

U.S. Department of Transportation
Research and Special Programs Administration
400 Seventh Street, S.W.
Washington, D.C. 20590

OCT 22 2004

Ms. Jaclyn A. Brillling
Secretary
State of New York Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Dear Ms. Brillling:

Thank you for your letter dated August 17, 2004, wherein you notified the Office of Pipeline Safety (OPS) of the waiver granted by the New York Public Service Commission (NY-PSC) to the Empire State Pipeline (Empire) from the requirements of 49 CFR 192.611(a), Change in class location: Confirmation of revision of maximum allowable operating pressure.

Section 192.611(a) requires that an operator confirm or revise the maximum allowable operating pressure (MAOP) of its pipeline if the hoop stress corresponding to the established MAOP of a segment of pipeline is not commensurate with the present class location.

In November 1993, Empire completed construction of its 158 mile, 24-inch diameter steel natural gas pipeline. The pipeline originates at Grand Island, New York in Erie County, and terminates near Syracuse, New York in Onondaga County. Empire requested a waiver from 49 CFR 192.611(a) because the population density increased within 220 yards along three segments of their pipeline. The waiver would allow Empire to employ an alternative inspection and testing program for the following three segments:

- Segment 1, located in the Town of Byron, consists of approximately 725 feet of pipeline that has changed from Class 1 to Class 3.
- Segment 2, located in the Town of Henrietta, consists of approximately 1,450 feet of pipeline that has changed from Class 1 to Class 3.
- Segment 3, located in the Town of Pittsford, consists of approximately 1,650 feet of pipeline and that changed from Class 2 to Class 3.

You indicated that in addition to meeting the reporting requirements outlined in your letter, Empire shall also:

- Internally inspect its pipeline in 2004 using inspection tools that will identify dents and metal loss for the entire length of its pipeline. Thereafter, Empire will perform an in-line inspection (ILI) of its pipeline every seven years.
- Excavate and inspect those conditions of its pipeline that were identified by the ILI tool and make any necessary repairs in accordance with the Pipeline Integrity Management rules at 49 CFR Part 192 Subpart O.
- Conduct direct assessment on the waiver segments.

With input from the states and the pipeline industry, OPS recently developed guidelines for consideration of requests for waiver of § 192.611(a). The guidelines identify aspects of Class location, pipeline design and construction, testing, environmental considerations, operational considerations, integrity management program, and inspection and enforcement history that must be addressed before a pipeline segment can be considered for a waiver.

According to the information you submitted, it appears that NY-PSC is satisfied that Empire has considered the

potential threats to the pipeline and has either mitigated those threats or determined that the threats did not exist. The Empire pipeline application provides adequate information to address all of OPS's criteria for the waiver.

We concur with the conclusion of the NY-PSC and find that the waiver is not inconsistent with pipeline safety.

Stacey L. Gerard
Associate Administrator
for Pipeline Safety

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
THREE EMPIRE STATE PLAZA
ALBANY, NY 12223-1350

August 27, 2004

Ms. Stacey Gerard
Associate Administrator for Pipeline Safety
USDOT Research and Special Programs Administration
400 Seventh Street — S.W.
Washington, DC 20590

Re: Waiver of 16NYCRR Part 255.611(b)

Dear Ms. Gerard:

At a session of the New York State Public Service Commission held on August 25, 2004, the enclosed memorandum was considered and approved. The Commission granted a waiver of 16 NYCRR 255.611(b) regarding class location changes to Empire State Pipeline, subject to USDOT concurrence. The waived rule is equivalent to a provision of the federal regulations (49 CFR 192.611(a)). Therefore, we hereby provide written notice of the waiver, as required by 49 USC 60118(d), for your consideration and approval.

Unless we hear otherwise, we will assume the waiver becomes effective 60 days from the date of this letter. If there are no objections to the waiver, we would appreciate an affirmative response prior to 60 days, if possible. By direction of the Commission,

JACLYN A. BRILLING
Secretary

FILED: SESSION OF AUG 25 2001
Approved as Recommended
and so Ordered
By the Commission
Jaclyn A. Brillling, Secretary

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

August 10, 2004

TO: THE COMMISSION
FROM: OFFICE OF GAS & WATER SAFETY SECTION
SUBJECT: CASE 04-G-0610 - Petition of Empire State Pipeline for a Waiver of the Requirements of 16 NYCRR §255.611(b), to Permit Alternative Inspection and Testing Methods to Demonstrate the Integrity of the Pipeline to Operate Safely, as filed in C 15686.

SUMMARY OF

RECOMMENDATION: Staff recommends that the Empire State Pipeline be granted a waiver of the requirements of 16 NYCRR §255.611(b) to permit proposed alternative Inspection and testing methods in the three affected areas identified in the waiver application in lieu of pipe replacement.

BACKGROUND

By letter petition dated April 12, 2004, Empire State Pipeline petitioned for a waiver of the provisions of the Commission's gas pipeline safety regulations pertaining to pipeline segments that have experienced an increase in class location due to development of properties in proximity to the pipeline. Class location is a measure of population density along the pipeline corridor. Specifically, the waiver is sought from compliance with 16 NYCRR §255.611(b), which requires the pipeline operator to either replace the section of pipe or reduce the maximum allowable operating pressure (MAOP) so that the stress on the pipeline is commensurate with the present class location. In lieu of this requirement, Empire proposes an alternative inspection and testing program for three segments of pipeline currently affected due to increases in class location.

Class location units are based on the number and type of buildings located within 220 yards of pipeline along a sliding one mile length of pipelines. There are four possible class location units (class 1 through Class 4) that operators need to consider when designing and operating pipelines. Class 1 locations are the least developed, with buildings of four or more stories prevalent. Pipelines in the higher class locations pose greater risks to the public and require a more conservative pipeline design (i.e. lower pipeline stresses). A pipeline of consistent diameter, wall thickness, and grade of steel would have a lower MAOP as class location increased. However, to maintain the same MAOP for a pipeline that passes through multiple class locations, operators vary the wall thickness and/or grade of pipe steel of the pipe so that the pipeline stress levels are appropriate for the class location.

The Empire pipeline, completed in November 1993, is a 158 mile, 24-inch diameter steel natural gas pipeline originating at Grand Island, Erie County and terminating near Syracuse Onondaga County. The westernmost 91 miles of the pipeline has a MAOP of 1440 PSIG. The remainder of the pipeline has a MAOP of 1000 PSIG. The pipeline was designed and constructed with the regulatory oversight of the Department of Public Service in 1993. The Office of Gas & Water, through our Safety Section's engineering and field staff, was directly involved with the review process and construction inspections. Since the pipeline commenced operations, Staff has conducted annual inspections to verify that the operator is complying with the safety regulations governing the operation and maintenance of the pipeline. Through these inspections Staff has consistently found the operator has conformed to the regulations and there are no outstanding safety issues.

