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DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

[Docket No. RSPA-03-15122; Notice 3]

Pipeline Safety: Grant of Waiver; Duke Energy Gas Transmission Company

AGENCY: Research and Special Programs Administration (RSPA), DOT.

ACTION: Notice; Grant of Waiver.

SUMMARY: Duke Energy Gas Transmission Company (DEGT) petitioned the Research and Special Programs Administration's Office of Pipeline Safety (RSPA/OPS) for waiver of compliance with 49 CFR § 192.611, which requires natural gas pipeline operators to confirm or revise the maximum allowable operating pressure (MAOP) of a pipeline after a change in class location. DEGT proposed an alternative set of risk control activities in lieu of a reduction in pressure or pressure testing of certain pipeline segments in Pennsylvania in areas that have changed from Class 1 to Class 2.

SUPPLEMENTARY INFORMATION:

Background

In a September 13, 2002, letter, as supplemented by a letter dated February 28, 2003, DEGT requested a waiver of compliance with 49 CFR § 192.611, which requires pipeline operators to confirm or revise the MAOP on their pipelines after a change in class location. DEGT identified changes from Class 1 to Class 2 in four gas transmission pipeline segments in Pennsylvania on DEGT's Lines 12 and 19, two parallel pipelines that are part of its Texas Eastern Pipeline System. DEGT proposed to conduct alternative risk control activities based on Integrity Management Program principles and requirements in lieu of compliance with § 192.611 and requested an extension of the 18-month time limit to allow it to develop and propose the alternative activities. On June 11, 2003, RSPA/OPS published a notice in the Federal Register seeking comment on DEGT's request for an extension of time (68 FR 35051). No comments were received in response to this Notice. Following several consultations with RSPA/OPS, on October 7, 2003, DEGT presented its alternative technical proposal and asserted that the alternative risk control activities would provide a level of safety at least equivalent to that provided by compliance with the requirements of § 192.611. Pursuant to RSPA/OPS' request, DEGT also provided information concerning the cause of a November 2, 2003, failure on DEGT's Line 15, a 30-inch pipeline running between Danville and Owingsville, Kentucky.

DEGT's Proposed Waiver

DEGT's waiver request involves four segments on its 24-inch Line 12 and its 30-inch Line 19 (the "waiver segments"). The waiver segments were constructed between 1954 and 1963 and were hydrotested to at least 100% of the pipe's specified minimum yield strength (SMYS), except for 10 feet of pipe on the Bechtelsville compressor discharge line that was tested to 90% SMYS. DEGT identified the waiver segments and the areas within each segment that have changed from Class 1 to Class 2 as follows:

1. Entriken Compressor Station Discharge (Mile Post (MP) 84.02 – 110.92)

   Line 12: MP 103.27 – 104.13

   Line 19: MP 103.28 – 104.14

2. Perulack Compressor Station Discharge (MP 110.94 – 138.35)

   Line 12: MP 128.02 – 128.28**;** MP 128.43 – 128.49**;** MP 131.24 – 131.56**;** and MP 132.06 – 132.36

   Line 19: MP 128.00 – 128.28; MP 128.43 – 128.48; MP 131.25 – 131.42; MP 131.51 – 131.57; and MP 132.05 – 132.35

3. Bernville Compressor Station Discharge (MP 194.17 – 223.52)

   Line 12: MP 201.11 – 201.53

   Line 19: MP 201.11 – 201.52

4. Bechtelsville Compressor Station Discharge (MP 223.53 – 263.39)

   Line 12: MP 228.13 – 228.28; MP 251.45 – 251.81**;** MP 259.59 – 259.89; and MP 260.89 – 261.28

   Line 19: MP 228.18 – 228.28; MP 251.47 – 251.81; MP 260.17 – 260.17**;** and MP 261.00 – 261.57.

DEGT requested that the waiver be immediately applicable to the specified areas within each of the waiver segments where the class location has changed. DEGT further requested that the waiver be applicable to any Class 1 pipe that changes from Class 1 to Class 2 in the future anywhere within the four waiver segments.

DEGT presented the following justifications for its waiver request:

- Under its risk management program, DEGT has verified the integrity of the pipe in all four waiver segments by conducting in-line inspections (ILIs). DEGT first inspected the pipelines in 1986 using Tuboscope's conventional magnetic flux leakage (MFL) tool. Between 1996 and 2002, DEGT performed a second inspection of these lines using Tuboscope's conventional MFL tool and Tuboscope's high-resolution MFL tool.
- DEGT inspected and evaluated the condition of the pipe coating and evaluated the cathodic protection current demands on each of the pipelines. DEGT reported that the coatings were in good condition and that the cathodic protection systems were not experiencing excessive current demands.
- DEGT contends that the proposed alternative risk control activities would provide a margin of safety and environmental protection that equals or exceeds that of the measures required under § 192.611.
- Granting the waiver would avoid the delivery interruptions, supply shortages, and costs associated with excavating and replacing the pipe in the specified areas.
- The proposed alternative risk control activities would benefit the entire length of the four waiver segments, as opposed to only the limited portions associated with the current class changes.

On January 15, 2004, RSPA/OPS published a notice in the Federal Register requesting public comment on DEGT's waiver request and the proposed alternative risk control activities (69 FR 2386). No comments were received in response to this Notice.

