U.S. DEPARTMENT OF TRANSPORTATION

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GAS PIPELINE ADVISORY COMMITTEE
TECHNICAL PIPELINE SAFETY
STANDARDS COMMITTEE

AND

LIQUID PIPELINE ADVISORY COMMITTEE
TECHNICAL HAZARDOUS LIQUID PIPELINE
SAFETY STANDARDS COMMITTEE

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JOINT MEETING

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TUESDAY
FEBRUARY 25, 2014

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The Joint Meeting convened in the Fitzgerald Ballroom of the Westin Arlington Gateway Hotel, 801 Glebe Road, Arlington, Virginia, at 1:00 p.m., Colette D. Honorable, Chair, presiding.

GAS PIPELINE ADVISORY COMMITTEE MEMBERS:

HONORABLE COLETTE D. HONORABLE
DENISE M. BEACH
J. ANDREW DRAKE
SUSAN L. FLECK
ROBERT W. HILL
RICHARD F. PEVARSKI
RICHARD H. WORSINGER
JEFF C. WRIGHT
CHAD J. ZAMARIN

LIQUID PIPELINE ADVISORY COMMITTEE MEMBERS:

MASSOUD TAHAMTANI
LANNY W. ARMSTRONG
MICHELE JOY
RICHARD B. KUPREWICZ
CHARLES LESNIAK, III
RON McCLAIN
CRAIG O. PIERSON

DEPARTMENT STAFF PRESENT:

JEFF WIESE, Designated Federal Official

LINDA DAUGHERTY, PHMSA

MIKE ISRANI, PHMSA

MAX KIEBA, PHMSA

ALAN MAYBERRY, PHMSA

STEVE NANNEY, PHMSA

JAMES PATES, PHMSA

DANA REGISTER, PHMSA

CAMERON SATTERTHWAITE, PHMSA

P-R-O-C-E-E-D-I-N-G-S

1:04 p.m.

MEMBER WIESE: Good afternoon everyone. Welcome. Are you happy that we arranged some snow, those of you from Texas who don't ever get to see that stuff? Very good, very good. Yes, refreshing.

I don't think we characterize it that way, but -- matter of fact, tired of it is probably what we would say.

So, good afternoon. My name's Jeff Wiese. I'm Associate Administrator for Pipeline Safety at USDOT inside of the Pipeline Hazardous Materials Safety Administration. I want to just welcome you all here officially. I'm glad we're together. Last time we met, we met remotely and those are always challenging, as we know. So thank you for taking the time out of your schedules to come in and join us.

I'll be -- in just a few minutes, I'll be turning over to my able chair here,

Colette Honorable. But if you allow me, I've got a few remarks up front that I would like to make.

Besides just welcoming you, I've got some administrative notes to make and the first thing I would always want to tell you in a place is how to get out in the event of some sort of an incident.

Apparently, there might be doors behind there, but we know the door that we're better off taking is right behind us. If for some other reason we need to, we can go back through those curtains and get out. There are doorways to the right and the stairway -- you might have seen when you came in -- to the left, it'll take you right outside, assembling out in front of the building, taking guidance from the hotel people as we go.

So, not aware of any drills. I doubt we'll have to. We've had many meetings here and never had to exit yet, but just in case, worth knowing that.

The restrooms, for those who might need them, out the door and to the right. There's another meeting right next to us, but just on the other side of it, you'll find those. So making sure the comfort moments are taken care of.

We're in a joint meeting today of the Gas and Liquid and I think we've got people just sort of randomly mixed up. We don't have them on one side or the other. So you all know which you're affiliated with.

I'm generally serving as presiding official of this but honestly, it's chaired by Colette Honorable, to whom I'll turn over the reins in a few minutes. Colette does have an appointment in New Orleans or somewhere, I think, and can only stay part of the day tomorrow.

CHAIR HONORABLE: Right.

MEMBER WIESE: Still correct?

And so I recruited my friend Massoud, he's very shy and, you know, he's a

little soft-handed when he runs a meeting but he promised me he would toughen up for you guys. Okay? So I want to thank Massoud for volunteering to do that.

I'll take a couple of minutes and just do some quick introductions so everybody knows who's who. I think by now you know most of the members, know each other. But I'd also like to start, if I could with the PHMSA staff and I'd say Cheryl Whetsel, who most all of you know is ill. Of course, and she notified Cameron, I think this morning or yesterday, so and most of you know Cameron by now.

Cameron is basically going to be doing much of our on-site coordination. But he's assisted by some of the folks from his staff and we'll introduce ourselves. Maybe if we can really quickly since I've introduced myself, we'll go to Alan and introduce PHMSA people.

MEMBER MAYBERRY: Good afternoon. I'm Alan Mayberry. I'm Deputy Associate

Administrator for Policy and Programs in PHMSA.

MEMBER KIEBA: Max Kieba, Pipeline Engineering and Research Division.

MEMBER PATES: Jim Pates, Assistant Chief Counsel for Pipeline Safety.

MEMBER REGISTER: Dana Register, Pipelines Regulatory.

MEMBER SATTERTHWAITE: Cameron Satterthwaite, Regulations and also John Gale's not here as well, and he's recovering. He had his surgery so he's doing well. He's managing and he -- I'm sure he looks forward to joining us next time.

MEMBER ISRANI: Mike Israni. I'm a Senior Technical Advisor at PHMSA.

MEMBER DAUGHERTY: I'm Linda Daugherty. I'm the Deputy AA for Field Operations.

MEMBER WIESE: Very good. I think that's it for PHMSA staff. Anybody else?

Steve Nanney, we'll point out,

needs no introduction at this point. Steve will come back and when we talk about gas rules and IVP, everybody will want to know Steve's name.

So with that, maybe we could take a few minutes and just walk around the table really quickly if I can. I'll turn to Colette and we'll do introductions on the members.

CHAIR HONORABLE: Colette Honorable, I chair the Arkansas Public Service Commission and this year I'm also NARUC President on Gas.

MEMBER KUPREWICZ: Rick Kuprewicz on the Liquid Pipeline Committee, representing the public.

MEMBER JOY: Michele Joy, I do Project Management at Shell and this is my first meeting, so I'm representing the liquid industry.

MEMBER WIESE: And my notes are backwards because I do have -- welcome to Michele Joy who is the -- at this meeting, the

only new member that we're going to be introducing.

Many of us know Michele and worked with her for many years when she was with the Association for Oil Pipelines and other things. So we're really happy to have you back. Thank you.

MEMBER JOY: Thank you. Glad to be here.

MEMBER ARMSTRONG: Lanny Armstrong, Fire Chief, City of Pasadena.

MEMBER BEACH: Denise Beach, NFPA representing the public on the Gas Pipeline Committee.

MEMBER HILL: I'm Robert Hill, from Brookings County, South Dakota, County Development Director there and I am a member of the public also representing the Gas Pipeline.

MEMBER LESNIAK: Chuck Lesniak, City of Austin, Environmental Officer, Liquids Committee public representative.

MEMBER ZAMARIN: Chad Zamarin with NiSource Gas Transmission Storage Chief Operating Officer representing the Gas Committee.

MEMBER FLECK: Sue Fleck with National Grid. I'm the Vice President of Gas Pipeline Safety and Compliance and I'm representing the Gas Distribution.

MEMBER PEVARSKI: Rick Pevarski, Virginia 8-1-1, representing the Gas Industry with the general public.

MEMBER PIERSON: Craig Pierson, President of Marathon Pipeline Liquids Industry.

MEMBER TAHAMTANI: Massoud Tahamtani, Virginia Commission Liquid Committee.

MEMBER DRAKE: Andy Drake, Vice President of Operations in the EHS for Spectra Energy and on Gas Committee.

MEMBER WORSINGER: Rich Worsinger, Director of Utilities for the City of Rocky

Mount on the Gas Committee.

MEMBER WRIGHT: Jeff Wright, Director of the Office of Energy Projects at the Federal Energy Regulatory Commission and I'm on the Gas Committee.

MEMBER WIESE: So that's it. Okay, very good.

We have a couple of other guest speakers coming in today. I'm going to run over the format in a second and then turn to Colette to run this and with apologies because I'll have to turn around.

Is Rachel Giesber-Clingman here? Okay, so one of our speakers here -- Karen Lively.

MEMBER LIVELY: I'm here.

MEMBER WIESE: Hi, Karen. Thank you for coming in.

We did have Robert Miller, but I think Massoud, you're taking that function from Robert, okay.

And then Gene Palermo. Okay,

thank you, Gene. Thanks for coming in.

Okay, a little bit about audience participation. Today we have one vote and that'll be coming up in a little while. We'll have the discussion first of the issue at hand and I'll turn that to Colette.

But I'd like to kind of lay out the ground rules so that everybody understands them. We've had occasion to use these ground rules and so forgive me for being so clear cut, but this is a meeting where it's a federal advisory committee. We're here to listen largely to the members and solicit their advice. So there is an opportunity for public participation but it's prescribed and if you decide that you want to take advantage of it, A,"you should have told us by now; but B, we're asking you to keep it very short.

I'll go on to say that if you're not adding any new material, don't feel compelled. Okay? I mean this is -- we have a pretty tight agenda, so getting up and

saying me too adds no value to the discussion.

So, again, I apologize for being so clear about it, but I've found that over time, that leads to a better meeting.

And the only other thing, which I doubt we'll need it here, but I've seen it needed before, when we say we do have a format, we will be following the Chairman's direction. We will have an opportunity for public comment. Anyone wanting to will have an opportunity to speak at that time. If you can't play by the ground rules, I'll have security show you out. It's that clear.

So we should -- we've had a couple of meetings, trust me, where the meeting doesn't go on. You know, people just stand up and try to be disruptive so I just like to lay out those ground rules early on.

So I will say that the meeting is being recorded, you know, so I would remind people that when you speak, it's very helpful to the court reporter if you would say your

name and if you're in the public, if you'd say who you're associated with. There will be a transcript made available as well as all the presentations. You can get to those through regulations.gov under Docket No. -- forgive me -- PHMSA-2013-0156.

So now I guess I'd officially like to welcome Michele. I guess I could have done that one earlier. So thanks again for coming in. Michele, for those you who don't know her, is General Manager, Pipeline Growth, Supply and Distribution, Vice President at Shell Pipeline Company. So again, thank you so much for agreeing to serve.

I wanted you to know that we've had some recent resignations and so the ranks are thinning. But we have nominated three new people. I expect to make an announcement, I had hoped to do it by now, but for sure when we meet next time, we'll have at least three to five new members. So I'm really looking forward to seeing some fresh blood in there.

I also -- most of you by now will have noticed that Dr. Gene Feigel is not here. Gene really abruptly resigned just about a week ago and just sent an email in. So I wasn't expecting that one. He has retired from Hartford Steam Boiler, for those of you that have known him for many years. Gene has served us for 12 years. So quite impressed with the service that he has provided. And Gene was always good about keeping us straight on our cost benefits. So we will miss his comments and I hope he'll stay active.

And forgive me, last sort of thing on resignations. As most of you know by now, Mike Bellman has left and he is now a member of AGA. Is Mike here, by chance? Okay no, okay.

Wayne Gardner who is State Commissioner out of Pennsylvania has also -- wasn't reappointed by the Governor and it goes to that position.

And I'm very sorry to say that

Jerry Rosendahl, though I'm happy for him, he retired at the end of last year, so he won't be on here.

So we'll talk some more, Lanny, about trying to find some coverage on that other side.

So when we get to a vote, votes I've found in the past have been very confusing. Cameron's been very helpful. He and his folks have put together slides which we will put up when it comes time for a vote so that you'll understand exactly the language that you can use and you can substitute words in there. But I think, for those of you who remember when we did this last time, it worked out a lot better. So I think we're trying to learn on that.