Pursuant to 16 NYCRR §255.609, Empire performed a class location study in June 2003 and identified three areas where class locations have changed due to property development near the pipeline.

The three segments identified in the application are:

- Segment 1, located in the Town of Byron, consists of approximately 725 feet of pipeline and requires a class location change from 1 to 3 because a Town Hall/Fire Department Building was constructed within 100 yards of the pipeline.
- Segment 2, located in the Town of Henrietta, consists of approximately 1450 feet of pipeline and requires a class location change from 1 to 3 because a Kodak Training Center-was constructed within 100: yards of the pipeline.
- Segment 3, Located in the-Town of Pittsford, consists, of, approximately 1,650.feet of pipeline and requires a class location Change from 2 to 3 because of a residential subdivision development in the area.

All three of these pipeline segments have a MAOP of 1440 PSIG.

Empire has indicated that it cannot permanently reduce the operating pressure along the three segments without significant reduction in pipeline capacity. In the absence of a waiver of the requirements of §255.611(b), Empire states it would be required to replace these three segments of pipe, Empire proposes to pursue alternative risk control activities that will provide a margin of safety comparable to pipe replacement.

DISCUSSION

To support the waiver request, Empire referenced the U.S. Department of Transportation Office of Pipeline Safety (OPS) final rule on gas pipeline integrity management issued December 15, 2003.¹ In its cost-benefit analysis supporting the issuance of the rule, OPS stated that “the improved knowledge of pipeline integrity that will result from implementing this rule will provide a technical basis for providing relief to operators from current requirements to reduce operating stresses in pipelines when population near them increases.”² The rulemaking established a policy to grant waivers of pipeline replacement or pressure reduction requirements upon a change in class location if an operator can demonstrate an alternative integrity management program for the pipeline segment.

If the Commission grants this waiver, concurrence from OPS would also be required before the waiver becomes effective since the federal pipeline safety regulations 49 CFR §192.611(a) contains the same requirement. OPS can support or deny this waiver since in effect, this would also be a waiver of the federal code. Staff believes that OPS would concur with Staff's analysis of the waiver petition and will subsequently grant Empire a waiver of the federal requirement. OPS is required, by Federal statute, to respond within 60 days of notification of Commission action if it takes exception to the waiver.³ It would go into effect if no reply is received within the sixty-day time limit.

OPS, with input from the states and pipeline operators, developed criteria that establish guidelines for the consideration of requests-for waiver of this- requirement. The OPS Guidelines identify conditions related to class location, pipeline design and construction, hydrostatic testing, and environmental and operational considerations that must be met before the segment can be considered for justification.

The Empire Pipeline waiver application provides all the information required by the OPS criteria. The company provided an evaluation of relevant potential threats to the pipeline including external and internal corrosion, stress corrosion, pipe manufacturing and construction defects, third party damage and outside forces. The design and good operation and maintenance history of the pipeline suggest that these risks to its integrity have been controlled.

¹ 49 CFR.-§192.901 pt. seq.

² 68 Fed. Reg. 69782 (Dec.

³ 49 USC §60118

Empire's application also included a risk reduction benefit analysis using a program developed by a metallurgical consultant (Kiefner and Associates) for the New England Gas Association. The analysis compares the relative risk of the pipeline under: (1) existing conditions; (2) pipe replacement within the three increased-class location segments; and (3) in-line inspection of the entire pipeline (with no pipe replacement). The analysis shows the greatest initial risk reduction in the three segments if pipe replacement (2) is performed. However, it demonstrates a much greater risk reduction for the pipeline as a whole using the in-line inspection program which includes some risk reduction in the three segments as compared to existing conditions (ie. 3 vs. 1)

ALTERNATE RISK CONTROL ACTIVITIES

Buried pipelines can experience defects due to the manufacturing process, construction practices and corrosion, and defect growth over time can affect the integrity of the pipeline and its ability to operate safely as originally designed. When the pipeline safety rules were initially adopted, there were few reliable means to practically evaluate the integrity of operating pipelines. Excavating the pipeline segments for which waiver is sought (waiver segments) to perform a visual examination would also require pipeline coatings to be removed before the pipe could be examined. This would be expensive, time-consuming and disruptive to the surrounding communities. Hydrostatic testing of the segments would require at least the affected segment§ to be taken out of Service. It would involve filling the line with water, pressurizing it above the MAOP and holding the test, and then disposing of the water before putting the line back in service. Furthermore, if the pipeline does not pass the hydrostatic test, the exact failure location may not be obvious.

The technology to evaluate the condition and integrity of pipelines, without the need for excavation or taking them out of service, has been developed and the resulting data has been proven accurate and reliable. In-line inspection (ILI) or "smart pigging" utilizes a tool that travels inside the pipeline and can accurately detect defects such as metal loss or thinning of the pipe wall due to corrosion and dents. The ILI tool can accurately measure the size and location of a defect, which allows operators to more easily find the location, make repairs and restore the integrity of the pipeline. The entire Empire Pipeline had an ILI performed in 1994 and those results provide a baseline for comparing data to future inspections.

Empire proposed an alternative risk assessment approach, in lieu of pipe replacement or lowering of MAOP, that included utilization of ILI and cathodic protection surveys. Subsequent to Empire's filing of the waiver petition, the aforementioned OPS criteria were finalized. It specifies the testing, in addition to ILI, that is necessary for approval of a waiver. Accordingly, Empire shall perform the following:

- (1) The company will perform an ILI in 2,004 using inspection tools that will identify dents and metal loss for the entire length of the Empire Pipeline, and compare those results to the data from the original ILI performed in 1994. Thereafter, the company will perform an ILI every seven years to evaluate the integrity of the pipeline.
- (2) Empire will excavate and inspect conditions identified during the ILI and make any necessary repairs in accordance with the requirements of the gas transmission pipeline integrity management regulation contained in 49 CFR Part 192 Subpart O.
- (3) Empire will conduct, direct assessment (DA) of the pipeline segments included in the waiver petition to address the threats of external corrosion and stress corrosion cracking in accordance with the requirements of 49 CFR Part 192, Subpart O. The DA process involves evaluation of pipeline operating conditions and history; conducting tests of the pipeline segments to identify potential areas of coating damage or corrosion; and repairing any detrimental conditions found. This provides an additional measure of pipeline integrity assessment beyond ILI.

Staff recommends that the Commission approve Empire State Pipeline's request for a waiver of 16 NYCRR §255.611(b) because it will avoid the disruptions associated with either pipe replacement or lowering of pressure. The alternative inspection and testing plan will also provide the greatest level of risk reduction over the entire pipeline. Furthermore, Staff does, not anticipate OPS objection to a Commission Order granting the waiver because

it is consistent with OPS's policies as articulated in the aforementioned federal rulemakings and OPS Guidelines.

