



DAVE MCCURDY
President & CEO

August 29, 2011

The Honorable Cynthia Quarterman
Administrator
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, DC 20590

Dear Administrator Quarterman:

I am writing to reinforce the commitment of the American Gas Association (AGA) and its members to ensuring the safety of the nation's investor-owned natural gas utilities. Safety has always been the top priority at AGA and the largest portion of the AGA staff is dedicated to member company operation and safety efforts.

A HISTORIC COMMITMENT TO SAFETY

Even before Transportation Secretary LaHood held the April Pipeline Safety Forum, AGA was actively engaged in all aspects of pipeline safety. This included the following:

- **Engaging CEOs and executive leadership in safety improvement** – In 2007, AGA created a board-level safety committee that focuses on pipeline safety, customer safety in the home, employee safety, contractor safety and vehicular safety. The committee meets regularly to share lessons learned, review safety statistics, and identify ways to further improve safety. This committee has developed a Safety Information Resource Center that includes safety alerts, safety messages, safety statistics, information on motor vehicular safety and case studies. In addition, AGA and our executive leadership hold an annual executive leadership safety summit that brings together key safety personnel and leaders in safety from government and a variety of industries to share lessons learned.
- **Sharing Safety Information** - AGA has 14 technical committees and an operations managing committee focusing on a wide range of operations and safety issues. The technical committees develop and share information, including those issues raised by Secretary LaHood, PHMSA and the National Transportation Safety Board. In addition, AGA has three Best Practices Programs (distribution, transmission and supplemental gas) focused on identifying superior performing companies and innovative work practices that can be shared with others to improve operations. AGA is also the Secretariat for the National and International Fuel Gas codes and the Gas Piping Technology Committee.

- **State Safety and Rate Mechanisms** - Gas utilities operate under the safety and rate making jurisdiction of state utility commissions. AGA serves as a clearinghouse to document the effective cost-recovery mechanisms that various states have used to fund infrastructure maintenance and replacement projects. AGA provides technical and regulatory information at regional and national meetings of state utility commissioners and pipeline safety regulators.
- **Publications** – AGA has developed a number of publications dedicated to improving safety and operations. This includes publications on corrosion control, gas control, integrity management, odorization, plastic piping, purging principles and practices, repair and replacement, worker safety practices, contractor safety, natural gas pipelines and unmarked sewer lines, alarm management, directional drilling and emergency shutdown.

ACTIONS SUPPORTING THE SECRETARY’S CALL TO ACTION

AGA has taken a number of voluntary steps to promote safety in direct response to Secretary LaHood’s call to action on pipeline safety. This includes creating technical task forces focused on addressing a pipeline’s fitness for service, records, maximum allowable operating pressure, automatic and remotely controlled shutoff valves, and emergency response. We have also held a number of workshops, teleconferences and other events to share information, and the AGA Board of Directors has finalized and adopted a Safety Culture Statement. Additional details are listed below:

- **Pipe Fitness for Service** – AGA has brought together two task forces to develop guidance on how to determine a distribution or transmission pipeline’s fitness for service, including the critical records needed for this determination, and the maximum allowable operating pressure on a transmission pipeline. Distribution and transmission piping serve different purposes and have very different characteristics for examining fitness for service. The initial documents were submitted for the DOT Report to the Nation. Also under development are more comprehensive documents focused on the fitness for service considerations, the level of accuracy needed for critical records, how to address gaps in records, and how to obtain new information to address record gaps and update records. These documents are expected to be finalized fall 2011.
- **Transmission Records Verification Process** – AGA developed a technical paper to provide guidance on determining the maximum allowable operating pressure of a transmission pipeline. This technical paper was finalized in April and distributed to operators and federal and state regulators. Additional work is being conducted by the task forces listed above and a companion document to the April technical paper will be issued in the fall of 2011.
- **Safety Information Sharing Study** – In order to share safety information amongst all operators, AGA is working with INGAA, API, AOPL and our Canadian counterparts, the Canadian Gas Association and the Canadian Energy Pipeline Association, on a comprehensive study to explore initiatives currently utilized by other sectors in the economy, as well as the pipeline industry. It is our hope that by learning from others, the energy pipeline industry can identify and implement a model that will measurably improve pipeline system safety. The safety management study is expected to be completed as early as February of 2012.