The only vote today is whether or not to support a proposed exclusion of Section 4.2, affectionately known as Rework, in an ASTM Standard D2513 the 09a Edition, or suggesting an alternative to the PHMSA 1.

So again, I've given you the docket number. We will adjourn hopefully sometime around 5:00. We'll begin around 9:00 a.m. tomorrow morning just as a refresher.

I'm hoping that we don't get a lot more snow and hoping, I'm sure, that that'll work out well. And I'll be pleased that Cynthia Quarterman will be joining us in the morning to kick off the event.

So I think with that, that's really about most of what I had and so, with your permission, I'll hand the reins over to you.

CHAIR HONORABLE: Thank you, Jeff, and good afternoon everyone. It's great to be back here with you. Welcome to Michele, I think you have many friends around the table. We're delighted to work with you.

I first want to establish that this is a joint meeting of the Gas and Liquid Pipeline Advisory Committees and a quorum is present so that we can conduct business. I

wanted to establish a quorum.

This meeting is officially called to order and again, I want to reiterate something Jeff Wiese mentioned. If you are speaking, please turn your tent card up. We all understand that, right? So we won't speak out unless we're recognized.

And when we speak, we will introduce ourselves for the record. I know it's cumbersome and you get passionate in the heat of the moment. I hope you won't mind me interrupting you if you forget to do that.

So with that, we will begin with Agenda Item 2. We look forward to your careful attention to this briefing and also some good debate afterward and a vote. So without further ado, I'll turn it over to, I believe, Andy Mayberry and Max Keiba.

MEMBER MAYBERRY: Thank you.

CHAIR HONORABLE: Alan. Did I say Andy? He is like mom and apple pie, so it made me think of Andy.

(Laughter.)

MEMBER MAYBERRY: You know that dates the two of us when you say Andy.

CHAIR HONORABLE: Pardon me.

MEMBER MAYBERRY: It shows you what kind of TV we watched.

CHAIR HONORABLE: That's right.

MEMBER WIESE: Can you still whistle the song?

CHAIR HONORABLE: No, I can't. I still recall it, though. But forgive me, Alan Mayberry and Max Keiba.

MEMBER MAYBERRY: No problem. I answer to all of those.

But anyway, Madam Chair and Committee Members, I'm here today to brief you on an issue that we discussed at the last meeting and, by the way, this is a gas-centric discussion, it's focused on a standard that's incorporated by reference within the Gas Rule Part 192 and it's related to rework or regrind, depending on your preferred term, and

it's -- this is one of 69 standards that we incorporate by reference.

We had a discussion last time, you may recall, that was in our meeting that was held primarily, I guess, by conference call and we ended up with a vote that really concurred with the standard, with the exception of rework.

And rework, for those of you just to catch you up, and Max will do a much better job than I eloquently describing the issue. But it has to do with material that is excess in the process of producing plastic pipe that is put back into the process, remelted and still -- and made into plastic pipe.

But it has to do essentially with the scrap that may be cut off, the ends of pipe, that sort of thing. It's ground back up and put back into the manufacturing process. And that -- there are people or operators who are passionate on either side of that issue.

And so we're here today to

discuss, you know, the pluses and minuses of allowing that. I guess you would say our going in position right now has been that we would preclude that from incorporation by reference or what we go forward with.

But with the discussion that we had last time and the need to really understand all the relevant points, we felt that it was needed to put it back on the agenda this time to have a more complete discussion. Hence, we are here today to do just that.

And of course, we're here in a very public setting to establish a public record. You know, what you present here, if you have input on the topic, will be a matter of public record. But again, we wanted to make this a public setting, as we do, as the regulator, to understand all the sides of the issues and just be -- just lay it all out in the open there so that we make an informed decision as we go forward whichever way we end

up going on this.

You now, as far as the outcome today, obviously we're looking for your advice and that will come in the form of a vote and that will be a Gas Committee vote.

And then as we go forward, we, you know, urge you to understand the big picture, at least those that will be voting on this, that, you know, the standard that we're talking about here, ASTM D2513, the 09 version A, also includes other important changes besides the issue of rework or regrind.

But there are other parts that are in it that would be incorporated by reference, such as UV exposure limits and perhaps some other issues there as well.

Today, we have a panel discussion, Max Keiba will kick it off, then we have perspectives from the various stakeholders involved here. We have the NAPSR perspective and Massoud from -- who's the Director at Virginia State Corporation Commission, will

present the perspective of the NAPSR Group collectively.

Then we'll have the manufacturer's perspective and Karen Lively, who's Technical Manager with Performance Pipe, will present that followed by the Gas Operators that are the local distribution company perspective with Sue Fleck, Vice President at National Grid, representing collectively the gas operators.

And then finally, we ask Gene Palermo, Dr. Gene Palermo with Palermo Consulting Services to round out the panel as an independent expert perspective on the topic.

So without further ado, I'll turn it over to Max to begin the technical discussions.

MEMBER KIEBA: Yes, thank you, Alan. Thank you, committee. I am Max Kieba with PHMSA's Engineering and Research Division. I am just going to give the

technical perspective, certainly defer to Alan and Jeff to talk from a PHMSA perspective overall.

But in my technical presentation, I'll talk a little bit, what is rework, regrind. Alan's already mentioned a lot of that. What does the version that's currently incorporated by reference say, and then give the delta change of that. Is what does this version and associated technical notes say what is being considered currently.

To give a little perspective on issues, we've seen or heard about in general and rework, regrind some issues we've seen with wording in the standard.

A little bit of field perspective, both from PHMSA and some states and other industries and countries. That kind of came up in December on what exactly is going on outside of our collective industry, both in the U.S. as well as other countries. So, we'll talk a little bit about that.

So what is rework, regrind? Alan talked a lot about this but in the general extrusion process, you have raw material usually in the form of pellets. And you see on the right there, it's either generally speaking, yellow is going to be your medium density, black is going to be your high density. There's certainly other colors in between. But typically, there's a mix of a natural resin with some coloring in there. If you've heard of the term salt and peppering, that's usually what they're talking about.

So typically, that goes through the process of heating, mixing into a dye and shaped into a pipe. If all goes well, it's round, has the diameter and the wall thickness you'd expect.

But sometimes, things have to be -- they're not up to spec sometimes if it's a first run of a new project or changing of equipment, it has to be reworked or also known as regrind, which is a process where it's cut

down, sometimes in multiple stages, ideally back to close to that original pellet size, and then sent back through the process. And ideally, yes, you want to avoid any kind of contamination that goes on with that because that can certainly affect your pipe.

So what does D2513 99, which is the version incorporated by reference, say? There isn't much. It basically just says rework material shall not be used unless it meets all the requirements of a specification. But really, most will agree, there isn't much in that specification on other requirements. There's a number of testing in general, but nothing specifically with rework.

So this issue has been looked at really -- industry as well since 99, early 2000s, about beefing up those requirements. 09a, so this is the version that's currently being considered.

And 09, if no one knows, that means 2009, that's the 2009a version, there's

different versions in between, but 2009a version has the same front portion but it adds a sentence there at the end of rework material shall be governed by 4.3 and PPI TN, it's a Technical Note, 30, 2006 version is what's in 09 but it's a later version.

And this also says rework material shall be limited by a maximum of 30 percent by weight. And there's also a 4.3 that's written on documentation allowing for the traceability as raw materials and others.

The onus is on the manufacturer in the case of manufacturing the pipe but certainly from our case, the onus would be on the operator to justify that they have this documentation from the manufacturer.

High level concerns that we've had, this is from PHMSA and also we have a PHMSA NAPSR Plastic Ad Hoc Committee which is three PHMSA members from different regions. We have about seven States on that committee.

But certainly at the high level

our concern is the potential for contamination both in the regrind process and any point in that pipe extrusion process.

Concern on affected material properties such as dielectric -- and really that's the dielectric breakdown for those that know, plastic pipe, it can create charge pretty easily. Just simple flow of their gas can create charge.

Static discharge, a lot of it is installed on the ground on reels and just the fact of turning that reel around can create a lot of static discharge -- or sorry, buildup of static electricity and then something happens where you get a discharge.

Slow crack growth is generally any kind of stress rise of some kind on that pipe. It can be point loading, it can be some other inclusion in there and over time it creates a crack. Almost like slow crack growth on a steel side but definitely steel and pipe are not the same.

And then resistance to rapid crack propagation. That's an issue that has been seen anecdotally where, in colder temps with the right pressure points if it hits the pipe, if can create a sinusoidal wave, almost like a running fracture of sorts.

Other concerns we've had is issues with plant quality control in general and a lack of standards. There aren't too many standards out there. It's really left up to each manufacturer to develop those standards. There is some general discussion out there but there aren't a lot of firm standards on plant quality control.

No definitive reports on either side. In December, a lot was talked about this OTD report back in the early 09s. That made many points to support rework but if you give it a strict technical read of it, it has a number of gaps and conflicting statements in it. It's a good data point, but I don't know if it's definitive to say rework is not an

issue.

Having said that, there are certainly other reports on the other side on pinhole leaking that lean towards rework as a possible contributor. But also there, it's not definitive. And this came up in December, too, and in the MPRM.

But there is a lack of reportable incidents directly attributed to rework, but frankly, there's a lack of true good root cause analysis and a lot of that is it's really tough to find. If you get a piece of pipe, it's really tough to say how much rework is in there if -- you can't even do it.

So generally, we have some observations to inspections and anecdotal information that indicates there could be issues.

MEMBER SATTERTHWAITE: Excuse me, I just want to just cut in for one second. For those of you all who don't have pens or pads to take notes, I don't know if anybody

needs that. But if you can turn your tent card up, we have a couple pads and pens if you need them. Does anybody need them? Everybody's okay? Everybody's good then. All right, excuse me, I'm sorry.

MEMBER KIEBA: And Cameron, are you our timer or who's our timer? Do we have one? Okay.

So anyway, generally contamination, the most problematic issue you've seen is scraps or strapping to hold the coils together. That's been caught at times in the rework process. It generally produces roughly-shaped particles but it cause problems in the extrusion, particularly with smaller diameter type pipes.

And I will say there has been talk of, you know, two inches of good threshold for whether or not to allow it. Generally, two inches is most of your service line piping and then just carry over to main. But it is possible. It can be seen in thicker walls.

And generally, your operator grinding the pipe is going to be your lowest paid, not exactly your most skilled operator. It's not a great job. It's noisy. It is a process and it's, you know, human error. We talk about safety management systems. All that is possible for human error to come into play.

Here's some examples of contamination that you can actually see. There are certainly many others you can't see but you will see generally some kind of inclusion in the pipe and those are both outside and inside the pipe. Uneven mixing, you can see some inclusions in there. And again, that's what you can see. There's a lot of stuff that you can't see that gets in there over time.

There are some current methods like screen packs typically are supposed to catch many of these contaminates but -- and typically it will be held up in that screen

pack but there is a potential with certain extrusion pressures, heating, that can push them through almost to a long string. And yes, nylon, polyester and other strapping contamination has been found in both black high density and yellow medium density.

Cross-contamination -- so, many of these plants are not solely gas. There are some that are primarily gas but some do water and gas. So there's certainly a chance for cross-contamination between the different industries, it has occurred in the past. Probably will be less of a problem with black high density but would be more likely a problem with the yellow medium density.

So our concerns with the standard is those 30 percent rework, but what is with respect to? It doesn't really say if you go through one time, you can go through multiple times. Is there a point where it converges to 100 percent if you keep redoing this at 30 percent? And how can you properly measure and

track that?

I'm not aware of any that can say, yes, we can measure and track that. Probably your first go, you can say how much rework is in there, but over time, what percentage of it is in your pipe? Is 30 percent too high?