REPORTING REQUIREMENTS

The OPS criteria contain specific reporting requirements following approval of a class location waiver. Staff recommends that Empire Pipeline be required to report to the Director of the Office of Gas and Water and OPS, within 90 days following the issuance of an order granting the requested waiver and annually thereafter, the following:

- Describe the economic benefit of the class location waiver derived by the company. This should address both the costs avoided from not replacing pipe as well as the added costs of the inspection program. This should be required for initial report only.
- The results of any ILI inspections, direct assessments and Close-interval surveys performed within the inspection area containing the waiver location(s) during the previous year.
- Any new integrity threats identified within the inspection area containing the waiver location(s) during the previous year.
- Any encroachment in the inspection area, including the waiver location(s), and including the number of new residences or gathering areas.
- Any incidents associated with the inspection area containing the waiver location(s) that occurred during the previous year. (Both reportable and nonreportable)
- Any leak(s) on the pipeline in, inspection area containing the waiver location(s) that occurred during the previous year. (Both reportable and nonreportable)
- A list of all repairs on the pipeline in the inspection area containing the waiver location(s) made during the previous year.
- Ongoing damage prevention initiatives on the pipeline in the inspection area containing the waiver location(s) and a discussion of their effectiveness.
- Any merger, acquisitions, transfers of assets, or other events affecting the regulatory affairs of the company operating the pipeline to which the proposed waiver applies.

Supplemental Reporting

Empire should provide the following information with its first annual report:

- Describe the benefit of the waiver to the public in terms of energy availability. Availability should address any benefit(s) of avoided disruptions required for pipe replacement and the benefit(s) of maintaining system capacity.

CONCLUSION

The petition dated April 12, 2004 seeking a waiver of 16 NYCRR §255.611(b) should be granted subject to the conditions discussed in this memorandum. No objections to its adoption are expected:

RECOMMENDATION

It is recommended that:

1. Empire State Pipeline be granted a waiver of the maximum allowable operating pressure requirements of 16 NYCRR §255.611(b) consistent with the discussion in the body of this memorandum;

2. Empire be directed to submit a report as further described in this memorandum, to the Director of the Office of Gas and Water and the Office of Pipeline Safety within 90 days following issuance of the Commission's order and annually thereafter;
3. this proceeding be closed.

Prepared by:
Charles P. Gotez
Utility Engineer III

Reviewed by:
Justyn Bates
Office of General Counsel

Reviewed by:
Gavin S. Nicoletta
Chief
Gas & Petroleum Safety

Approved by:
Thomas G. Dvorsky
Director
Office of Gas & Water

Empire Pipeline
A National Fuel Gas Company
6363 Main Street
Williamsville, New York 14221-5887

April 12, 2004

VIA FEDERAL EXPRESS

Mr. Gavin S. Nicoletta, Chief-Safety
New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

RE: Empire State Pipeline, Request for Waiver of Class Location Requirements

Dear Mr. Nicoletta:

Empire State Pipeline ("Empire") hereby submits its request for a waiver of the class location requirements set forth in 16 NYCRR § 255.611(b) and for approval of Empire's proposed alternate risk control activities. We are simultaneously submitting a copy of this waiver request to the U.S. Department of Transportation's Office of Pipeline Safety to provide advance notification of our application.

Questions regarding this submission should be directed to the undersigned at (716) 857- 7536.

Very truly yours
Ronald C. Kraemer

**REQUEST OF EMPIRE STATE PIPELINE FOR
WAIVER OF CLASS LOCATION REQUIREMENTS
SET FORTH IN 16 NYCRR § 255.611(b)**

Empire State Pipeline ("Empire") requests a blanket waiver of the requirement set forth in 16 NYCRR § 255.611(b) to reduce the maximum allowable operating pressure ("MAOP") of its pipeline ("Empire Pipeline") in the event of class location changes, where the Gas and Water Division ("G&WD") approves alternate risk control activities that provide a margin of safety comparable to pipeline replacement. Empire further seeks approval of such alternate activities with respect to three specific segments that will otherwise require replacement (the "Waiver Segments"). In the alternative, and to allow sufficient time for consideration of this waiver request, Empire requests a waiver of 16 NYCRR § 255.611(d) to extend the 18 month period for revising the MAOP of the Waiver Segments until December 1, 2005.

I.

Overview

The Empire Pipeline, completed in November, 1993, is a 158 mile, 24 inch O.D., fusion bonded epoxy-coated steel natural gas pipeline originating at Grand Island, N.Y. and terminating near Syracuse, N.Y. Empire is an intrastate pipeline within the meaning of the Pipeline Safety Act, and is therefore subject to the requirements set forth in 16 NYCRR Part 255. Empire was acquired by a subsidiary of National Fuel Gas Company in January, 2003.

Pursuant to 16 NYCRR § 255.609, Empire performed a class location study in June, 2003. As indicated in our correspondence of August 19, 2003, Empire identified three locations that no longer satisfy the Commission's class location requirements. Empire cannot permanently reduce the operating pressure along the three segments as required by 16 NYCRR § 255.611 without a significant reduction in pipeline capacity. Therefore, unless its application is waived by the Commission, Empire would be required to replace these three segments of 1993 vintage pipeline. As stated in that correspondence, Empire proposes to pursue alternative risk control activities that will provide a margin of safety comparable to pipe replacement, and, therefore, requests a waiver of 16 NYCRR § 255.611.

An initial draft of this request was provided to the G&WD Staff in November, 2003. On December 12, 2003, the U.S. Department of Transportation's Office of Pipeline Safety ("OPS") issued its final rule regarding gas transmission pipeline integrity management in high consequence areas.¹ In its cost-benefit analysis supporting the issuance of the rule, OPS stated that "Wile improved knowledge of pipeline integrity that will result from implementing this rule will provide a technical basis for providing relief to operators from current requirements to reduce operating stresses in pipelines when population near them increases."² In consultation with OPS, the Interstate Natural Gas Pipeline of America ("INGAA") has developed a protocol (the "INGAA Protocol") for determining when integrity management activities could be applied in lieu of replacement of segments affected by class location changes. This request addresses each of the items set forth in the INGAA Protocol, and meets each of its requirements. (A copy of the most recent version of the INGAA Protocol is attached hereto.)

¹68 FR 69778 (2003).

² Id at 69812.

II.

Existing and Proposed New York Code Requirements

A. Existing New York Code Requirements

The current rule, 16 NYCRR § 255.611(b), provides as follows:

- (b) Where the hoop stress corresponding to the established maximum allowable pressure of a segment of pipeline is not commensurate with the present class location, and the segment is in satisfactory physical condition, the maximum allowable operating pressure of that segment of pipeline must be confirmed or revised.

