) Stress corrosion cracking, (2) manufacturing defects, (3) weather/outside factors, (4) welding and fabrication defects, (5) equipment failure, (6) equipment impact (third party damage), (7) external corrosion, (8) external corrosion and (9) incorrect operation. For the first five of these risk areas, the analysis showed zero or a negligible increase in the risk of failure between 0.70 and 0.80 design factor pipelines.

Though KMLP's risk analysis did not show a significant risk increase, it did find a slightly higher degree of risk in the areas of external and internal corrosion when using a 0.80 design factor as compared to a 0.72 design factor. KMLP attributes this to the thinner pipe wall designed using a 0.80 design factor as compared to a pipe wall using a 0.72 design factor. Additionally, the risk analysis shows a slightly higher risk for incorrect operation because a pipe designed with a 0.80 design factor operates a higher stress levels and with a smaller margin between MAOP and SMYS. KMLP plans to employ several control and prevention programs to mitigate these slightly higher risks,

PHMSA will consider a KMLP's waiver request and whether its proposal will yield an equivalent or greater degree of safety than currently provided by the regulations. After considering any comments received, PHMSA may grant a waiver to KMLP as proposed, with modifications and conditions, or deny the request. If PHMSA grants a waiver and subsequently determines the effects of the waiver are inconsistent with pipeline safety, PHMSA reserves the right to revoke the waiver at any time.

**Authority:** 49 U.S.C. 60118(c) and 49 CFR 1.53.

Issued in Washington, DC on November 16, 2006.

**Theodore L. Willke,**

*Acting Associate Administrator for Pipeline Safety.*

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## **DEPARTMENT OF TRANSPORTATION**

### **Surface Transportation Board**

[STB Finance Docket No. 34951]

#### **Portland & Western Railroad, Inc.— Trackage Rights Exemption—BNSF Railway Company**

Pursuant to a trackage rights agreement dated October 30, 2006, between Portland & Western Railroad, Inc. (PNWR), and BNSF Railway Company (BNSF), BNSF has agreed to grant PNWR overhead trackage rights: (a) Between milepost 10.0 in Vancouver, WA, on the BNSF Fallbridge Subdivision, and milepost 0.69 (Main Track 1) and milepost 0.91 (Main Track 2) in Portland, OR; and (b) between milepost 132.5 and milepost 136.5 in Vancouver, WA, on the BNSF Seattle Subdivision, a total distance of approximately 13.31 miles.<sup>1</sup>

The transaction was scheduled to be consummated on or after November 13, 2006. On November 13, 2006, PNWR filed a petition for partial revocation to permit the expiration of the trackage rights on May 30, 2016, the termination date agreed to by the parties.<sup>2</sup> The purpose of the trackage rights is to allow PNWR and BNSF to shift their interchange from Salem or Albany, OR, to Vancouver, WA.<sup>3</sup>

As a condition to this exemption, any employee affected by the trackage rights will be protected by the conditions imposed in *Norfolk and Western Ry. Co.—Trackage Rights—BN*, 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc.—Lease and Operate*, 360 I.C.C. 653 (1980).

This notice is filed under 49 CFR 1180.2(d)(7). If it contains false or

<sup>1</sup> A redacted version of the trackage rights agreement between PNWR and BNSF was filed with the notice of exemption. The full version of the agreement, as required by 49 CFR 1180.6(a)(7)(ii), was concurrently filed under seal along with a motion for protective order. The request for a protective order is being addressed in a separate decision.

<sup>2</sup> The petition for partial revocation will be handled in a separate Sub-No. 1 docket in this proceeding.

<sup>3</sup> To accomplish this shift, PNWR will also use trackage rights between Labish, OR, and Portland, OR. See *Portland & Western Railroad, Inc.—Trackage Rights Exemption—Union Pacific Railroad Company*, STB Finance Docket No. 34883 (STB served July 19, 2006).

misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34951, must be filed with the Surface Transportation Board, 1925 K Street, NW., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Eric M. Hocky, Gollatz, Griffin & Ewing, P.C., Four Penn Center Plaza, Suite 200, 1600 John F. Kennedy Blvd., Philadelphia, PA 19103-2808.

Board decisions and notices are available on our Web site at <http://www.stb.dot.gov>.

Dated: November 17, 2006.

By the Board, David M. Konschnik,  
Director, Office of Proceedings.