Anyone knows the process safety control in general, it's an indication -- anything on the order of 30 percent kind of tells you your control is kind of out of control. Rough measures on kind of the three sigma rule talks for 90 percent -- 97 percent are free basically. So you're talking allowable levels of about 3 percent. Some industry sources have confirmed this is a generally good rule of thumb.

Levels of 6 percent in plants that were considered as having more manufacturing upsets and problems have occurred. Historically, I've heard some of our manufacturers have been around the 10 percent level. So, yes.

Section III calls for documentation. I've already talked about this. Some manufacturers claim it's difficult if not impossible to do. I know operators have requested manufacturers to put the percentage of rework on the print line and historically manufacturers have been resistant to that.

There are two separate workgroup items underway in the ASTM. One is eliminating rework and the other is addressing contamination.

Some field observations, there have been evidence of pinholes from PE due to contaminated rework and when you talk about dollars, you know, leak repair requires O&M dollars. So over your life cycle of your pipe, that can create some issues down the road.

Reworking is not homogeneous. As a result, voids can be created. And again, generally process control QA/QC.

This last bullet is probably the most important to me. Many operators in the U.S. do not allow rework. They don't have to per the Code. Many times operators, they do something because they have to, but this is a case where early 2000s, probably 2002, operators got together and had some concerns. Most of it say it's based on the right thing to do. A lot of little things they've seen in best practice. But after prohibiting, generally the reduction has occurred.

Other industries in the U.S., nuclear does not allow scrap or regrind per Code Case N-755 and that's on your safety critical systems. It's not directly incorporated under Title 10 because use of plastic is kind of new in a nuclear site. But they use it for their service water piping for their coolers, for the nuclear reactors on a cooling side. But as part of that, if you want to use plastic instead of steel, you have generally, the expectation is you come in with

Code Case N-755 and in there, it says no regrind.

On the electric side, they have seen poor performance on insulation materials and there have been some studies on effects like treeing and they've developed tighter standards and quality control procedures.

Other countries, my understanding is Canadian CSA is kind of considering rework. Many operators overseas don't allow it. I will say other countries generally they have a precompounded material versus our salt and pepper here so it is a little bit different on the process but there are, again, operators overseas that don't allow it.

And here's a couple references for additional reports out there. I think the other OTD report is on a docket somewhere but these are some other ones and if you just Google these, you can find them publically.

So, I think that's it for me.

MEMBER MAYBERRY: Okay. Thanks,

Max. And next on our list, we'll turn over to Massoud.

MEMBER TAHAMTANI: Thank you.

I believe that Max's presentation adequately described, specifically slides nine and ten, why NAPSR's very concerned about this issue. So I'll follow Jeff's direction which said don't repeat anything that doesn't add to the proceeding here. I won't go through all the reasons why NAPSR recommends that rework material be prohibited from making pipeline for gas.

There has been concerns about the impact of this decision on the industry and the point that NAPSR brings to the table is that rate payers pay for good pipe that's made of virgin material to last not just a few years, but if it's constructed properly, for the next 100 years.

And so with that, again, very briefly, NAPSR's opposed to any use of rework for construction of plastic pipe for gas.

MEMBER MAYBERRY: All right, thank you, Massoud. And next we'll turn it over to Karen Lively, representing the manufacturers.

MEMBER LIVELY: My name is Karen Lively and I am the Technical Manager for the Pipe Division of Chevron Phillips. However, I'm here today representing the Plastic Pipe Institute and our Engineering Director, Randy Knapp, is with me as well here today.

We appreciate the opportunity to talk to you -- oh good point, thank you. Very helpful. We appreciate the opportunity to talk to you and certainly are very honored to have the opportunity to be here as well.

From our standpoint, the Plastic Pipe Institute represents over 300 manufacturers. It is one of the lead trade organizations for the plastic pipe industry. We represent manufacturers of resins, pipe, as well as equipment and then some consultants in test labs.

One of the divisions of the

Plastic Pipe Institute is the Energy Piping Systems Division and it is the Energy Piping Systems Division that asked that we come and talk today.

We reviewed the NPRM at our meeting in September of 13 and at that stage, the group voted unanimously that they wanted to follow comment on it opposed to the complete elimination of rework and that we also wanted to come here today.

So on behalf of PPI, again, thank you for letting us visit with you today.

So there was just a whole lot of information out there. I want to be very respectful of your time and first I've got to figure out how to move this slide forward. That wasn't good. This one? Yes, thank you, Max. Most importantly, move the slides.

We want to be respectful of your time. There is a lot of information to cover. I know Max went through it very quickly on his side and I will try and do the same as well

here.

So briefly, what is rework. We talked about that a little bit. We do want to take a chance to talk to you about what steps the industry has already taken, of the concerns specifically that we have as the energy division with the NPRM and the proposal that we would like to ask you to consider. So we'll go through those, again, fairly quickly.

The definition of rework, I pulled it from ASTM F412. It's a plastic from a manufacturer's own production that has been ground or pelletized for reuse by that same manufacturer. The sources of rework are many at start-ups, change overs, errors and appearance issues and inadvertent damage.

But I think what I would say is the source of rework, it's like the reverse iceberg. The base of the iceberg is the rework that we have predominantly, and that is the rework that is scrapped from the production floor. From that you scrap rework

from the quality level, perhaps from the shipping level with the intent that nothing goes out that doesn't meet your full requirements.

Polyethylene, in particular, is very well-suited to melting and reforming and that's why I've shown the picture of the fusion joint here today, which is certainly the classic method of joining polyethylene is that you can melt it and bond it back together and within limits without damage to the material. And we'll try and talk about that, too.

So there was a study back in the early 2000s, the GTI/OTD study on the evaluation of impact of rework and it's outside the scope of the time we have today to really get into it. But we evaluated pipes with known rework, with known contaminated rework that were deliberately contaminated. We did virgin, 30 percent, 100 percent levels with rework deliberately left dirty and rework

we tried to clean.

We developed short and long term tests to evaluate the pipes on. The short-term tests, we did RCP which one of the tests Max had mentioned, and we also did dielectric strength.

On the long-term test, we test for the slow crack growth properties as measured by the 50-year substantiation and we tested for the PIMP value. And from that, we did develop recommendations for the safe use of rework. It is not to say there were no concerns. It's to say that there were things we could do better as an industry.

And in fact, we implemented those in PPI, in our document TN-30-2006, and I think on the call in December, there was some comment that maybe this wasn't a very good document. It's not written in standard language, but from a manufacturer's standpoint, this is definitely a very good document.

It has specific requirements that prevent pipe from being stored in locations where it can be contaminated. It requires purchase of elutriators such as shown, the photo on the right, maybe that's not a very sexy photo, but elutriators which remove fines and dust. They have screens to maintain the product size adequately. It requires magnets, in-stream magnets and also requires melt filters that are necessary that the molten polymer must pass through the filter.

And then in 2007, this was adopted into ASTM as a requirement of D2513. So this is where the industry is today. We've put those in place. We adopted them into D2513 and then another item I guess I would add is effectively, the melt filter requirements of TN-30 do limit the use of rework to sizes two inch and larger.

So coming to the concerns within NPRM -- and again, the group, the Energy Piping Systems Division, did vote unanimously

for us to come and make these concerns present to you. And shame on us, we were very surprised to see the elimination of rework in the NPRM. It was not expected. So we were surprised, and hopefully we can stay a little bit closer in touch so that we don't have that happen in the future.

Our first concern, and one that we had mentioned in the letter that had been provided to comment, was the cost. And this is to gas distribution.

And I think first, what may not be aware to most people is that a vast majority of the pipe that is used in gas distribution is medium density pipe, medium density polyethylene pipe.

In North America, there is no other market for medium density polyethylene pipe other than gas distribution. All the other polyethylene markets use high density. And so with there being no other medium density market, it must be discounted to a

nonpressure pipe or a commodity product value. So there's an inherent loss in value that the manufacturers will see based on any scrap levels.

If we assumed, as we did on our comments, some level of scrap and some level of derating, we came up with an estimate. But we are manufacturers. We can't share costs by restraint of trade. And so these are just approximately numbers as best we could figure.

Some of our manufacturing members felt that the one to three million was very low and their rationale being that without a market where you can sell medium density pipe, you're not going to regrind it, transfer it to another facility and make something else out of it. It's not worth it. And so in their case, they felt that the value would be paying someone to come pick up scrap pipe and just grinding it and selling it for junk value, basically.

So what's the real number? We

don't know. We can't say and we're not going to get together and try and assess what it is. But it is a real cost for us, particularly on the medium density which is the predominant product.

There is a second concern that we wanted to talk about and that is on oil and gas gathering. The oil and gas gathering market, these are a rough pipe chart from the Plastic Pipe Institute's annual reports on the volume. This is a weighted volume, the pounds used in different markets.

Oil and gas gathering has previously not been a regulated market. However, they have been hearing concerns over the last, I'd say at least five years that it will soon be regulated. Additionally, we have had several customers of ours who have had issues where their pipeline, which had not been regulated, suddenly the rural became urban and the line is now regulated.

So to protect themselves, the

midstream users are requiring that their pipe for oil and gas gathering meet D2513. That has become more the norm than not. And if they understand that rework is not allowed, they will do the same thing for that.

Their intent is that their asset won't go away, so that they've intended to put an asset in the ground that even if it becomes regulated later, it will still meet D2513. And so we're seeing a lot of that.

And so there's a lot of concern by our manufacturers who do oil and gas gathering pipes that if this comes part of the oil and gas gathering business, now you have almost half of the whole North American pressure pipe market that can't use any rework and that's unprecedented. And what we're going to do with that rework, certainly there will be a cost attached. I'm not here to try and estimate what it is but it's a concern. It's definitely a concern that the manufactures have. That was our second point.

And our third point's a little bit odd, but we don't really feel that you're going to get the benefit out of eliminating rework that you believe you are. It only addresses rework. It doesn't address other sources of contamination. It pressures the operators, it pressures the manufacturers to minimize to reduce scrap.

Now when we're setting up, speaking as a manufacturer, when we're setting up our safety programs in our plant locations, our focus is not to minimize the number of recordables or to minimize the number of safety incidents, it's to get people to embrace them, to understand the hazards and make the right decision. If you're placing a significant financial penalty on operators to minimize the level of scrap because they have no other outlet for it, we are concerned that you will be sending the wrong message.

Additionally, as I think Max had noted, there is no way to ensure compliance.

You can't test a piece of pipe and determine if it has rework in it or not. And so our means to compliance would be, you're regulating the utilities, requiring all the utilities, large and small, to put in their purchase specifications that they can have no rework and then that they would -- the manufacturers, again both large and small, would have in their procedures, no rework.

It's not auditable, it's difficult to find and I would say, truthfully, there's only one or two utilities in the U.S. that are capable of conducting the kind of audit you would have to do to ensure compliance. So we see cost. We see concerns. And we're not sure that we see that we achieve the benefit of a higher quality gas pipeline that we want. I mean, these pipes go up to our homes and our businesses as well.

So our proposal, and I think it's been clear -- if not, I should have said it earlier, is to adopt 09a. That is a good

version of the ASTM standard. It has a lot benefits -- oops and I'm being pushed, so adopt the 09a.

We do want to limit rework to the use of diameters larger than two inch. And why I say that is first, adopting 09a has a lot of really great benefits. It requires only the materials that the highest resistance to slow crack growth. It keeps the melt filtering requirements of TN-30. It keeps the clean product handling requirements of TN-30, yet it doesn't give us a financial penalty.

And what I've shown up here is a melt filter screen. It's a picture of my hand right in front of my computer monitor. You can see my fingers slightly behind it. But those are the melt filtering screens that we are pushing our molten polymer through. It's intended to catch contaminates, whether they're from rework or other sources.