B. Recommended New York Code Requirements Empire seeks the following waiver to 16 NYCRR § 255.611(b):

- (b) Where the hoop stress corresponding to the established maximum allowable pressure of a segment of pipeline is not commensurate with the present class location, and the segment is in satisfactory physical condition, the maximum allowable operating pressure of that segment of pipeline must be confirmed or revised, except as provided in paragraph (b)(4) of this section.

-
- (4) The gas and Water Division of the Department of Public Service May Approve, as an alternative to confirmation or revision of operating pressure of a segment of pipeline, activities proposed by the Operator that will provide a margin of safety comparable to replacement of the segment with pipeline meeting the requirements of this Part. Any proposal by and Operator must demonstrate a good integrity history for the pipeline segment at issue and the Operator’s intention to operate and maintain the line pursuant to Standard ASME B31.8S

Empire further seeks the approval described in paragraph (b)(4) with respect to the three Waiver Segments described in Section IV of this request.

III.

Description of the Empire Pipeline and the Waiver Segments

A. The Empire Pipeline

The Empire Pipeline is a ten-year-old, coated, cathodically-protected steel pipeline with an excellent design and integrity history. Pipeline wall thickness and grade vary from X-52, .500 inch wall to X-65, .625 inch wall on the mostly Class 1 westernmost 91 miles (operated to a 1,440 psig MAOP), and from X-65, .257 inch wall to X-65, .500 inch wall on the eastern section (operated to a 1,000 psig MAOP). The entire line was 100% x-rayed and hydrotested to 90% of SMYS or greater at the time of construction. The entire line is coated with fusion-bonded epoxy (16-mils). For added protection, a 60-mil powercrete coating was used for road, railroad, and stream crossings. A Galvanic Anode protected system was installed at the time of construction to cathodically protect the entire line. An internal geometry tool was run through the entire line before it was placed into service. Two anomalies (dents) associated with construction activities were identified, cut out, and replaced in the 1,440 psig MAOP western section. Ten anomalies were cut out and replaced on the 1,000 MAOP eastern section. In August 1994, the year after construction, the entire pipeline was internally inspected with a metal loss inspection tool to establish its baseline condition. No metal loss anomalies requiring repair were reported on either section of the line as a result of that inspection.

Empire continues to closely monitor right-of-way encroachments and activity. All occurrences are noted and investigated in a timely manner. A review of historical data on the Empire Pipeline shows no corrosion-related or other pipeline integrity-related deficiencies. Annual audits of the operation of the Empire Pipeline by G&WD staff have found field operations and associated recordkeeping to be in full compliance.

At this point, please refer to the aerial photos appearing as Attachments 1-3.

B. Waiver Segment 1 (See Attachment 1)

Waiver Segment 1 (MP 57.3 to MP5 57.5) is located in the Town of Byron, Genesee County, west of NY Route 237. Segment 1 consists of approximately 725 feet of .343 inch wall, Grade X-70 16 mil Scotchkote fusion-bonded epoxy-

coated ERW pipe manufactured by Stupp Corporation, Baton Rouge, Louisiana. This section operates at pressures up to the MAOP of 1,440 psig. Segment 1 was originally classified as Class 1 and designed for this class location. Hoop stress at MAOP is 72% of SMYS. The line was hydrotested to 1,818 psig (126% of MAOP) upon completion of construction. Since that time, a Town Hall/Fire Department Building for the Town of Byron has been built within 100 yards of the pipeline. Based on the utilization of this public building, Empire now classifies Segment 1 as Class 3. Areas east and west of Segment 1 are rural and retain Class 1 designation. Segment 1 cannot be upgraded under 16 NYCRR § 255.611(b)(1). A reduction of MAOP to 1,201 psig to meet the requirements of 16 NYCRR § 255.611 cannot be undertaken without causing a significant, permanent reduction of the capacity of the Empire Pipeline. Segment 1 continuously operates at pressures at or exceeding 1,250 psig, and has been subject to pressures in excess of 1,400 psig on numerous occasions. Therefore, absent the requested waiver, Empire would be required to replace Segment 1.

C. Waiver Segment 2 (See Attachment 2)

Waiver Segment 2 (MP 76.2 to MP 76.4) is located in the Town of Henrietta, Monroe County, 100 feet east of East River Road. Segment 2 consists of approximately 1,450 feet of .343 inch wall, Grade X-70 16 mil Napguard 2501 fusion-bonded epoxy-coated ERW pipe, manufactured by Stupp Corporation, Baton Rouge, Louisiana. This section operates at pressures up to the MAOP of 1,440 psig. Segment 2 was originally classified as Class 1 and designed for this class location. Hoop stress at MAOP is 72% of SMYS. The line was hydrotested to 1818 psig (126% of MAOP) upon completion of construction. Since that time, the Kodak Training Center has been built within 100 yards of the pipeline. Initially, the building was used as a pavilion, and was later enclosed for training purposes. Based on the utilization of Kodak Training Center, Empire now classifies Segment 2 as Class 3. Areas east and west of Segment 2 are rural and retain Class 1 designation. Segment 2 cannot be upgraded under 16 NYCRR § 255.611(b)(1). A reduction of MAOP to 1,201 psig to meet the requirements of 16 NYCRR § 255.611 cannot be undertaken without causing a significant, permanent reduction of the capacity of the Empire Pipeline. Segment 2 continuously operates at pressures at or exceeding 1,250 psig, and has been subject to pressures in excess of 1,400 psig on numerous occasions. Therefore, absent the requested waiver, Empire would be required to replace Segment 2.

D. Waiver Segment 3 (See Attachment 3)

Waiver Segment 3 (MP 84.9 to MP 85.2) is located in the Town of Pittsford, Monroe County, beginning approximately 200 feet west of West Bloomfield Road and continuing for approximately 3/10th of a mile to the west. Segment 3 consists of approximately 1,650 feet of .343 inch wall, Grade X-70, 16 mil Napguard 2501 fusion-bonded epoxy-coated ERW pipe, manufactured by Stupp Corporation, Baton Rouge, Louisiana. This section operates at pressures up to the MAOP of 1,440 psig. Segment 3 was originally classified as Class 1 and designed for this class location. Hoop stress at MAOP is 72% of SMYS. The line was hydrotested to 1,818 psig (126% of MAOP) upon the completion of construction. Portions of Segment 3 were previously upgraded to Class 2 pursuant to 16 NYCRR § 255.611(b)(1). Additional construction in the Walnut Hill area now requires a Class 3 designation with respect to approximately 500 feet of Segment 3. In addition, a new subdivision called Country Pointe, under development west of West Bloomfield Road, will require a Class 3 designation for the remainder of the segment (1,150 feet). The developers have installed the infrastructure (roads, water, and sewer) and are in the process of building at least 20 housing units. One structure (location shown on Attachment 3) is completed at this time. (Segment 3 cannot be upgraded under 16 NYCRR § 255.611(b)(1). A reduction of MAOP to 1,201 psig to meet the requirements of 16 NYCRR § 255.611 cannot be undertaken without causing a significant, permanent reduction of the capacity of the Empire Pipeline. Segment 3 continuously operates at pressures at or exceeding 1,250 psig, and has been subject to pressures in excess of 1,400 psig on numerous occasions. Therefore, absent the requested waiver, Empire would be required to replace Segment 3.

