TENNESSEE REGULATORY AUTHORITY

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

April 13, 2011

Ms. Cynthia L. Quarterman
Administrator
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

Dear Ms. Quarterman:

The Tennessee Regulatory Authority (TRA) has a history of promoting and supporting natural gas pipeline safety within our state. The TRA, through its Gas Pipeline Safety Division (GPSD), has promoted and encouraged the replacement of cast iron and bare steel for the past twenty years. The GPSD enforces the Minimum Federal Safety Standards relative to intrastate natural gas pipelines and facilities in Tennessee. Tennessee operators have been encouraged to and have been proactive in addressing issues relative to pipeline facilities.

In September 2005, Piedmont Natural Gas notified the TRA GPSD that the replacement of all cast iron and bare steel pipe replacement was complete. In final analysis, the program which began in 1991 included the replacement of approximately 375 miles of cast iron and steel pipe mains and approximately 254 miles of service line. This work was accomplished at a total program cost of approximately $62 million.

Atmos Energy Corporation (Atmos) has been replacing bare steel mains and services for approximately 18 years as the result of a violation issued by the GPSD. In 1993, Atmos natural gas distribution systems (then owned by United Cities Gas) in Tennessee included approximately 190 miles of bare steel main. Atmos (and United Cities Gas) has continued to replace bare steel main since that time. In a 2006 agreement with the TRA, Atmos agreed to replace at least 45,000 lineal feet of bare steel main annually. Records show that approximately 52 miles of bare steel main remained in the Atmos Tennessee distribution systems at the end of the year 2010. This represents replacement of approximately 73% of the bare steel main since 1993.

Chattanooga Gas reviewed their cast iron pipe/bare steel replacement program with the TRA and established a ten year plan to complete replacement of all cast iron and bare

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steel. The following table shows the miles of cast iron pipe remaining to be replaced by Tennessee natural gas operators.

CAST IRON PIPE (Miles)				
Operator	**2000**	**2004**	**2009**	**2010**
Chattanooga Gas	41	34	28	24
Harriman Utility Board	5	5	4	4
Jackson Energy Authority	22	16.79	12.2	10.25
Knoxville Utilities Board	114	100	60	42
Lewisburg Gas Dept	19	19	15	5.7
Memphis Light Gas & Water	202	151	134.2	114.3
Totals	403	325.79	253.4	200.25
Percentage Replaced - 10 Yr.	**50.31%**	**(2000 through 2010)**		

The table includes all of the Tennessee operators reporting cast/ductile iron pipe in their systems. All of the operators shown have cast/ductile iron replacement programs that they are actively following. The combined percentage of cast/ductile iron pipe replaced in these natural gas systems is approximately 50.3% during the period 2000 to 2010.

The following table shows the miles of bare steel pipe remaining to be replaced by Tennessee natural gas operators.

BARE STEEL PIPE (Miles)				
Operator	**2000**	**2004**	**2009**	**2010**
Chattanooga Gas	94	57	35	34
Atmos Energy	153	109	60	52
Totals	247	166	95	86
Percentage Replaced	**65.18%**	**(2000 through 2010)**		

The combined percentage of bare steel pipe replaced in the Atmos and Chattanooga natural gas systems has been approximately 65.2% during the period 2000 to 2010.

In addition, Tennessee natural gas distribution system operators are in the process of developing distribution integrity management programs (DIMP) for their pipeline facilities. The purpose of these programs is to enhance safety by identifying and reducing pipeline integrity risks. The DIMP will focus on issues such as the replacement of cast/ductile and bare steel pipelines and appurtenances that are in unsatisfactory condition. The programs will also identify any other threats to pipeline integrity and address those issues.

In some cases, public and pipeline safety may be enhanced to the same level but in a more cost effective manner by using a method of mitigation other than replacement. In order to maximize the enhancement of public and pipeline safety and to maintain viability of the energy source, decisions to replace, repair, increase specific monitoring

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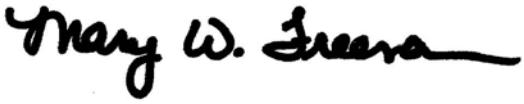
and testing, etc. in the effort to address integrity issues must be based on data and risk analysis. This type of analysis will insure that public safety is being maintained at the highest possible level relative to available resources. To accomplish our goal of effecting the highest level of public and pipeline safety, it will be necessary to proceed as quickly as possible, while insuring that solutions are well thought out and not ill-advised due to regrettable occurrences.

We appreciate the opportunity to provide these comments and look forward to working with you to reach our common goal of safe and reliable natural gas service to the American public.

Sincerely,



Mary W. Freeman
Chairman

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