The other point I would make on the GTI study is that the slow crack growth

resistance materials, there were three resins studied on it. Two of them would not meet the requirements of 09a. The only one that met the requirements of 09a was the PE 2708, which meets the high slow crack growth resistance. That material passed all of the tests within the OTD study.

And then the area I wanted to hit primarily is to talk about the cost to us. So we feel that by eliminating the -- if you eliminate the rework going into sizes smaller than two inch, two inch and smaller, excuse me, two inch and smaller, we sell in feet. We make product in pounds. You eliminate over 70 percent of the product that we sell every year just by eliminating rework in sizes two inch and smaller.

You eliminate the highest risk product, it's the thinnest walled product, you eliminate the highest risk product because this is the product that goes right up to your house. So to us, this makes good sense. And

yet, as a manufacturer, we can still put it in 80 percent of our product which causes us no financial concerns.

And so, for us, it represents the best option. You get the high quality of the 09a. You get the high quality of the reference to TN-30. And yet, from a manufacturer's standpoint, we don't have the financial penalty.

There is -- we know this is not the end state and there is a project in ASTM, which is a project to develop a standard for preventing contamination and gas pipe and fittings. It is being written so that it is an auditable standard so that utilities can readily audit it or third-parties can audit.

We've been through the first ballot of this. We've had good responses and I expect this will come through as a ballot.

But to wrap up for today, this is what we propose to you from plastic pipe standpoint. And again, thank you very much

for the opportunity to speak with you and I apologize if I ran over. It sounds like I did.

But the 09a, we strongly recommend it be adopted. It's a great version except Section 4.2 we say should be limited to materials larger than two inch IPS.

That's all I have. Thank you.

MEMBER MAYBERRY: Thank you very much Karen.

Okay next -- and by the way, we'll obviously get into Q&A at the very end. I know I thought of a couple questions as we've gone along here that I'd like to get into.

But next, we'll turn it over to Sue Fleck, representing the gas operators. Susan?

MEMBER FLECK: Thank you.

I'm representing AGA today, the gas distribution industry.

And in previous comments of the docket, AGA recommended that PHMSA adopt the

alternate wording for D2513-09 Section on Rework to further enhance safety beyond what is provided in that newer edition and we did recommend that rework material only be allowed for pipe greater than two inch in pipe size.

AGA now recognizes that there are members who believe there are continued safety concerns with the use of reworked pipe and in an effort to move forward, AGA is recommending that PHMSA adopt ASTM 2513-9 without the rework.

A number of safety improvements in the 2009 edition of the standard that brings some other tremendous advantages to the industry. These were mentioned before, rapid crack propagation, oxidization, improved resins and other things. I'm not going to go into great detail. So that's where we are at this point.

Is that brief enough?

MEMBER MAYBERRY: Yes, perfect. We made up a little bit of time there. Thank

you.

Okay, and finally to round out the panel, I'll turn it over to Dr. Gene Palermo. Gene?

MEMBER PALERMO: Thanks for giving me a lot more time, Sue.

For the record, my name is Dr. Gene Palermo, Palermo Plastics Pipe Consulting and thank you for inviting me to be here today to talk about this issue.

We have seen the proposal from PHMSA to not allow rework in ASTM D2513 and I am here today to speak on behalf of that proposal and to recommend that you support that proposal.

Why should rework not be used in D2513? For several years, the AGA Plastic Materials Committee utility members have been asking for polyethylene pipe to be rework-free. And the following slides are taken directly from the AGA PMC Minutes. And as Sue, I'm not going to go through them for this

in detail other than to say that the most important issue is number one, the rework may not be as clean as the virgin resin.

There have been a number of studies showing that technically, rework can be used. There is no effect of rework on short-term properties. No effective rework on long-term performance, the life of the pipe.

The concern with rework is it adds an additional step where there's possible contamination. That is the key issue that the gas companies are concerned about and that's why we believe rework should not be used. Okay?

A number of issues that have been talked about, slow crack growth, pinholing, etc., those have been discussed.

The main thing is that the gas companies are responsible for safety and longevity of the distribution system, that's why they don't want rework to be used.

As a result of the work done at

PMC there was a project initiated at ASTM to revise D2513 that rework not be allowed. There was a ballot for that. There were a number of negatives and that project, as of now, is currently on hold.

Okay, what do other countries do with regard to rework in gas pipe? I know Max said that he believes rework is not being used in Canada. I can tell you exactly what's going on. CSA Z662 is the code for oil and gas in Canada. Clause 12 is the section for gas distribution and I am the chairman of Clause 12 in Z662.

At our last meeting, we specifically had a discussion on rework in polyethylene gas pipe and all of the operators and the regulators, Clause 12 is comprised of all the regulators in the Provinces, all the gas companies in the different Provinces and myself as chairman. It was unanimous. They don't want rework in CSA B137.4 which is the Canadian standard for polyethylene gas pipe

similar to D2513.

As a result, we've asked for a project to be initiated in the B137 Technical Committee to remove rework from B137.4, exactly the same as the project which Perry Sheth has in D2513.

What about other countries? I happened to be at the Iceland meeting in Helsinki, Finland. That's a tough job, but somebody has to go over and do that.

I was there with Sarah Patterson who is the Technical Director of PPI. And I specifically asked the question, I said, we are debating in the U.S. whether rework should be used in gas pipe. What do other countries do? And here's the answers.

France, no rework is allowed in gas pipe. And all of this, by the way, was recorded by Sarah Patterson who's the PPI Technical Director.

Netherlands, no rework is allowed in polyethylene gas pipe.

Belgium, no rework allowed in polyethylene gas pipe.

Across the other ocean, Korea, no rework allowed in polyethylene gas pipe.

Interestingly, in the United Kingdom, they do allow rework but for traceability purposes, the standard specifically says you either have no rework, which is what's preferred by the gas company which is National Grid. Or if you're going to use rework, it has to be 100 percent rework. So it's either zero or 100 percent. And the 100 percent is so you can throw all the rework into one pipe and they can sell it for less and you don't have to worry about rework being in the other gas pipe.

Okay, finally, what is my recommendation? My belief is the ASTM standard that is being developed for the proper use to rework, Karen mentioned that and that's a project that is ongoing. Also, PPI has a Technical Note 30 and that has just

recently been revised.

These are two very good documents. The problem is that this proposed standard and the PPI note are good recommendations for material handling. But the only true guarantee to prevent contamination from rework is to not allow rework in ASTM D2513.

To summarize, to increase the safety and improve the overall quality of gas pipe, which is what was requested by the gas companies, I recommend that we support the PHMSA proposal regarding adoption of ASTM D2513 09 with the exception of Section 4.2.

I know earlier it was mentioned that PPI does not support this position. PPI, in fact, submitted comments. I am a member of PPI. I don't support the PPI position. I know there's a manufacturer within PPI who also does not support the PPI position.

For the last year, as a polyethylene manufacturer to the gas industry, they have been producing 100 percent rework

free. They've listened to the gas companies and for a year now, they have zero percent rework in all of their PE gas pipe. So one manufacturer has already converted to zero rework.

Rework should not be allowed in the PE gas pipe, as I said. We should not do it in the U.S. They're already going in that direction in Canada and several countries around the world already don't allow rework in gas pipe.

You can have rework in other pressure pipes, like water pipe, irrigation pipe, etc. but not in gas pipe.

And finally, I believe we should also support the ASTM project which is chaired by Perry Sheth representing AGA to remove rework from ASTM D2513.

Thank you.

MEMBER MAYBERRY: Thank you, Gene.

And Madam Chair, that concludes our panel discussion on the topic of rework so

we'll turn it back over to you.

CHAIR HONORABLE: That you, Alan. Thank you, Max and thank to all of the presenters. It was very informative and we appreciate the time that you took to prepare those presentations.

So now we will hear from the committee if you have either questions of the presenters or comments that you would like to make for the record. Please raise your tent card and I will do my best to keep a list -- thank you, Cameron, for the paper -- of those who wish to speak.

We'll hear first from the committee and after hearing from the committee, we will then hear from the public, and not everyone at once.

Maybe you've had your say. I really would like to commend Alan and Max for teeing up this issue in the way that you did because it allowed the opportunity for the various perspectives to be heard in a very

organized fashion.

So I'm looking at the joint committee once more. All right, I won't beg you.

Now we'll turn to the public. If there are members of the public who wish to offer a comment on ASTM D2513 rework, now is your opportunity to do so. I believe we have a microphone standing in the middle of the room.

Yes, please go to the microphone and identify yourself.

MEMBER PALERMO: It's me again.

CHAIR HONORABLE: I think that we just heard from you, sir.

MEMBER PALERMO: Gene Palermo.

CHAIR HONORABLE: So this will be interesting.

MEMBER PALERMO: Palermo Plastics Pipe Consulting.

I just had a question or comment for Karen regarding the oil and gas gathering

and the use of rework in oil and gas pipe.

ASTM D2513, which is the standard we're talking about here --

CHAIR HONORABLE: I'm sorry, Dr. Palermo --

MEMBER PALERMO: I'm sorry.

CHAIR HONORABLE: -- I apologize. From the public, we are taking comments, so I apologize, but we invite you on the break, you may wish to visit with I think it was Karen directly about her question. Very good.

Are there any other comments from the public? Now is your opportunity and I apologize for the interruption, Mr. Palermo. We appreciated your presentation.

Please identify yourself.

MR. SCULLY: Sure, my name is Mike Scully. I represent Dura-Line and we are the company that's been rework free for a full year. We do not support the PPI stance. We do support AGA and we would like it to be known that it's not unanimous. Thank you.

CHAIR HONORABLE: Thank you very much for your candor, also.

Are there any other public comments? Please go to the microphone and identify yourself.

MR. KNAPP: Randy Knapp with the Plastics Pipe Institute.

And just to make a public comment and to reiterate, while the vote at PPI on this issue was not unanimous, we have a consensus process that we go through and this was the decision of the Energy Piping Systems Committee to move this forward in the manner that we did and I would urge support of the PPI recommendation.

CHAIR HONORABLE: Thank you.

Any others from the public? Now is your chance. All right. It appears that someone has voiced your perspective. I'm looking back to the committee once more.

All right, we'll turn now to Cameron. Thank you, Cameron.

If you all will recall, I believe in December we used this process. It was very helpful and it aided us in our thought process as we considered the vote and as we voice our motion in support of or opposing any position.

So I would like to yield to Cameron to explain the process.

MEMBER SATTERTHWAITE: Okay. Basically, we're just going to walk through a little bit of some of the things that we've already heard but just to give a little background before we move towards the vote.

And basically, this first language is what was actually voted on at the last Advisory Committee in December. And basically, the, you know, the vote last December voted to approve, you know, you voted to approve everything that was in the standards update rule except for this one issue regarding this rework and that's the language that you see up here.

And of course, right here, we're

talking about what we're talking about as far as ASTM D2513. The language in red is what was initially proposed. And of course, as stated before, this is a vote of the Gas Pipeline Advisory Committee and is basically to whether or not you support the exclusion of Section 4.2 ASTM D2513 09a.

And basically, just to give an idea, we already talked about the quorum side and basically we're going to allow, you know, the floor will be opened up for motions to be made. And just, you know, to assist in that, I just want to give examples of a couple motions that go in the different directions.

There's three different ways you can go. You can agree as proposed and that rework not be allowed. You know, support the, you know, the exclusion. Not in agreement, basically, you would say, you know, we do not support the proposed language. And third, if you will wish to make a motion to propose a change.

And here are the different motions. I've tried to make it as basic as possible. And, you know, I, insert your name, recommend the committee support so forth and so on.

So we have one, this is agree as proposed, not agree as proposed and propose a change. I have a little part in there recommending certain language if you all wish to insert language and therefore, I turn it back over.

MEMBER WIESE: Can we go back to the section that lists all three there?

CHAIR HONORABLE: That one?