IV.

Integrity Management of the Empire Pipeline

Under the INGAA Protocol, a pipeline segment could be eligible for a class location waiver only if there are no outstanding compliance issues under the Pipeline Safety Code, no Class 4 locations, no history of significant integrity problems, and the segment meets the acceptance criteria for each of the nine threats listed in Subpart O of CFR 192.917 and section 7 of ASME B31.8S. Each of the three Waiver Segments meets these requirements. The chart attached as Attachment 4 summarizes the susceptibility (or non-susceptibility) of the Empire Pipeline to each of these nine threats, and the conditions or actions employed to manage risks in each category. The following sections contain a more detailed discussion of Empire's management of the threats summarized on Attachment 4.

A. External Corrosion

Empire considers external corrosion a potential threat to all pipelines. External corrosion is the leading cause of leaks and failures in pipeline systems.

Sections 255.705 and 255.706 require pipeline patrols and leakage surveys to monitor for evidence of natural gas leakage resulting from corrosion or other damage. Flame ionization patrols are conducted annually for the entire line. There have been no corrosion leaks since Empire began operation. (Note: A patrol in September, 2003 discovered a leaking gasket on the blind flange of a tap valve. The gasket was replaced, thereby eliminating the leak. This is the only leak Empire has recorded.)

A 60-mil Powercrete over a 16 mil fusion-bonded epoxy coating was applied to all pipe used under road, railroad, or stream crossings as additional protection from external corrosion. The remainder of the line has the 16 mil fusion bond epoxy coating.

All encroachments and other activities are followed up in timely manner. Any above ground facilities are visually inspected on a 3-year basis (33%/year) for atmospheric corrosion.

A baseline Close Interval Survey was conducted after the cathodic protection system was installed in 1994. This survey showed that the cathodic protection was working properly, and it also established a baseline for future performance. A Close Interval Survey is proposed for the three waiver sections during the summer of 2004 to further confirm CP performance.

In addition, annual P/S surveys at roads and pipeline crossings have been conducted since the line was installed. Above-ground pipe-to-soil measurements and bell hole inspections for any excavation along the pipeline provide additional information on the effectiveness of the cathodic protection system. At each inspection, P/S results have exceeded minimum requirements, confirming the proper functioning of the cathodic protection system. No coating deterioration has been found during any bell hole inspections.

Empire ran an Internal Line Inspection tool in 1994 after the line was placed in service. No metal loss anomalies requiring repair were identified as a result of this inspection. Empire plans to run a High Resolution Magnetic Flux Leakage tool in 2004 to re-inspect the entire line. Results of this inspection will verify the external condition of the Empire Pipeline. Empire will remediate all external corrosion indications with response requirements classified as "immediate" or "scheduled" per Subpart O. Based upon the above design, operating and maintenance activities, and the inspections activities planned for 2004 and beyond, Empire submits that the integrity of the pipeline will be protected from the threat of external corrosion.

B. Internal Corrosion

Internal corrosion may occur from chemical or microbiological influences. Throughout the history of the Empire Pipeline, the gas in the line has been dry (1.5 to 2.5 lh./MMCF) and has not contained any produced fluids.

The pipeline was opened once in 2002 to relocate a short section of the line for the construction of a building. The relocation occurred on the 1000 psig MAOP section. There was no evidence of internal corrosion. Annual Gas Quality tests have not shown any concentrations of H₂S, CO₂, or O₂ that may be detrimental to the pipeline. The ILI proposed for 2004 will verify the internal condition of the line. Based upon the above, Empire does not believe that internal corrosion is a threat to the pipeline.

C. Stress Corrosion Cracking ("SCC")

A pipeline segment must meet all five criteria in the ASME B31.8S-2001 section A3.3 for SCC to be considered a threat. The Empire Pipeline does not meet all the criteria associated with SCC. A failure of the coating system is a primary factor in the initiation and propagation of SCC. SCC is most often associated with disbanded coatings, particularly pipe that has been coated with tape coatings. High temperatures (above 100° F) and high stress add to the growth rate. The Empire Pipeline (including all of its weld joints) is coated with modern fusion-bonded epoxy. Bell hole inspections have confirmed that the coating is intact, well-bonded, and in good condition.

Empire does not operate any compressor stations. The gas entering the line is compressed by TransCanada at a station located approximately 1.8 miles inside Canada. This station is equipped with cooling equipment, which typically cools the gas to approximately 104° F or less. None of the mainline gas is heated. No excessive temperatures have been found to exist on the pipeline. The first station to have temperature measurement is approximately six miles from the compressor. At this site, the Empire Pipeline has not experienced sustained flowing gas temperatures over 100 degrees F. Temperatures further downstream would decline as the distance from the compressor station increases. For example, temperatures at Royalton, located at MP 77, are generally in the range of 50-60 degrees F.

Empire's design and O & M Procedures address conditions that may create additional stress. Initially, heavy-wall pipe was installed at intervals of approximately one mile to provide for the crossing of heavy equipment. In addition, at all road and railroad crossings, where external loads may be present, heavy-wall pipe was installed. All weld joints were 100% x-rayed, coated with fusion-bonded epoxy, and electrically inspected (jeeped) for any disbondment at installation. The pipe was 100% hydrostatically tested to 90% of SMYS before it was placed into service. Load analysis is reviewed for any requested crossing of the line. Empire's review of its records show no history of SCC. There have been no incidents or failures related to SCC (or any other cause). The Empire Pipeline does not exhibit the risk criteria normally associated with SCC. Based upon the above, SCC is not considered to be a threat to the Empire Pipeline.

D. Manufacturing Defects

The Empire Pipeline was constructed with new, modern ERW pipe, with good material toughness displayed at the 5 degrees Fahrenheit test temperature. Every joint was subjected to intensive quality control procedures, specific to the purchase order specifications and the manufacturing location. Quality control surveillance of mill production was conducted by independent inspection teams. All pipe was visually inspected by construction inspectors prior to being welded into the line. All sections of the line were then hydrostatically tested to 125% of MAOP (or 90% of SMYS) prior to the line being placed in service. The initial geometry and metal loss inspections did not report any manufacturing defects which might affect the safe operation of the pipeline. The in-line inspections scheduled for the summer of 2004 will provide additional confirmation. As a result of the above, Empire does not regard the possibility of manufacturing defects as a threat to the integrity of the Empire Pipeline.