Grant of Waiver

Based on DEGT's justifications and because DEGT will conduct alternative risk control activities, RSPA/OPS finds that a waiver is not inconsistent with pipeline safety. Therefore, DEGT's request for waiver of the requirements of § 192.611 for changes from Class 1 to Class 2 within the Entriken, Perulack, Bernville, and Bechtelsville segments of Lines 12 and 19 is granted on the condition that DEGT complies with the following requirements and conducts the following activities on schedule:

1. In-line inspections must have been conducted on all site(s) covered by this waiver at least twice using a magnetic flux leakage (MFL) tool capable of detecting corrosion anomalies;
2. All actionable anomalies within the waiver site(s) must have either been remediated, or scheduled to be investigated and if necessary subsequently remediated, in accordance with ASME B31.8S and DEGT's Pipeline Repair Procedures.
3. For sites within the waiver segments changing from Class 1 to Class 2 in the future, DEGT must provide notification to RSPA/OPS prior to applying the waiver and a schedule of any remedial measures to be performed on future waiver sites must be submitted in advance to RSPA/OPS headquarters and the Eastern Regional Office;

4. For future sites covered by this waiver, DEGT must use the tools and techniques developed through the activities described in the waiver request and associated submissions involving the identification, classification, and possible remediation of dents;
5. The waiver sites must pass a hydrostatic test to a pressure of at least 125% of the MAOP of the pipeline. DEGT must make available to RSPA/OPS a report on all hydrostatic test failures experienced at this test pressure;
6. Subsequent in-line inspections for the waiver sites must be scheduled in accordance with the re-inspection criteria developed under Item No. 5 in Calendar Year 2004;
7. The waiver sites must be in compliance with ASME B31.8S criteria for stress corrosion cracking (SCC) site identification and site investigation/testing (including any additional criteria developed in conjunction with SCC activities under Item No. 7 in Calendar Year 2004);
8. All pipeline sites covered under this waiver must conform to the required maximum reassessment intervals specified in § 192.939; and
9. DEGT must provide the RSPA/OPS' Eastern Region with sufficient notice to enable RSPA/OPS staff to attend and participate in all risk assessment activities.

Schedule of activities to maintain the pipeline integrity on the waiver segments –

<u>In Calendar Year 2003</u>:

1. Conduct a close-interval survey on one line in the Perulack segment to support the development of confirmatory direct assessment protocols;
2. Conduct a direct current voltage gradient (DCVG) survey on one line in the Perulack segment (same line as Item No. 1 above) to support external corrosion direct assessment

(ECDA) validations;

In Calendar Year 2004:

3. Conduct a high-resolution MFL tool run for the Bechtelsville segment, Line 12;
4. Conduct high-resolution geometry tool runs on the Entriken segment, Line 19; the Perulack segment, Line 19; and the Bechtelsville segment, Line 12;
5. Develop criteria and a decision tree for determination of in-line inspection (ILI) re-inspection interval;
6. Develop calibration and validation methodology and decision tree for ILI that incorporates API 1163 (currently under development);
7. Develop a SCC management plan consistent with ASME B31.8S that includes hydrostatic test criteria, site selection criteria, and SCC excavation criteria;
8. Develop an investigation strategy for topside dents and best practice responses to topside dents caused by third party damage;
9. Provide site and operating support for the Pipeline Research Council International, Inc. (PRCI) Compendium of Best Practices and Emerging Technologies for the prevention and detection of outside damage to pipeline with P-PIC that will develop a user guide for outside force damage technologies;
10. Develop a website accessible by RSPA/OPS on waiver-related sites and data. Provide public access to the website as needed to support the application of API RP 1162;
11. Deploy acoustic monitoring technology in conjunction with a GTI/Battelle research project at a site to be determined for a data gathering test period of one year;

In Calendar Year 2005:

12. Overlay the high-resolution MFL data with the high-resolution geometry tool run data on

the Entriken segment, Line 19; the Perulack segment, Line 19; and the Bechtelsville segment, Line 12. Overlay available hydrostatic test data from the Bechtelsville segment Lines 12 and 19 with identified dents. Overlays will be used in an effort to refine dent remediation criteria; and

13. Develop criteria for safe in service investigation of dents.

In addition to the above requirements, DEGT will adhere to the following reporting requirements as a condition of this grant of waiver:

Within three months following approval of a class location waiver and annually thereafter, the operator will be required to report the following:

1. Define the economic benefit to the company. This should address both the cost avoided from not replacing the pipe as well as the added costs of the inspection program (required for the initial report only);
2. The results of any ILI or direct assessments performed within the inspection area containing the waiver location(s) during the previous year;
3. Any new integrity threats identified within the inspection area containing the waiver location(s) during the previous year;
4. Any encroachment in the inspection area including the waiver location(s), including new residences (by number) or areas of public congregation;
5. Any incidents associated with the inspection area containing the waiver location(s) that occurred during the previous year. (both reportable and non reportable);
6. Any leaks on the pipeline in the inspection area containing the waiver location(s) that occurred during the previous year. (both reportable and non reportable);

7. All repairs on the pipeline in the inspection area containing the waiver location(s) made during the previous year;

8. On-going damage prevention initiatives on the pipeline in the inspection area containing the waiver location(s) and a discussion on its success; and

9. Any mergers, acquisitions, transfers of assets, or other events affecting the regulatory responsibility of the company operating the pipeline to which the waiver applies.

10. To the extent possible, describe in the first annual report the benefit to the public in terms of energy availability. This should address the benefit of avoided disruptions as a consequence of pipe replacement and the benefit of maintaining system capacity.

Authority: 49 App. U.S.C. 60118(c) and 2015; and 49 CFR 1.53

Issued in Washington, DC on _____.

Stacey L. Gerard,

Associate Administrator for Pipeline Safety.