MEMBER WIESE: And when people are saying -- yes, so that when a committee member wants to make a motion, they can say I want to make a motion on this one and we'll flip up the appropriate language. So --

CHAIR HONORABLE: So with that, we will now entertain a motion from a member of the Gas Committee. Please raise your tent

card if you'd like to be heard at this time.

I recognize Sue Fleck.

MEMBER FLECK: Susan Fleck and I propose that we recommend the first option, agree as proposed, exclude Section 4.2. So should I read from this slide here?

CHAIR HONORABLE: Please do, Sue.

MEMBER FLECK: Great. I, Susan Fleck, recommend the committee support excluding Section 4.2 of ASTM D2513-09a as proposed in the Rule Pipeline Safety Periodic Updates of Regulatory References to Technical Standards and Miscellaneous Amendments as published in the Federal Register on August 16, 2013.

CHAIR HONORABLE: Thank you. There is a motion to support the PHMSA proposal to exclude rework. Is there a second? And I will recognize Robert.

MEMBER HILL: Robert Hill, I second the motion.

CHAIR HONORABLE: Very good. We

have a motion and a second on the floor to support the PHMSA proposal to exclude rework. And now is the time for discussion.

Sue, is your tent card up for discussion?

Are there any members of, I believe just gas or both?

MEMBER SATTERTHWAITE: Gas.

CHAIR HONORABLE: Just gas that would like to comment on the motion and second now before you? Hearing none, I presume that the members of the Gas Committee are ready for the vote. All of those in -- I'm sorry?

MEMBER SATTERTHWAITE: We'll do a roll call.

CHAIR HONORABLE: Oh, very good.

MEMBER SATTERTHWAITE: Yes, we have to for the record.

CHAIR HONORABLE: Pardon me. Please proceed, Cameron.

MEMBER SATTERTHWAITE: That's okay. And what I'll do is basically, you can

just say yes or no and I'll just go through the members of the Gas Committee.

All right. Colette Honorable?

CHAIR HONORABLE: Yes.

MEMBER SATTERTHWAITE: Don's not here. Jeff Wright?

MEMBER WRIGHT: Yes.

MEMBER SATTERTHWAITE: Andy Drake?

MEMBER DRAKE: Yes.

MEMBER SATTERTHWAITE: Sue Fleck?

MEMBER FLECK: Yes.

MEMBER SATTERTHWAITE: Rick Worsinger?

MEMBER WORSINGER: Yes.

MEMBER SATTERTHWAITE: Chad Zamarin?

MEMBER ZAMARIN: Yes.

MEMBER SATTERTHWAITE: Denise Beach?

MEMBER BEACH: Yes.

MEMBER SATTERTHWAITE: Robert Hill?

MEMBER HILL: Yes.

MEMBER SATTERTHWAITE: Rick Pevarski?

MEMBER PEVARSKI: Yes.

MEMBER SATTERTHWAITE: It was unanimous.

CHAIR HONORABLE: Very good. Thank you, Cameron. There was a unanimous vote in support of the motion and second supporting the PHMSA proposal to exclude rework. And I'll yield now to Jeff Wiese.

MEMBER WIESE: Okay. Well, I want to thank the members of the committee for taking time to go through that. Actually as I think most of you know by now, a lot of work was done before we got to the meeting and I want to thank people for all the work that was done leading up to this.

I would like to quickly add to Karen and the PPI, you know, that we appreciate them coming here. We appreciate them making the presentation and I wouldn't say that you're

arguments are without merit. The position that we find ourselves in, particularly, I think, as safety regulators and ones who've been, you know, in a very -- there have been a number of incidents that I think we can all recall that give us pause to take -- to step out on a limb further.

I'm not saying that there's not an opportunity for us to work together. So I do want to say that, that there's -- that I think there can be an opportunity to work together to establish a public record that's fact based and, you know, gives us an opportunity to work at some of these issues where there are question marks.

I must admit, I, myself, have, you know, questions in my mind about the whole thing but I couldn't resolve them and I think what I largely wanted to say to you is I appreciate the work that you've put into this.

I think that I would, if I were voting, which I'm not at this point, you know,

that I would have had to have taken a conservative position.

So I think there's work that can be done, you know, and continue -- I want to encourage you to continue work with us because I know our folks have spoken very highly of their work with you guys. So I understand that that was a -- the way it was served up, it seemed more open and closed that it was. There was a lot of work that went into this. So I want to thank you for that.

So I want to thank the committee, again, for their work.

Actually, the rest of the meeting is more fun because they're information briefings from this point. So with that, I'll turn back to Colette.

CHAIR HONORABLE: Thank you, Jeff. And thank you for mentioning that. This is an important process and a transparent one and I, too, greatly appreciate the time that everyone took to bring their perspectives before the

committee.

So, we are set -- actually according to our agenda, it says we are to take a break now, but I'm going to look at Jeff to see should we take one?

MEMBER WIESE: Are we running on time, Cam?

MEMBER SATTERTHWAITE: We're ahead.

CHAIR HONORABLE: We're ahead?

UNKNOWN: Yes, we're ahead about 30 minutes.

MEMBER WIESE: Perfect. Well we appreciate the brevity of some of the members here.

CHAIR HONORABLE: What is your pleasure?

MEMBER WIESE: I would say, why don't we take a quick break if we can. Take a like a --

CHAIR HONORABLE: Ten, 15?

MEMBER WIESE: -- 15 --

CHAIR HONORABLE: Fifteen minutes break.

MEMBER WIESE: Right, very good.

CHAIR HONORABLE: All right. So just before 2:30, we'll reassemble.

MEMBER WIESE: Yes. Okay.

(Whereupon, the foregoing matter went off the record at 2:11 p.m. and went back on the record at 2:33 p.m.)

CHAIR HONORABLE: If I might have your attention, we are back on the record. May I have your attention? Thank you.

We are back on the record after our brief break here in this joint committee meeting and we are turning now to Agenda Item 3 which is a briefing on Class Location. So we'll hear about that study from Alan and others. So I'll turn it over to Alan.

MEMBER MAYBERRY: Okay, thank you, Madam Chair and committee members. My apologies but here, again, we are talking or discussing another issue that's relevant to

gas pipelines. And this is also a Congressional mandate.

So my purpose here today is to brief you on where we stand on -- related to class locations and specifically, okay -- where we stand on Section 5.

There are a number of mandates that came out of the reauthorization and this particular one that I'll be talking about today is Section 5 mandate that relates to class location and the requirement that we perform a study to -- concerning the effectiveness of class locations, just to put it in a nutshell, and whether or not to extend high consequence areas that exist or that used to -- what we currently call high consequence areas.

My goal here is to seek input from the committee and then just also further establish the public record on, you know, where we stand and then also, like I said, seek input from the committee as well as the

public.

I will go over where we stand right now. I'll review as well the comments we've received so far and then at the very end, just give you some concluding remarks.

And by the way, I'm joined today, you know, also giving remarks related to class location, you know, like the last panel, we'll have representatives of a cross section of the stakeholder community. We'll first, after myself, will be Massoud Tahamtani with the State of Virginia, Rick Kuprewicz representing the public, Andy Drake representing the interstate gas pipelines and rounding out, Sue Fleck representing the local distribution companies.

My apologies, panelists, for not describing that order. I hope that's acceptable to you but if there are any issues, let me know.

Just to go through a time line of where we've been and just to kind of, and I

realize in the room there are varying levels of understanding on where we stand and what we're talking about even.

So what I'm trying to zero in on here is a discussion that'll work for you if you're not that familiar with what we're talking about, but then not getting in to the weeds so much as to be boring to those of you who are familiar with it -- very familiar with it -- as I have been familiar over the last several months.

But anyway, just as far as time line goes, you may recall that way back in 2011, we issued an Advanced Notice to Proposed Rule Making for gas. It was in that AMPRM that we also had a question in there. And as you may know, an AMPRM is before we go an put out a Notice of Proposed Rule.

We're seeking input from the public and we typically, in those, put out a number of questions.

In that one, we did have a

question related to HCAs, high consequence areas, and the expansion of HCAs.

And then just further on the time line, you know, so since that point, we've been working on those comments received and we also have been working on a gas rule that would end up as a Notice of Proposed Rule Making that's still being wrapped up as far as that rule is currently in PHMSA so and we're finishing up the details on that.

And that was as a result of the AMPRM and then some other work that you may be familiar with that we did related to the integrity verification process that would be wrapped up in to a proposed rule.

Okay, you probably recall that we were reauthorized on January 3, 2012 and within that was the Section 5 mandate that I'm going to brief you on.

You know, in follow-up, the action that we took immediately after reauthorization specifically dealing with Section 5 was we

sent out a Public Notice. It was put in the Federal Register.

We were seeking input on the current class location regime and an opportunity for the public, for operators, for the various stakeholders to comment. And that was in support of what we were doing to satisfy the mandate and also prepare for the report that we're currently writing to satisfy the mandate.

And of course, today, here we are, we're updating the PAC, the Pipeline Advisory Committee.

Let me also mention that next month, or actually in April, the 16th, we'll have a class location workshop and that's to further, you know, establish the public record and gather further input from the various stakeholders on the issue as we finalize the report. And shortly after that workshop, we plan to finalize the report.

As you may recall, as I said,

there's a report required by Congress that we'll submit after we finish it, we expect by early summer.

Basically, Section 5 mandate requires us to evaluate the initial report that I mentioned on the integrity management requirements and whether or not we should extend the current requirements beyond the current high consequence areas or what we currently define as high consequence areas.

And, you know, part two of this is, you know, could this mitigate the need for class location requirements? Is this an alternative? Is there a suitable alternative to the current class location regime that's part of Part 192?

So where do we go? You know, as far as the options we look at, there is -- we could stay with the status quo, keep the current class location regime. We could establish a new class location definition, that is, established additional class numbers.

We could modify the definition of HCAs expand perhaps high consequence areas and perhaps there are other methods that we should consider.

Of course, if you have some ideas on that, you know, that's part of why we're here today and also why we will have the workshop in April.

And, you know, how should this apply? Should it only apply to gas transmission or distribution or gas gathering? Or should it apply to both? Should it apply to all, interstate or intrastate? You know, should it be divided by operating stress level or certain sizes or MAOPs? So those are all considerations.

Now I'm going to go through just the -- I'm not going to really bore you with details on this but just to establish the record, I think some of this may be helpful. You can read it outside of this meeting. But just to give you a background on the class

location concept within the code.

As you may know, the code, when it came out in 1970, had a class designation -- class designations from 1 to 4 and it's really where you determine the class by counting the number of buildings within the 660 feet of the pipeline for a continuous mile and that's for class 1 through 3.

And then for class 4, it's where you had four- or more story buildings predominant within that section.

You know, for example, you know, it's also used to establish your allowable stress level where the higher stress pipeline would be in a class 1 area to the lower stress being applied to class 4. It's essentially applying a factor of safety.

For instance, in class 1, the maximum allowable limit is 72 percent. That is unless you are operating under Part 192620, the alternate MAOP which allows an operator to go up to 80 percent but then all the way down

to class 4 as you can see it ratchets down depending on the population that's near by, again, within that 220 yards of either side of the pipeline distance.

You know, obviously, as population grows, you know the operating factor of safety, if you will, changes. There are a number of things that an operator must do and must consider when they review the population that's growing around the pipeline.

And when there is a change that's occurred, say a pipeline goes from one to two or one to two and then to three, there are a number of things that need to happen.

First you can reduce the operating pipeline MAOP to be commensurate with the class. For instance, if it was operating at 72 percent as class 1, it can be lowered to 60 percent operating as class 2 or they could replace the pipe, commensurate with the class or you could conduct a pressure test.

There is a provision in the class

location change section of the code that allows for a one class bump so to speak that would allow a line operating class 1 to go to a class 2 if it's been tested to a certain pressure level. It's what we call a one class bump.