E. Construction Defects

The Empire Pipeline was built and inspected to meet the standards developed by ANR Pipeline Company ("ANR"). The pipe was inspected at the mill and prior to installation in the ditch. Proper installation methods were used to lower and cover the pipe. All welded joints were 100% x-rayed, all joints were coated with fusion bonded epoxy, and the pipeline was hydrotested to 125% of MAOP. Following installation, the line was inspected by internal inspection tools. All anomalies requiring repair were repaired according to ANR's standards. The ILI scheduled for summer of 2004 will provide an opportunity to re-examine the condition of the pipeline, and any anomalies requiring repair under current guidelines will be scheduled for repair as necessary. Given the above, Empire submits that the integrity of the pipeline will be protected from the threat of construction defects.

F. Equipment

None of the equipment identified in B31.8S exists in the Waiver Segments. The 24-inch mainline valves are welded-end connections, eliminating the possibility of gasket failures. Above-ground station facilities may have gaskets and relief valve facilities. These facilities may develop small leaks, but can be inspected and isolated for replacement. These facilities are typically located off the pipeline ROW. Empire does not regard equipment failures as a threat to the integrity of the pipeline.

G. Third party damage

Activities from outside contractors, farmers, landowners, public works, other utilities or the operator can result in pipeline damage. Excavation, use of augers, directional drilling, logging or other earth moving activities are common reasons for damage within the gas industry. Empire uses damage prevention programs — a One Call System and public education — to reduce exposure to activities of this nature. Locations of the Empire Pipeline at all roads and railroads are identified as required in 16NYCRR Section 255.707. The line's position is marked for anyone excavating in the vicinity of the pipeline through the Dig Safely New York Underground Facilities Protection Organization system. Empire personnel stand by for all excavations within 25 feet of the pipeline. Hand excavation is required within 24 inches of the line. Annually, all owners and occupants of property within 660 feet of the pipeline receive a pamphlet delivered door to door describing the pipeline, safety issues, and numbers to call with any questions or concerns. Contractors working in the area and public responders, such as fire and police departments, are also notified. Empire sends return receipt letters to emergency responders each year. Training is conducted for any agency that requests to have a session.

The only known incident causing damage to the line was an auger hitting the line. The local electric company was installing new poles when the incident occurred. The electric utility provided the wrong location for their activities and the line was not marked. The line was permanently repaired with a sleeve. The repair fully restored the serviceability of the line. The incident did not involve any of the Waiver Segments.

In 2004, the line will again be internally inspected using Geometry tools and HRMFL tools. Any indications meeting the new Subpart O criteria for "immediate" or "scheduled" conditions will be repaired as required. A Close Interval Survey is proposed for the three Waiver Segments during the summer of 2004. The survey will help identify any breaks in the protective coating which might require repair. The combination of preventative, mitigative and inspection activities described above minimize the risks associated with the threat of third party damage.

H. Outside Force

Empire conducts frequent aerial patrols to detect any ROW activity and to monitor ROW conditions. These patrols give evidence of any environmental hazards that could affect the integrity of the pipeline. This would include areas of potential soil subsidence, erosion, flooding, or earthquakes. No potentially hazardous conditions along the Empire pipeline corridor have been identified.

Added measures of protection were used in the initial design and installation of the Empire Pipeline. Typical cover is four feet. Cover was increased to five feet in agricultural fields and at road and stream crossings. Major waterbody crossings were directionally drilled to depths significantly below channel bottom. As a result, the risks associated with scour, erosion and flooding are greatly reduced. Additional concrete coating was used in wetlands and waterbodies to add weight to the pipe in order to prevent buoyancy. There have been no recorded observations of unstable slopes or soils. Based upon the above design factors and operating and maintenance activities, Empire believes that outside forces are not a threat to the pipeline.

I. Incorrect Operations

G&WD conducts an annual audit of the Empire Pipeline. No field or record discrepancies have been identified. Duke Energy trained Empire field personnel in pipeline operations as required in Part 192 Subpart N. Training will continue under the National Fuel Operator Qualification procedures and requirements. Empire conducts an annual review and update of its O & M Manual to evaluate the need for new procedures and requirements. Based upon a review of historical and current operating and maintenance practices, no additional mitigation is required.

V.

Proposed Alternative Approach; Risk Assessment

In lieu of replacement of the Waiver Segments, or de-rating the pipeline to 1,201 psig from 1,440 psig, Empire Pipeline requests approval of the following alternative risk control activities:

- 1) Empire proposes to perform an internal line inspection in 2004 using geometry and high-resolution magnetic flux leakage inspection tools for the entire 158 miles of the Empire Pipeline. This will substantially exceed the requirements of 49 CFR Part 192 Subpart O. Under these regulations, Empire would have until December 2012 to complete its baseline evaluation of the integrity of all HCA segments of the pipeline. (Note: The Empire Pipeline currently has 20.3 miles classified as high consequence areas.) Empire is proposing to inspect all of them in 2004, significantly earlier than required. Furthermore, Subpart O only requires the inspection and assessment of pipe located in High Consequence Areas. Empire proposes to inspect and assess its entire pipeline. This will result in all 158 miles of the line being inspected versus the required 20.3 miles. The use of in-line geometry and metal loss inspection tools can reliably identify indications of wall loss (a sign of internal or external corrosion) as well as dents and gouges from construction or third party damage from ROW activities. Empire will compare the results of this inspection to the results of the inspection performed in 1994. Any defects and anomalies will be ranked for immediate repair, scheduled repair, or monitored repair, and remedied as necessary. In addition, Empire would propose to re-verify the pipeline's integrity by smart-pigging it every seven years. After two or more successful inspections, Empire may seek approval from G&WD and OPS to verify the integrity by using an alternate inspection technology which has been proven to be effective.
- 2) Bell hole inspections would be performed on any immediate or scheduled conditions identified during the internal inspection. Repairs will be made for any condition listed in Section 192.933 d(l) & (2) or meeting Empire's repair criteria.

- 3) Empire would continue to perform flame ionization patrols annually for the entire line.
- 4) Empire would continue to perform P/S surveys on an annual basis. Cathodic system anomalies would be investigated and remediated as appropriate.
- 5) A Close Interval Survey would be performed on the three Waiver Segments in 2004.

Empire would submit data and results of these actions on an annual basis as part of Empire's annual Integrity Management Program performance reporting to G&WD and OPS.

Empire utilized the NYGAS program, developed by Kiefner and Associates, to evaluate the risk reduction benefits associated with an in-line inspection in 2004 on the one hand, and pipe replacement on the other, for the Waiver Segments and for the Empire Pipeline as a whole.