**Vernon A. Williams,**  
Secretary.

[FR Doc. E6-19775 Filed 11-21-06; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Surface Transportation Board

[STB Finance Docket No. 34177]

#### Iowa, Chicago & Eastern Railroad Corporation—Acquisition and Operation Exemption—Lines of I&M Rail Link, LLC

**AGENCY:** Surface Transportation Board, DOT.

**ACTION:** Notice of Availability of Environmental Appendix and Request for Public Review and Comment.

**SUMMARY:** The purpose of this notice is to announce the availability of, and invite public review and comment on, the Environmental Appendix prepared by the Dakota, Minnesota and Eastern Railroad Corporation (DM&E) and the Iowa, Chicago & Eastern Railroad Corporation (IC&E), which the railroads submitted to the Board on November 9, 2006. The Environmental Appendix sets forth the contention of DM&E and IC&E that their acquisition of rail lines formerly owned by I&M Rail Link (IMRL) will not materially alter the traffic projections or routings for DM&E's Powder River Basin coal traffic that have already been considered in a separate but related rail construction case, and that therefore no formal analysis of the cumulative impacts of these transactions is required under the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321 *et seq.*, or

the National Historic Preservation Act of 1966 (NHPA), 16 U.S.C. 470.

Briefly summarized, in a separate proceeding initiated in 1998, four years before the filing of the instant acquisition proceeding, DM&E sought approval to construct and operate some 280 miles of new rail line so that it could reach coal mines in Wyoming's Powder River Basin (PRB) and thereby generate adequate revenue to rehabilitate DM&E's existing rail system in South Dakota and Minnesota (DM&E Construction). During that proceeding it was contemplated that DM&E's PRB coal traffic would move from DM&E's new line to various interchange points with other carriers on DM&E's existing line. One of the interchange points considered in detail was Owatonna, Minnesota, where DM&E's PRB coal traffic was expected to be transferred to the lines that were then owned by IMRL to reach some of the utilities in DM&E's core markets.

Following extensive environmental review, the Board authorized the DM&E Construction in 2002. Following litigation, a remand by the Eighth Circuit Court of Appeals, and subsequent supplemental environmental analysis, the Board once again authorized the DM&E construction project in 2006. Judicial review of that decision is currently pending.

On June 7, 2002, about 5 months after the Board had authorized the DM&E Construction, IC&E filed a notice of exemption in this proceeding to acquire and operate the lines of IMRL. In a related transaction, on August 29, 2002, DM&E and its subsidiary Cedar American Rail Holdings, Inc., filed an application with the Board seeking approval for control of IC&E. In decisions issued on July 22, 2002 and February 3, 2003, the Board allowed both IC&E's acquisition of IMRL and DM&E's control of IC&E to go forward subject to a traffic restriction prohibiting DM&E and IC&E from moving DM&E coal trains to or from the PRB over the newly acquired IMRL lines until the Board could consider what, if any, environmental review of cumulative environmental impacts (that is, impacts from more DM&E coal trains operating over the former IMRL lines as a result of the change in ownership of IMRL than would otherwise have moved over the IMRL lines) was warranted. The Board also directed that it be notified if and when DM&E starts construction of its new rail line and be provided with information regarding any anticipated additional DM&E PRB coal trains that would move on the IMRL lines as a result of the acquisition.

In response to a petition filed by DM&E and IC&E asking that the above conditions should be lifted, the Board issued a decision on October 18, 2006, in the acquisition proceeding. In that decision, the Board agreed with DM&E and IC&E that it is not necessary to wait until DM&E actually begins construction of its new line to determine the level of further environmental review, if any, that is appropriate to consider in the acquisition case any cumulative effects of the construction and acquisition proceedings. The Board further directed DM&E and IC&E to prepare an Environmental Appendix setting out the basis for their contention that the change in ownership of IMRL does not materially alter the traffic projections or routings for DM&E's PRB coal traffic previously considered in the DM&E Construction case and that therefore there is no need for any further environmental review under NEPA or historic review under the NHPA.

The railroads submitted their Environmental Appendix to the Board on November 9, 2006. To afford the public an opportunity to review and comment on DM&E's and IC&E's position, the entire text of the Environmental Appendix has been posted on the Board's Web site. The railroads also have distributed the Environmental Appendix to certain agencies and communities, as well as all of the parties on the Board's service list in the acquisition case and have published newspaper notices.

Interested members of the public are invited to submit comments on any potentially significant impacts related to the cumulative effects, if any, of the acquisition and DM&E Construction to the Board's Section of Environmental Analysis (SEA) by December 11, 2006. Directions on how to submit comments are set forth below.

Based on SEA's consideration of all timely comments and its own independent review of all available environmental information, SEA will make a recommendation to the Board regarding what level of further environmental review, if any, is warranted here. The Board will then determine whether to issue a finding of no significant environmental impact (FONSI), or, alternatively, to prepare either an Environmental Impact Statement or an Environmental Assessment to examine cumulative effects of the two proceedings.

The Environmental Appendix may be viewed on the Board's Web site by going to <http://www.stb.dot.gov> and clicking on "E-Library," then clicking on "Filings." The Environmental Appendix is listed under November 9, 2006, and