Then in the early 2000s, we issued integrity management regulations which overlay the existing regulations in the regime involving class location, the establishment of class locations.

Integrity management used high consequence areas, what we defined high consequence areas that signified areas of higher risk or potentially higher risk along the pipeline. Involved a calculation of a potential impact radius and that's based on the diameter of the pressure or a variety of factors and that introduced the new requirement to -- for an operator to conduct ongoing assessments of risk along their pipelines assessing the threats to the

pipeline integrity, that is.

You know, it's a performance based reg that recognized that, you know, the person best suited for knowing and understanding the threats to operating a pipeline were the operator who worked with the pipeline everyday. And it was up to them to know and understand the threats and to act on those threats through what we call preventive and mitigative measures that are in the regulation and of course in the gas reg that is contained in Subpart 0.

You know, now just in review, you know, you know, class locations, you know, are really the -- they're really used to -- they're the cost of entry for operating a pipeline. They used to establish MAOP, obviously, testing requirements and the variety of things. It's the cost of entry with installing a pipeline.

Then integrity management or HCAs or a layer over that baseline, if you will,

they require an operator to assess and deal with additional threats within areas designated as high consequence areas.

You know, as far as the consideration of, you know, the current class location regime and where it's connected, you know, within the code, you know there are a lot of tentacles that, you know, parts of the Code that deal with class location that have requirements that vary depending on if it's a class 1, 2, 3 or 4.

And I've got a summary here of those parts that we would have to deal with if we were to say, look at an alternative regime class, classes or class locations that we would have to deal with these parts of the regs.

So, you know, I guess, you know, as a comment that, going into it, it's a pretty daunting task I can see going forward if we look at modifying these various sections to account for a different regime. It's more

based on the HCA concept and addressing risk assessment for pipelines segments.

Now I'd like to switch gears and just kind of summarize the public comments. And by the way, my intent here is to be neutral on the issue. Certainly, I'm, you know, I'm describing some of the potential issues, you know, a lot of tentacles in the reg, that's one issue.

But we're really agnostic at this point on which way to go. We're really looking for input so that's, you know, that's very important to us as we -- especially as we do this in a very public way.

So next, I'd like to just kind of summarize the comments. There were a number we received actually related to the AMPRM related to expansion of integrity management.

And here's some public comments, I'm not going to go through every one. If there's one of interest, perhaps in the Q&A we can go into further detail.

And that's one reason why I have Mike Israni and Steve Nanney here, in addition to being my bodyguards, they're here to -- since they did deal with the questions and the comments that came in on the Federal Register of you know, the public comments, are here to probably provide more detail on that.

But, you know, like one was to revise the integrity management to include more mileage and to otherwise expand integrity management beyond where it currently is. In other words, the part of the IM plans for a densely populated areas and for new so-called Class 5 encompassing cities with a population greater than 100,000.

We had others like from industry, we had a representative proposing an application of IM principles in non-HCA areas. You know, how that should be left to industry as a voluntary effort.

NAPSR had a comment related to preferring the current system, prefer the

current status quo.

And then we had a comment from the Jersey City, New Jersey Mayor's Office suggesting that we add three additional new class locations for urban areas.

As far as other industry comments, you know, we had -- it varied from keep class locations intact for existing pipelines.

And by the way, I shifted gears on you. I went from, we had comments on the AMPRM, as I said. That was covered, we had the HCAs covered in the AMPRM but then also in our Public Notice we sent out in August and we requested comments. These are the ones I'm going over now. I switched on you there, but they're still relevant to the issue at hand.

Just some comments came in in follow-up to the 2011 AMPRM and then a lot of comments. I can say the bulk of them came in in response to our more recent Federal Register Notice.

Let's see, also you can see the

summary there, I'm trying to think which ones might be -- you know, obviously the last bullet there is kind of a no brainer. We're very open about our policies we develop and before we go forward, obviously, first and foremost, we seek input from this committee, but then in addition to that, we do seek input from the various stakeholders, you know, to weigh in on the issues, so we fully understand the issues before we develop the policy or the rule making, if you will on it.

From AGA, and I'm sure, Sue, you may expand on this, but one of the comments we had received was allowing operators to choose a method for design factors for existing class locations or PIR.

And then API, American Petroleum Institute, had a comment related to class locations and gathering the lines. It's not possible to determine the regulatory status of gathering the lines.

APGA, limit to operating stress

levels above 30 percent, equal to or above and then revise the definition of transmission line. That's not the first time we've heard that one.

Related to INGAA, and I'm sure, Andy, you'll probably expand on some of these or maybe touch on them, and in addition to perhaps a proposal. But IM should be extended beyond HCAs and allow for either existing class locations or the PIR method. And the revise certain O&M requirements that many no longer be necessary.

Then we had comments from the Iowa Utilities Board, keep existing class locations and then additional safety to buildings outside of small radius PIRs.

Then the Iowa Association of Municipal Utilities suggesting that the regulations would impose some significant costs on low pressure pipelines so they were suggesting revising the definition of transmission line.

And then finally, there's Pipeline Safety Trust. They support the idea of applying IM beyond HCAs, extending the requirements that are currently, the, you know, the requirement to assess for threats within the HCA to apply beyond HCAs. And then perhaps expanding the class location definitions and then strengthening existing integrity management rule.

You know, that's -- some of this we have in play right now with some other initiatives and actually some other parts of the statute, some other sections of the statute as far as work we're currently doing on integrity management rule. So some of that is actually already being worked on.

So I guess that really summarizes the comments. I'd just like to say in conclusion, you know, just to kind of reiterate, we are working on a report that's responsive to the mandate to assess the effectiveness of the current class location

regime and then, perhaps, you know, is there a need to expand or the principles of integrity management beyond the current definition of high consequence area.

In order to inform us for that paper or further inform us, we're using the public meeting, the workshop in April and then after that, like I said, we expect to finalize that report and issue it to Congress and then hopefully close that one out.

Of course, after that, whatever policy would come out, we'd have to go and do a separate rule making. We're currently not in a rule making that would deal fully with that mandate.

So I guess with that, I'll turn it over to Rick. I know you're representing the public. If you have any comments just on the --

MEMBER KUPREWICZ: Since I was so quiet earlier this week, you want to go to someone else? Or earlier today.

This is a big deal, not only for the public but for the industry and I think the first message you've got to convey -- when I say big deal, this involves a lot of effort.

Not knowing what the answer's going to be but just watching the dynamics that we went through in terms of going to the point eight design factor which was a sound technical discussion.

But it's a big deal for PHMSA. It's going to take a lot of resources to get -- it's not going to happen in a week. It's not going to happen in a couple of months and I think you need to convey that message in your report, would be my suggestion.

There are advantages to moving away a little bit from the class location and into integrity management. There are some strengths in integrity management over class location. The corollary is there are some weaknesses.

And so I think if you allow

appropriate resources and bring the right discussions to factual decisions, will take you in a more informed public discussion where you need to be from the public's perspective.

But it's not something that's going to happen over night.

The integrity management rule making, having been involved in a lot of that process both on liquid and gas discussions, it was clear that the initial phase wasn't going to finish the integrity management effort. Nor was it going to be the only phase of the integrity management effort.

If I were making a report to Congress, I would start with this is the pipeline mileage by class location and within those class locations, these are the parts that are integrity management. I mean I've seen some breakdowns, but you might want to get PHMSA's perspective on that because that's kind of the -- this is what it is at this date.

We've seen some concerns on some companies who have missed the importance of the integrity management of the identified sites. And there's a reason they're not building, it's because the identified sites, if you ever have a terrible rupture tragedy, those people are least likely to survive. So you want to give that a little more thought.

And defying that some companies have given it, and I'll say I don't want to paint a broad brush here, but they've missed that importance in their integrity management program is quite disturbing.

So I would encourage you to move this forward effort not knowing what the answer is yet but I think you need to be fair to everybody, including Congress, wherever this goes, an informed discussion can drive this to the right place. But it's going to take people. It's going to take meetings. It's going to take some time. And if Congress is trying to accelerate your schedule, and as

a representative of the public, I'm going to start advising people like the Pipeline Safety Trust and that they've got to be real nervous here.

I was encouraged by the discussion I heard or the vote I saw earlier today. As a member of the public, a lot of the public doesn't get to see the interactions that go on and there are a lot of people in industry who are trying to do the right thing. They don't always get that picture.

And so that's an encouraging sign. I think you can get to a solution here. It may not the be solution everybody accepts. There has to be a compromise, there is a transition process here. But I'm convinced you can get there, whoever you get involved in that process.

And I'll shut up. Thank you.

MEMBER MAYBERRY: Thank you, Rick.

You know, just in follow-up, certainly, you know, on the advent of

integrity management, it was certainly an efficient way to introduce that regime where the operator would be required to assess threats and risks on the pipeline as far as, you know, layering in on the existing code structure.

So it was an efficient way at the time. Certainly, we've documented pretty well that, you know, some of your concerns related to the application of that risk management and the dealing effectively with risks and threats, in particular interactive threats which I tend to talk a good bit about on occasion.

But certainly those are lessons learned that we're also applying as I mentioned that we're working on in other areas, you know, to deal with.

But anyway, you know, I apologize, Massoud, our State partner, I slighted you by turning to Rick, who we also -- was our partner but, my apologies to Massoud our State

partner from the Commonwealth of Virginia.

MEMBER TAHAMTANI: Well actually, this time, I don't mind going last so I can clean up after the industry.

MEMBER MAYBERRY: Bring up the rear.

MEMBER TAHAMTANI: Having said, I'll go now because I'm very brief.

As PHMSA knows, NAPSR has filed comments in both dockets in a very summary fashion. They support the current class location and also recommend that HCA definition be expanded to cover class 3 and 4.

And Jeff talks about in 2.0, at this, Virginia's looking forward to that. I want to echo what Rick said, that a lot of our operators don't understand it. They don't carry it out like it supposed to. It is a checkbox approach and we need to get them to do the right thing and then move on to the next verison.

Having said that, I reserve the

right to come back and respond to the industry.

MEMBER MAYBERRY: Okay, next, I'll turn it over to your neighbor, Massoud, Andy Drake representing the interstate gas pipelines.

MEMBER DRAKE: Thanks. I look forward to that. I'll hopefully put out something that's not too controversial here.

I think -- there we go -- I think you can go to the next slide. We'll -- the Pipeline Safety Act was pretty clear as Alan pointed out, that we need to look at applying integrity management program requirements or elements thereof to additional areas that would mitigate the need for classification requirements.

I think this concept, this discussion topic started a long time ago and I think it's really -- oh thank you -- it's really I think helpful for all of us to be founded in facts and basis.

Where did the classification, you know, thought originate? Why was it instituted back in the 50s?

We had that question back in the 90s. I mean actually it's the product of an emeritus report that was done at GRI back in 1998. We went back and actually interviewed, while they were still alive, the people that actually wrote the original Code and asked them, what were you trying to do here? What was your purpose?

And they said, well, we're trying to provide an increased margin of safety because our other tools are not very accurate in managing the assets, integrity and the risk of threats. So we want to have a bigger margin of error so that we have more time to find those things before they surface as threats to deal with, you know, dangerous consequences.

Okay, that seemed logical, at the time and it's served us pretty well, but I

think we have many -- all of us, as Rick alluded to and Massoud alluded to -- I think have seen places where stress level has not served us well. In and of itself, that is not a silver bullet. It provides us more time.

But if we are not diligent in managing risk, that will in the end, surface as a threat that that environment will realize.

And the thinking in that time was there has to be a better way in the 90s, a better way that's more precise. That was the genesis of integrity management discussions. A more deliberate intensive effort to look at the threats much more aggressively with much better technology to manage those risks.