The NYGAS program assigns a relative risk factor for Material and Construction defects (MF), Outside Forces (OF), External Corrosion (EC), Internal Corrosion (IC), and Mechanical Damage (MD). An algorithm combines these factors into an overall relative risk value for each segment. The Empire Pipeline consists of approximately 1,100 individual pipe segments, each bounded by changes in wall thickness, grade, class location, or MAOP. The algorithm does not address Stress Corrosion Cracking, Incorrect Operations, or auxiliary equipment. However, as discussed above, Empire does not regard these as threat categories posing substantial risks to the Empire Pipeline.

The following tables show the relative risk factors, as determined by the NYGAS program, for the Waiver Segments, the remaining segments of the Empire Pipeline, and the entire Empire Pipeline, as they exist today, and as they would following replacement of the Waiver Segments, and following a 2004 in-line inspection of the entire pipeline in lieu of replacement of the Waiver segments:

EXISTING CONDITION	
Total risk in waiver sections	25,358
Total risk in remaining line sections	1,291,873
Total risk in entire line	1,317,231

PIPE REPLACEMENT	
Total risk in waiver sections	8,484
Total risk in remaining line sections	1,291,873
Total risk in entire line	1,300,357

ILI 2004	
Total risk in waiver sections	18,139
Total risk in remaining line sections	915,746
Total risk in entire line	933,885

As shown above, pipe replacement in the Waiver Segments would result in an initial risk reduction in the Waiver Segments themselves, but the risk reduction for the entire pipeline is many times greater with the in-line inspection for the entire pipeline. Furthermore, the units of risk reduction per cost dollar is over 60 times greater under the proposed 2004 in-line inspection, as shown here:

<u>Action</u>	<u>Appx. Cost</u> \$000	<u>Risk</u> Reduction	<u>B/C Units Risk</u> Reduction/\$000
Replace pipe	1,665	16,872	10
ILI	600	383,346	639

It should also be noted that the relative risk advantage for, pipe replacement within the Waiver Segment shown above would be at least partially offset by the other activities (beyond in-line inspection) Empire proposes as set forth above.

The Empire Pipeline will be subject to significantly more stringent integrity management regulations than were contemplated in the formulation of the class location change requirements. The integrity management rule's requirements under Subpart O would apply to RCA's along the pipeline, which currently represent about 13% of the pipeline's mileage. Empire's proposal to subject its entire pipeline to heightened integrity management therefore offers a greater cumulative risk reduction than may be achieved by replacement of the Waiver Segments. There are at least 1,231 buildings intended for human occupancy and 55 gathering areas within 660 feet of the pipeline. The three Waiver Segments contain 53 of these buildings and two of the gathering areas. Pipe replacement in the three Waiver Segments does not add any additional margin of safety to the remaining 1,178 residences or 52 gathering areas. Internal inspection of the entire pipeline reduces the risk for all residences and gathering areas.

VI.

Other Factors Supporting the Proposed Waiver

While Empire would do its best to schedule and perform the pipe replacements with a minimum of disruption to its customers and affected landowners, it may not be possible to avoid one or more interruptions of service ranging from a few hours to a few days. Additional right-of-way may be required for construction purposes. Approval of the requested waiver would avoid these possibilities. In addition, the requested waiver would obviate a significant expenditure by Empire, estimated at approximately \$1.665 million.

VII.

Conclusion

For the reasons set forth above, Empire respectfully requests that the Commission grant a blanket waiver of 16 NYCRR § 255.611(b), approve the alternate risk control activities proposed above in lieu of replacement or pressure reduction of the Waiver Segments, and submit its approved waiver to USDOT for its approval.

Furthermore, to allow sufficient time for consideration of this waiver request, and for the replacement of the Waiver Segments in the event this request is denied, Empire requests a waiver of 16 NYCRR § 255.611(d) to extend the 18 month period for revising the MAOP of the Waiver Segment until December 1, 2005.

Respectfully Submitted,
EMPIRE STATE PIPELINE

By

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ATTACHMENT 4

Threat	Threat Exists?	Mitigated?	Comments
External Corrosion	Y	Y	1994 Internal Line Inspection, 2004 Internal Line Inspections, Bell hole Inspections
Internal Corrosion	N	N/A	1994 Internal Line Inspection, 2004 Internal Line Inspections, Clean gas, no Fluids
Stress Corrosion	N	N/A	Temperature<100 and FBE coating
Manufacturing	N	N/A	New ERW Pipe, Hyydrotest 125% MAOP 90% SMYS, Good material toughness @ 5 degrees F test temperature
Construction	Y	Y	100 % X-ray, no significant lateral/asial Stresses, 2004 ILI
Equipment	N	N/A	No equipment in line
Thrid Party damage	Y	Y	Public Awareness Program, 2004 ILI, Good material toughness, Dig Safely New York
Incorrect Operations	Y	Y	No mitigation required since O&M Performed in accordance with existing procedures (16NYCRR Part 255.604)
Weather/Outside Forces	N	N/A	No fault crossing, road and river Crossing bored or buried deep, no Severe sideslope, low earthquake and Sinkhole potential.

**Protocol for Application
of the Integrity Management Program
to Address Class Location Changes**

This document provides the protocol for natural gas transmission pipeline operators to apply the principles and requirements of the Integrity Management Program in lieu of pipe replacement or pressure reduction to locations on the pipeline where class location designation has changed.¹ This protocol is applicable to pipelines changing to either Class 2 or Class 3.

This protocol is the result the lessons learned from the substantial work by the Industry and the Office of Pipeline Safety (OPS) under the Risk Management Demonstration Program, the Integrity Management Program regulations (49 CFR Part 192, Subpart O), the ASME B31.8S Standard "Managing System Integrity of Gas Pipelines," numerous other industry consensus standards regarding best practices for integrity management implementation, and several individual operators' waiver requests to OPS regarding compliance activities in class location change areas.

The criteria defined in this protocol serve as a guide for applicants as to the conditional restrictions associated with any segment that may be considered an appropriate candidate for application of specific integrity management practices in lieu of pipe replacement as well as to delineate specific minimum requirements/practices associated for such an application. These restrictions and requirements are to ensure that the resulting level of safety from this application yields a net level of safety and protection equivalent to that afforded under conventional, prescriptive compliance with the requirements associated with 49 CFR Part 192.611 and, with a high degree of confidence, be approved by OPS in an expedited manner.

The use of integrity management practices in lieu of one-time pipe replacement for pipeline safety has been shown to be technically sound and provide more long-term benefits to the pipeline system than compliance with the prescriptive regulations for class location changes. The need and value of this process was clearly recognized in the Cost/Benefit Analysis of the natural gas transmission pipeline Integrity Management Program in High Consequence Areas rulemaking.