- **Gas Utility Emergency Response** – The safety performance of the natural gas pipeline industry is largely attributed to a well-designed and maintained infrastructure. Operators must also be prepared to respond quickly to address potentially dangerous situations. Consistent with PHMSA advisories, an AGA task group is developing a checklist that will enable operators to enhance their emergency response communications and education programs. This emergency check list will be completed in the fall of 2011.
- **Automatic and Remotely Controlled Valves** – AGA has developed a technical paper on Automatic and Remotely Controlled Valves. The technical paper presents the benefits and disadvantages of their installation on new, fully replaced and existing transmission pipelines, especially as it relates to the gas transmission pipelines embedded into the distribution system. The initial technical document was completed in March 2011 and AGA is developing a more comprehensive technical paper that is expected to be completed by December of 2011.
- **Safety Culture Statement** – In February of 2011 the AGA Board of Directors adopted a Safety Culture Statement to show its commitment to promoting positive safety cultures among employees throughout the natural gas distribution industry. All employees, as well as contractors and suppliers providing services to AGA members, are expected to place the highest priority on employee, customer, public and pipeline safety. The Safety Culture Statement addresses the commitment by management to promoting open and honest communications across all levels of an organization, identifying hazards, managing risks, planning the work and working the plan, and promoting a learning environment and personal accountability. I have attached a copy of the AGA Safety Culture Statement, which provides additional details.
- **Infrastructure Replacement Rate Mechanisms** – AGA, INGAA and API developed a document to explain to the public the ratemaking mechanisms used for the pipeline infrastructure. A well designed rate reflects the input of all stakeholders and the importance of factors such as expanded safety programs, infrastructure repair and replacement. Such a rate design also recognizes the changing methods of cost recovery and other factors.
- **Technical Workshops, Teleconferences and Other Events to Share Information** – Information sharing is critical to improving safety. AGA has held a number of workshops, teleconferences and other events to promote the sharing of pipeline safety information. This includes numerous technical committee meetings; workshops on transmission integrity management and utility contractor management; regional operations executives' roundtables; and roundtables on damage prevention and marking and locating. In addition, the AGA Operations Conference and Exhibition, which was held in May of 2011, included technical sessions on the management of vintage pipe, distribution and transmission integrity management, emergency management, pipe replacement, welding repair qualification procedures, leak detection, corrosion assessment, MAOP, qualification of personnel, control room management, sewer cross bores, compression fittings, worker safety, weld failure mechanisms, safety culture, contractor management, improving communications, and new construction. In addition to the events held to date, in conjunction with its fall technical committee meetings, AGA will hold a workshop on vintage pipe, an external corrosion roundtable and an emergency response workshop. The vintage pipe workshop will focus on strategies taken by gas distribution operators in management of vintage pipelines such as cast

iron, bare steel, copper, and plastic pipe subject to brittle-like cracking. Strategies will address identification and prioritization, monitoring practices, and implementation of replacement plans. AGA also participated in the workshops that PHMSA held on weld seams and integrity assessments, and its revised annual and incident reporting forms.

- **Action Plan** - AGA has brought together two task forces to identify additional actions that distribution and intrastate transmission pipeline operators can take to improve pipeline safety. Draft documents have been developed and will be voted on by the AGA Operations Managing Committee in September. Final actions will be submitted to the AGA Board of Directors at its October 2011 meeting.

THE SAFETY PATH FORWARD

In addition to the actions identified above, AGA believes additional safety actions need to continue in order to improve pipeline safety consistent with the intent of Congress. AGA supports timely reauthorization of the pipeline safety law and in July sent a letter to the Senate requesting immediate passage of the Lautenberg-Rockefeller bill. This is a constructive vehicle to meet our common objective for a safer system that also can effectively meet our nation's energy needs. AGA members are already engaged to take action on the following:

Damage Prevention – AGA is a founder of the Common Ground Alliance and supports programs that address excavation damage, which is one of the leading causes of pipeline safety incidents. Based upon 2008 data collected by the Common Ground Alliance, excavation damages for all underground facilities have decreased by approximately 50 percent compared to 2004 data. AGA believes a significant cause of this reduction is the work done by the pipeline industry in promoting the use of 811, the national number for people to call before they dig. AGA members are working at the state level to promote participation in One-Call programs by all underground operators and all excavators. They also want state legislation with flexible and effective enforcement that prohibits municipalities, state agencies or their contractors from being exempt from One-Call notification requirements.

Transmission Integrity Management Enhancements - AGA's distribution company membership operates approximately 45,000 miles of natural gas transmission pipeline in the United States. These pipelines generally have different operating characteristics from interstate natural gas pipelines. Transmission pipelines operated by distribution companies are often embedded within the distribution network that serves residential, commercial and industrial customers, and they operate at lower stress levels.