I think in the end, we see now, the technology changed radically from 1950, imagine that, to 1990s. And we have much better tools at our hands to look at the threats in those areas. That was the intent of integrity management back in the end of the

1990s, the first go round, if you will, 1.0 or wherever Jeff is.

Is it perfect? No. Is it a starting place? Yes. Is there a learning curve? Sure. Is it a culture change? You bet. You know, are we going to give up on it? No.

The industry is committed to this. We're committed to extending integrity management beyond HCAs. Whether we revise the definition of HCAs is interesting. The point is we need to do integrity management on the system. It's a much better tool than class locations.

And, you know, I think the part of the rule or the law -- I mean the rule back in the 90s or actually in 2003 when it was passed was this was a part of the cost-benefit study justification for the integrity management rules was.

We want to do integrity management because it's much more sophisticated and

deliberate and intensive and successful than the class locations. And it is imbedded in the cost-benefit justification of that rule.

Fundamentally, it was we're going to go back in and look at where does it make sense to get rid of doing the pipe change outs? Because there is a much more efficient way of doing this. That is fundamentally in the cost-benefit justification of the IM rule back in 2003.

So I think it's just important for us to go back to some things that we know that were the basis of decisions that were made ten years ago or even longer than that ago.

I think to summarize where is industry on the INGAA side? To us, I think there's two issues here. There's class location change outs on existing facilities. That, I think, is the basis of the cost-benefits study that was done in the integrity management 1.0 rule is that issue.

That is a very specific issue. I

think there is some places there where we want to look at what we can do with the existing pipe. Are there characteristics or times when the pipe that's in the ground is good pipe? Can we define that and can we leave it in the ground and everybody's comfortable with that and it meets certain conditions?

The next issue is new construction. I think if we tried to apply the PIR circle to existing pipes, we would find huge dislocations and problems with that. There's 360,000 miles in the ground right now. It was based in the design choices on class location criteria that's currently in the Code. To change that criteria would be hugely problematic for everybody and not worthwhile.

What we're proposing here is a parallel path to look at going forward as an alternative -- an alternative -- a new construction standard that would base itself off the PIR and HCAs and I know it's a more definitive use of the technologies we have

right now.

But not to go back in and try to rip the current Code to shreds and apply it retroactively to old pipe. That would be inefficient and very frustrating to everybody around this table. You know, so I think in that regard, we agree with Rick.

If you're going forward to look at an alternative for new construction, it's basically going to require a rewrite of the Code. It's going to be a big effort. It's going to take a lot of time and it can't be done without having a, you know, without a lot of diligence, a lot of stakeholders, a lot of deliberation. I think we want to reserve that as an alternative and something that we would use only going forward.

Let's see here. The class location change outs of existing pipe, I think is a key issue for us right now. This is very real in current terms. The key question I think the industry is asking is why are we

changing out good pipe?

If we're inspecting it, it's good pipe. It's been hydrostatically tested. It's been inline inspected. It's got no shielded coatings. It's got good depth of cover. It's go a close interval survey on it that shows the coating is performing well and well protected cathodically. What are we really worried about here? Why are we taking that pipe out of the ground?

We talked about the cost-benefit decisions that were based in 2003 on the original rule.

We have a special permit process that's in place. The problem with it is it's a sort of a moving target. It provides very little certainty in what the process is going to be and what those requirements are going to be. They continue to escalate. And right now, frankly, I don't know of anybody that's submitted a special permit on class location in the last several years.

And the reason is, the requirements have escalated to a point where it's self-eliminating. The requirements have gone beyond the hydrostatic testing, beyond the inline inspection, beyond the shield coating, beyond the close interval surveys. It's now gone to the coating pretty much has to be perfect. It's like, well, all right.

It's cathodically protected, we're inline inspecting, there's all these other things, but that's not good enough. And that's where the costs for us explode and it makes it a non-starting option. We'd like to revisit that.

I think there are situations where we agree the pipe should be changed out. We just need to clarify what those are.

I think the point for us is we'd like to revisit those special -- what the special permit processes and some of the requirements. If we revisit those criteria to make them practicable and appropriate. They

almost now are exclusive and self-eliminating. That's not serving any of us.

I think this is a statement from the cost-benefits study back in December, you know, that's basically the same, you know, obligation that we're under right now. Is to kind of revisit this and see where is integrity management really working for us?

We talked about the conditions that operators currently agree to these key things. Every one of the operators we've talked to says we're good with pipe that would meet criteria should include it. It has to be hydrostatically tested. It has to be close interval surveyed. It has to be inline inspected. Shield and coating should be removed and the common ground alliance best practices should be instituted.

Those are things that we fundamentally agree to and I think that addresses the 99 percentile threats and risks and concerns.

Where we start to fall, I think, into some concerns, is where some of the criteria is extended beyond the classification areas where we agree we're going to have to do accelerated anomaly response or stress corrosion cracking DA in the area of the class location. But now we're being obligated to do it for the entire discharge. So for a 1,000 feet of pipe, if I want to do this, now I've got to do 30 or 40 miles of this. This is even beyond IM. That doesn't make any sense.

I think we're mixing things together here and rasing the bar extraordinarily high.

I think the biggest thing, though as we mentioned is, the conditions that really frustrate us, I think, is the ACVG and DCVG coating anomaly response criteria. This is in addition to close interval survey. This is in addition to making sure that our CP system is working. This is in addition to inline inspection.

And this basically looks to see is your coating virtually like new on a pipe that might be 20 years old. But it's not got any corrosion on it. That requirement alone is probably one of the most single-handedly eliminating criteria in the entire bunch.

Looking at providing an alternative to class location criteria, I think we've talked a little bit about this. I think it's going to take a deliberate revisiting of the Code. It only looks at going forward. I think we would look to try to design to a single factor. I do think there's some open discussions around other class location criteria, that there's, you know, super densities, whatever you want to call them, urban environments. I think people are receptive to that.

I think we want to look at basically facing this on using the PIR to drive the requirements. That would be the fundamental to this parallel alternative. But

I do think it's important, it's not a replacement track. It is an alternative that people might use in a very different world going forward.

I think with that, you know, we kind of summarized our position. I think there's two issues for us. One is the class location changes for current pipe and the use of the current Code to the existing pipe that's in the ground. And then there is a parallel alternative of going forward with new pipe, new design, new criteria, a whole rewrite of the Code as a parallel option.

And I think this has some good opportunities for us as a group. I think we recognized that ten or 15 years ago. I think we need to go back and revisit that. I think we've kind of lost a little bit of the thinking that was back there 15 years ago and I think it would behoove us to kind of slow down and rethink what are we trying to accomplish here?

With that, I'll move it to whoever is next.

MEMBER MAYBERRY: Okay, thanks Andy. I think next, I'll turn it over to Sue Fleck, representing the LDC.

MEMBER FLECK: Thank you. You're going to hear some similar themes from the AGA position.

As Alan mentioned earlier, class locations are imbedded in more than 20 different sections in Part 192, factors covering areas around design, construction, operations, maintenance of natural gas pipelines. Therefore, we don't support the revision and replacement or complete removal of class locations or the addition of new class locations without fully evaluating the impact to the operators and their systems of all these changes in all these sections.

AGA does support the investigation and development of a second and parallel approach. Currently allowed in using

something like a PIR approach that's currently allowed in Subpart O for HCA determination and certain elements of transmission IMP.

The second methodology should be designed to alleviate the need for automatic pipe replacement or pressure reduction when class location changes due to additional housing development around the pipeline.

And once the alternative methodology is developed that uses a PIR type approach, AGA recommends that the regulations allow for an operator to determine on a case by case basis whether to stick with the class location methodology or to use the alternatives. So similar to what Andy was talking about, allowing parallel paths rather than a wholesale replacement of class location with a PIR.

AGA also supports the use of transmission integrity management elements as an alternative to pipe replacement or MAOP reductions when additional construction

results in a class location.

And the next point is one that's really specific around distribution systems but it's an important point and will create some real issues for us. When you evaluate changes to class locations in federal regulations, it's important to remember that many states regulations adopt the federal code and then make tweaks to them in their state codes.

So if we go and change the federal code drastically and the States don't change it at the same time or concurrently, we're going to end up with competing and potentially contradictory requirements on a utility that's operating in multiple states.

So if you think of a company in many States, the federal code changes, New York doesn't, Massachusetts does. Rhode Island changes it a different way and then you end up with this very complicated regulatory environment. So we think you need to really

take that into consideration as you consider just wiping class location out.

And AGA member companies encourage PHMSA to fully develop and understand the potential impact of expanding integrity management prior to any attempt to eliminate or modify the current class location methodology.

Thank you.

MEMBER MAYBERRY: All right, thank you Sue. And also thanks to the rest of the panelists.

I wanted to add, too, that related to our public meeting, you know, again, as I mentioned, we're going to pick up the discussion there and further vet this issue, this important issue at that. And I anticipate it will be a format that you're familiar with it, or other public meetings where we'll have panel discussions on various topics.

We'll be organizing it in the

next, you know -- we are currently organizing and will continue organizing it and seeking input from the various stakeholders as we do that.

So, you know, if you have an interest, those of you who have heard the conversation today and would like to participate in some manner or provide input at that workshop, I would encourage you to contact Mike Israni who also will be listed on the Federal Register Notice for the meeting.

The meeting will be at the Hilton, Crystal City, again on April 16th and the Federal Register Notice announcing that will be coming out soon.

With that, I guess I'll turn it back over to Madam Chair and thank you.

CHAIR HONORABLE: Thank you, Alan, and thank you to all of the presenters. Another well done briefing.

And I'm going to yield now to Jeff to inquire after comments of the committee

will we be able to hear from the public?

MEMBER WIESE: I guess maybe we should go to the committee first?

CHAIR HONORABLE: Yes.

MEMBER WIESE: Okay. I'll just --

CHAIR HONORABLE: Okay. So if there are members of the committees who would like to offer a comment about what you've heard or if you have a position, please, as Chad has just done, raise your tent card and you'll be recognized. Chad?

MEMBER ZAMARIN: Thank you, Chad Zamarin with the Gas Committee.

Just maybe a couple of comments. You know, it certainly does, I hear a lot of commentary about it being hard, about it being complex, but just to put it in a little bit of perspective.

I've seen years over my career where our budget, which is limited and for a lot of reasons, not just because of the kind of the constraints of an operator, but because

of the reality of the rate making and balance within the environment that we live in. I've seen years where our budget has been, at times, 30 to 40 percent consumed by class location changes.

Call it a $100 million budget, $30 to $40 million a year being consumed by class location changes and when we run inline inspection tools through those pipelines, those are not the areas that we would be out repairing based on those results.

So the reality of the diversion of dollars because of the current rule is true and it is happening. And so, you know, I know it's hard. I know it's complex but as an engineer, as a pipeline safety advocate, it always bothered me that we were diverting resources to activities that, in my view, weren't benefitting the public safety.

The reality is, there are two consequence models now in the Code, class locations in high consequence areas, high

consequence areas is far superior. Building on that good work, I think is our belief as the right path forward.

Figuring out how to minimize the amount of distraction created by what was a great, I think first start but now is an outdated methodology is important.

The liquids industry operates without design factors and class locations and they're, I think, doing fine. And integrity management has raised the bar in that area.

So, I appreciate the comments. I think that it is complex but I also think it's a fairly simple problem that we need to solve. So, you know, our position would be extend integrity management, keep building on the good work that we've done, and eliminate the need to replace pipe due to classification changes, design pipe in areas that aren't going to affect people, focus on the areas where people can be affected.

Thanks.

CHAIR HONORABLE: Thank you, Chad.

Any others? Jeff?

MEMBER WRIGHT: I just want to speak on behalf of the regulator for interstate siting.

CHAIR HONORABLE: Introduce yourself please, for the record.