A Pilot Program will be conducted with a defined number of candidate sites in order to ensure the effectiveness of the implementation of the activities under this protocol. It is proposed that the Pilot Program be initiated in 2004. The vehicle for participation in the Pilot Program will be through waiver approval. It is anticipated that following successful completion of the Pilot Program, the elements of this protocol will serve as the bases for modification of pipeline safety regulation, and specific waivers for sites meeting these protocol criteria will no longer be necessary.

This protocol outlines the steps necessary for application under the expedited process. If the operator wishes to submit sites for consideration that do not meet the criteria specified herein, the operator should submit the application under the normal waiver process.

¹Change in Class Location: Confirmation or revision of MAOP; as in 49 CFR 192.611 allows for replacement of pipe or reduction of pressure.

Restrictions

The first step is to ensure that a candidate segment meets the restrictions detailed below and then meets the acceptance criteria defined in Table I. The following general restrictions apply to the pipe within each specific class location change site submitted for consideration.

- No outstanding compliance issues with 49 CFR Part 192
- No Class 4 locations
- No history of significant integrity problems
- For each threat, the pipe must meet the acceptance criteria detailed in Table 1, below

TABLE 1

THREAT	ACCEPTANCE CRITERIA
<u>Time Dependent</u>	
External Corrosion	Must have remediated all external corrosion indications with response requirements classified as "immediate" or "scheduled" per Subpart O.
Internal Corrosion	Must have remediated all internal corrosion indications with response requirements classified as "immediate" or "scheduled" per Subpart O.
Stress Corrosion Cracking	Must have no history of SCC from incidents, leaks, pressure tests or NDT. ²
<u>Time Independent</u>	
Third Party Damage	Must be covered by damage prevention and public awareness programs meeting industry standards and regulatory requirements per 49 CFR 192.614 and 192.616 and API RP-1162. Additional signage may be required per 49 CFR 192.707.
Incorrect Operations	Operating history must be reviewed. Operator's OQ program and personnel operating the segment must be specifically reviewed and shown to meet all requirements of 49 CFR Part 192, Subpart N
Weather & Outside Force	Segment must be evaluated for susceptibility to the factors in B31.8S, A9.3. Operator must demonstrate that any of the factors present have been considered and addressed.
<u>Stable or Resident</u>	
Manufacturing Defects	Segment must have been subjected to a pressure test to at least 125% MAOP. Segment must not have a post-test history of recurrence of manufacturing defects.
Construction Defects	Segment must have been subjected to a pressure test to at least 125% MAOP. Segment must not have a post-test history of recurrence of construction defects.
Equipment	Segment must contain none of the equipment listed in this category in B31.8S, or operator must demonstrate, through review of records and procedures, that such equipment is properly maintained.

² This criteria for assessment/mitigation of the SCC threat is an interim measure to be utilized until a more definitive criteria is developed through the on-going OPS/Industry SCC work.

Activities to be Conducted

The operator must commit to or have completed the following activities at each candidate site.

- Implement the requirements of Subpart O
- Conduct in-line inspection for time-dependent growth defects (primarily external and internal corrosion) with a commitment for re-inspection based on Subpart O criteria
- Provide documented completion of a hydrostatic test to at least 125% MAOP.
- Define the safety benefit both to the specific waiver site and to areas outside of the waiver site.

Notification Requirements

Sites determined to be candidates for this protocol will likely have been identified through the operator's encroachment monitoring programs. Class location change sites have a corresponding 18 [241-month remediation time constraint that begins with the identification of the site. In order to work inside that time frame, operators should submit a notice to OPS of their intent to enter the site into this process within four months of identification of the site.³ For intrastate pipelines, the operator should submit the notice to both OPS and the applicable state agency. If the operator does not submit the site within four months of identification, the operator will be exposed to incurring a pressure reduction as an interim compliance solution until all testing associated with the above activities is completed.

In the notification, the operator must include the following information:

- Site location details including a map of the class change location, adjacent housing and other structures (within the 1320-foot corridor, or CFER Circle if potential impact radius is greater than 660 feet (must have actual data, proration can not be used)), identification of current and previous class location designation, and the reason for the class change.
- Attributes associated with the pipe including:
 - Pipe Vintage
 - Date of installation
 - Pipe manufacturer
 - Diameter, wall thickness, grade and seam type
 - Coating type
 - Maximum Allowable Operating Pressure (MAOP) (revised MAOP, if applicable)
 - Hydrostatic testing history (if any)
 - In-line inspection history (if any)
- Limits of HCA(s) within the segment, if applicable.
- Any reportable incidents associated with the site or its immediate area (valve section).
- A summary of the pipeline threats to which the pipe within the site is susceptible, based on Subpart O criteria.
- An in-line inspection schedule and a hydrostatic testing schedule (if a valid in-line inspection and hydrostatic test have not already been conducted). These inspections/tests should be scheduled such that they are completed prior to the end of the 18 [241-month compliance window. Any indications identified during the inspections must be scheduled and remediated in accordance with Subpart O.
- The length of pipe beyond the class location change site that has/will be inspected in conjunction with the required in-line inspection.

³ To ensure that operators are provided clear opportunity to comply with the 18 /241-month compliance requirement, OPS should respond to the operator within four months of receipt of the notification as to acceptance or denial of the site into the process. If OPS is unable to respond within four months of notification, OPS should extend the 18 (24]-month compliance deadline appropriately to allow the operator sufficient time to comply with the existing regulatory requirements.

- The operator must determine and provide certification that the inspections/activities associated with this site will not impact or defer any of the operator's Subpart O inspections for HCAs, particularly those associated with the most significant 50%.
- Define the safety benefit both to the specific waiver request site, and areas outside the waiver site. These benefits will typically be extending Subpart O integrity management measures, such as ILI or hydrostatic testing, beyond the boundaries of the waiver site.

Pilot Program

In an effort to validate this protocol in a controlled environment, industry has solicited operators to identify and submit a limited number of candidate sites to create a Pilot Program for implementation in 2004. These candidate sites represent the breadth of potential issues that could be encountered under the process.

In an effort to facilitate the communication of pertinent integrity-related information concerning these sites, as well as operators' scheduled inspections and findings, any operator submitting a class change location site for consideration to OPS in this Pilot Program will work cooperatively with OPS and other operators participating in the pilot to develop a web-based communication vehicle. This would allow OPS and affected states' pipeline safety agencies read-access through the Internet to specific data associated with each operator's site(s).

Any operator participating in the Pilot Program will also attend and participate in quarterly meetings with OPS and the other operators in the Pilot Program to review, discuss, and resolve issues impeding the successful completion of the program and transition to a regulatory platform.