AGA members are committed to immediately engaging in public discussions to evaluate whether gas transmission integrity management should be expanded beyond HCAs, and the benefits and disadvantages of applying the integrity management principles to additional areas. Many AGA members are required to manage Distribution Integrity Management Programs (DIMP) and Transmission Integrity Management Programs (TIMP) programs, so the effectiveness, inefficiencies and duplication of multiple integrity management programs must also be explored. AGA members are committed to evaluating how various low-stress pipelines operating below 30 percent SMYS would benefit by using elements from either or both programs.

Data Collection and Sharing - Collecting accurate data and data analysis are integral to determine areas for pipeline safety improvement. AGA is committed to working with PHMSA, state regulators and the public to create a data quality team made up of representatives from government, industry and the public, similar to the PHMSA technical advisory committees. The team could analyze the data that PHMSA collects and determine opportunities to improve pipeline safety based on the data analysis. The team could also identify gaps in the data that are collected by PHMSA and others, identify ways to improve the collected data, and communicate consistent messages about pipeline incident data.

Research & Development - More industry research is necessary to improve in-line inspection tool quality, operator use of tool data, direct assessment tools, non-destructive testing and leak detection. Many pipeline companies have direct memberships in research consortiums and contribute towards research. These research consortiums include PRCI, NYSEARCH and GTI's Operations Technology Development (OTD), Utilization Technology Development (UTD) and Sustaining Membership Program (SMP). In the last five years, hazardous liquid and gas pipeline operators have contributed more than \$115 million to research and development. However, R&D cannot be successful without cooperative planning between industry and government. AGA is committed to improving the transparent collaborative relationship with PHMSA that has historically enhanced pipeline safety R&D.

Emergency Response - AGA members are committed to finding new and innovative ways to inform and engage stakeholders, including emergency responders, public officials, excavators, consumers and safety advocates and members of the public living in the vicinity of pipelines. AGA is supporting a workshop this fall sponsored by the National Association of State Fire Marshals. The workshop will have approximately 60 emergency responders and 40 operators in attendance, and discussion will focus on recent advances in emergency preparedness.

AGA, PHMSA, and the public have the common goal of continuing to keep the pipeline infrastructure the most safe and efficient mode of energy transportation in America. AGA is confident that the commitments to safety, listed above will indeed achieve that goal.

If you have any questions or comments, please contact me or Phil Bennett, AGA's managing senior counsel, Operations Safety, at 202/824-7339 or pbennett@aga.org.

Sincerely,



Hon. Dave McCurdy

Attachment



AGA's Safety Culture Statement

The American Gas Association (AGA) and its member companies are committed to promoting positive safety cultures among their employees throughout the natural gas distribution industry. All employees, as well as contractors and suppliers providing services to AGA members, are expected to place the highest priority on employee, customer, public and pipeline safety.

COMMITMENT BY MANAGEMENT: A positive safety culture begins with the organization's top leaders. Management must emphasize and demonstrate that the safety of employees, customers, the public and our pipeline systems is a value that is paramount. All decisions must take into account the importance of safety. For example, production, cost, and schedule goals should be developed, communicated and implemented in a manner that demonstrates that employee, customer, public and pipeline safety is an overriding priority.

SPEAK UP: A positive safety culture also means that every individual communicates safety concerns without fear of retaliation. Open and honest communications across all levels of an organization, and to all key stakeholders, are necessary for a positive safety culture.

IDENTIFY HAZARDS: A positive safety culture expects its employees and those providing services to identify hazards and act on them. Any potential situations that could affect employee, customer, public, or pipeline safety should be promptly identified, fully evaluated and appropriately addressed. Identified hazards and near miss incidents should also be shared across the organization so that others may learn of a possible hazard.

MANAGE RISKS: A positive safety culture expects employees to understand the inherent risks presented by their activities serving customers and operating natural gas assets. These risks must be effectively managed through appropriate programs and management systems designed to safeguard the public as well as employees and contractors.

PLAN THE WORK, WORK THE PLAN: A positive safety culture encourages employees and those providing services to take the time to assess a job site and the work to identify the steps that must be performed to achieve the desired result safely, and then implements that plan in fulfilling any work activity.

PROMOTE A LEARNING ENVIRONMENT: A positive safety culture is one within which everyone is encouraged to learn new methods and processes to improve safety. Ongoing monitoring of safety programs and analyzing incidents provide the basis for a continuous improvement process.

PERSONAL ACCOUNTABILITY: *A positive safety culture is one where each individual takes responsibility and accountability for safety in their day to day work activities. This means individuals should focus on what more "I" can do to ensure that we, and our fellow employees, are complying with all safety standards applicable to any particular task. Working safely and keeping our pipeline systems, customers and the public safe means committing to the safety culture for ourselves, our family, our friends, our companies and our community.*