MEMBER WRIGHT: Oh, I'm sorry. Jeff Wright, Federal Energy Regulatory Commission, Gas Pipeline Committee.

I just wanted to speak on behalf of a regulator for interstate siting of pipelines.

The class locations, and I'm speaking for new pipe itself, it establishes a baseline for the construction of the pipeline. It makes the work that goes into getting a pipeline into the ground a bit easier.

Now I wouldn't doubt there's some things that need to be done to reform the class locations, but I think using class

locations in combination with the high consequence areas, it's an optimal hybrid system that works.

And I would say looking at the comments of Jersey City, I know exactly what project that that's about. And these people in the public -- you laugh, too, because it's your project. Yes. I have scars all over my body from that project.

But what the people look to is something they can grab on to and class locations are what they understand. So I think it's important, I'm not advocating maybe an expansion of class locations, that's something down the road, but I think a system with class locations in the high consequence areas is good for the system we have. Not that it can't be refined, but it's also good for the public to understand what's going on.

CHAIR HONORABLE: Thank you.

Any other members of the committee? All right. I think we can turn

now to the public. And I'm looking at Jeff here.

MEMBER WIESE: Thank you, Colette.

Well, I think Massoud and I are probably, we figure that, you know, there's a lot of discussion yet to be had on this subject. We have a workshop coming up. Linda was saying, you know, I have something to say. But I think a lot of that can wait for the workshop.

I'd like to say more in a note of humor that I was hoping that the reason we hadn't gotten many more special permits for class location was I asked you guys to stop bringing them.

We had learned everything there was to learn about class location special permits and Colette and I were talking about the fact that, special permits are there for a reason. They're not to be a permanent workaround the Code. You experiment with things and say can that work or how would you

adjust it?

But I think we've learned what we needed to learn about the whole class location special permits. So the time is ripe, you know, to talk about it.

I would recommend, and I know Massoud would back me on this, that there is a lot of inertia behind class location. I think that at a minimum, we need to talk with our State partners a lot on this.

Now I realize that INGAA, you know, is, you know, marginally affected in that regard but some of your operations are affected by State regulations and certainly Sue and Chad have some that are affected.

So, I think I would recommend to you, and we can talk offline with Massoud, there are five regional meetings coming up with NAPSR. I mean, I think you need to work these issues and talk to the people who are like immediately affected and understand where they're coming from.

It won't be as easy as just blunt force push through a rule. I think we need to talk to people who have a lot of grave suspicions, you know, and I think we need to put those aside.

And Massoud and I did talk about this and we said, you know, like in a perfect world, I think we both get risk management, you know, and we've been working with your guys forever on this stuff so we get it. But it seems not to be a perfect world. Peoples models seem to be imperfect.

You know, we continue to have failures where the operator said I did everything I needed to do, you know, to look at this. There was nothing actionable on that system and we still have a failure. So I'm just not saying that it's not possible, I'm just saying that there are reasons why people are apprehensive, you know.

And I think if we get around to talking to them about PIR, you might want to

think about PIR plus a buffer, you know, or something. We have seen PIR be overextended in accidents so, any rate, probably enough from me on that. I'll save the rest of it for the workshop.

But Colette bent my arm and said, you know, I'm too hard and I'm not receptive enough to people talking. So, she suggested that I allow people to comment from the public. I will point out, we will have a workshop on the 16th and but I would invite anybody who wants to come up and give a three minute or less comment for the record at this point. You're welcome to.

CHAIR HONORABLE: Thank you, Jeff. And those weren't my exact words but I appreciate that you gained the importance of my comment to you.

So with that, if there are any members of the public, if you'd like to comment on the class location study, there will be a public workshop at which you're

invited to attend and offer comment at that time.

Seeing none, very good.

MEMBER WIESE: See the way I served that up, it just like tamps it down.

CHAIR HONORABLE: Oh, of course, Rick?

MEMBER KUPREWICZ: Did you have something you wanted to say, Linda?

MEMBER DAUGHERTY: I'll wait for the workshop. Thank you.

CHAIR HONORABLE: Very good. Thank you, Rick. And thank you, Alan and others on this topic.

So without further ado, we'll move ahead to Agenda Item No. 4, a briefing on Midstream Regulatory Jurisdiction. And I'll turn it over to Linda.

MEMBER WIESE: Well, we're back and we're on to the last subject of the day. I'm pretty sure that we're going to get you an early adjournment. I can't promise you the

same tomorrow, so I'd take advantage of it tonight if you can but I appreciate your attention.

The issue we're going to talk about now, and I'll just serve it up really quickly and then have Linda and Rachel, I introduced you earlier, I think, when you were out. Rachel Giesber-Clingman, to talk about -- and this is really something -- I don't see Todd Denton here. Do we know if Todd was -- he's out.

Oh, he did. Okay, but I already have his proxy, so in any event, what I'm going to present is an issue that's come up in the past year or so really, maybe. And it's something that has involved us in a sector that we really hadn't had a ton of involvement with before and touches on a regulatory jurisdiction issue between ourselves and OSHA.

And there was a lot of back and forth on it and I think Linda and Rachel can describe for you what's going on but just so

I get to throw out the punch line first, I'm going to, at the end of the presentation, and I want you think about this as we present it, ask for your show of support to create a subcommittee of the advisory committee.

That's something that we haven't done for a while. I think you might have been on our last one when we put together the report to America. We'll have better results.

Actually, we used everything in that report, you know, it just didn't come out as a report to America.

But anyway, with that said, I really would turn it over, but I wanted you to understand that there was a punch line here and I'm going to ask for a motion of support to create a subcommittee at the end of this.

I've already conscripted a couple of people. Chad sort of reluctantly had an arm behind his back said that he would be glad to sponsor and Todd Denton, who's not here to deny it, also said that he would be happy to

sponsor it. So I was looking for a member from both committees to come into them.

I don't know, do we have folks from OSHA here?

Okay, very good. I -- well, not having met you before, we did invite the OSHA folks in, too. I think you'll like this. It's a good opportunity for us to work out some issues in what I would call a collaborative fashion.

CHAIR HONORABLE: Very good. Linda?

MEMBER DAUGHERTY: All righty.

So closing out the day with a great discussion, right. This is going to be, you know, as Jeff said, you know, we kind of stumbled upon this one this year. We've been doing inspections for a long time and this issue kind of came up as a little bit controversial, more controversial than we anticipated. So let me just jump in and tell you what we're talking about.

Jeff already mentioned the need for a working group. But one of the issues that we inspect this line -- this graphic that I have up here in the PowerPoint will -- okay, what did I do?

CHAIR HONORABLE: There you are.

MEMBER DAUGHERTY: Okay, where's the pointer thing? Okay.

CHAIR HONORABLE: You'll just have to describe it, there.

MEMBER DAUGHERTY: This is a government issue -- Yes, the box in red. What the -- I knew that we weren't going to have one to imagine, okay? Imagine I'm pointing at the box in red.

So what this depicts -- oh, thank you. Thank you. So I'll move my hand and you move the cursor.

So what we're talking about is this particular area here of the entire system. Now PHMSA has regulatory authority on some of the lines upstream of here. The lines

that go through this area, the plant area, down through compressor stations and downstream and then, of course, our State partners often take up -- great, thank you. You know, this is the last time I'll need this, right, yes, free gifts.

So this area right here is the one we're looking at, and Rachel, I will pass this on to you here in just a second.

So these plants can do a variety of things. You can have -- let's say you have natural gas coming into the line. It could have contaminates, it could have H2S, it could have water. So these plants serve a variety of purposes. Different units do different things.

And so you'll have a stream coming in. It will be processed in some way and then outgoing, you will have a type of stream.

So for example, if, and this is very simplistic, me on paint, okay, so if this is a fence line, imagine this black box is a

fence line and let's say you have a pipeline that brings in gas from an upstream source.

This represents a valve and then this is some type of processing facility. It could be a processing unit, it could be dehy, it could be contaminant removal, it could be anything else.

Then you have a flow that comes out of the unit that goes through another valve and then has a downstream natural gas pipeline.

You may also have some of that gas that goes up here into storage. So what we have traditionally considered PHMSA jurisdiction, what we would inspect would be all the lines in black. The line coming in, the line going out, the line going into storage, including storage. I should have made that storage outline black.

And then, of course, this represents just another line that comes into storage and out of storage without processing.

We had also considered OSHA's regulatory authority to be the unit itself. So we have a split of authority where you could have one -- you could have two different jurisdictions, two different regulatory agencies covering different parts of a facility inside this fence.

Now, we don't stop at fence lines. OSHA doesn't stop at fence lines but we do believe that we need to have not overlapping, but safety authority that butts up against each other. We're not interested in duplicating activities.

Here's another example, very similar where you're splitting a gas flow. You have a gas flow that comes in, you drop out to liquids. You have natural gas coming out and this would be -- this would fall under our hazardous liquid regulations. This would fall under our natural gas regulations.

This example is simply meant to show a situation which you have multiple

processing. Maybe you have water removal and contaminate removal or, you know, there's a variety of different things that you could have occurring here.

And, you know, this is very, very simplistic. Rachel here in a minute is going to show you some much more detailed schematics and go through this.

Our current policy is that we believe we should have no gaps between PHMSA and OSHA but no overlaps. We don't, you know, we don't really think it's a good idea to waste resources. We want to make sure though that everything is covered appropriately.

We haven't changed our policy in recent years. We have had inspections of these facilities for years but it has recently come up as, you know, some question or concern if we are changing what we're doing.

One thing I want to be very clear on, we have no interest in regulating processing units. That's not our area of

expertise. We do not have good regulations for dehy units or for, you know, the H2S treatment. We do not have that expertise, OSHA does.

And so we think it is very critical that OSHA have authority over those units. We do, however, have expertise on the pipeline and on the storage and that's the area that we believe that we should continue regulating.

Now, we've had some discussions with OSHA and I believe our OSHA folks may say, hey wait a minute, you know, once we get into the details we may have differences but in general, I believe we're pretty much aligned on those previous simple schematics.

And another note is we don't stop at fence lines. We don't end our authority just because there is a, you know, a wood fence there. You know, it goes into the valve.

And by the way, I should have

mentioned on that schematic real quick, one last point and then I think I'll turn it over to Rachel.

These valves here represent the last valve closest to the unit. In other words, you may have a big manifold sitting here. You know, we would regulate most of the manifold but then we would stop at that last valve before the processing unit and OSHA would take over so we would have most of the piping pretty much.

And simply put, we think there's a need for a working group because we need to understand -- better understand the concerns of the midstream companies. We've had a group come to us and say hey, you know, we're worried about this especially with the advent of these shales. So we expect there could be a lot more of these facilities and so we need to get this ironed out now before we have a much larger issue.

You know, there may be some things

that we don't recognize that are actual issues for the companies. And so we want to make sure we move forward smoothly.

Now, I'm going to turn it over to Rachel. That's the forward and this is the pointer.

MEMBER GIESBER-CLINGMAN: Do I need to point?

Thank you. I wanted to first thank Jeff for his attention to the issue although I do not thank Jeff for promising you all early adjournment, although I will not be long. And also to Linda for her courtesy thus far and agreeing to work with us.

As Linda said, the issue is as it relates to midstream facilities.

My name is Rachel Clingman; I'm a lawyer from Houston and I'm here representing a working group titled the Working Group for Midstream Facility Safety. Our members are major public companies in the natural gas liquids business.

We have DCP Midstream Enterprise Products, Targa and others. Together, the members of the group operate more than 150,000 miles of pipeline, much of which is PHMSA regulated, some of which is not, and about 170 midstream facilities are represented by our members.

We have had discussions with other industry groups, AOPL, GPA, TPA. Some of their members have similar concerns and interests and overall, we're supportive of the proposal that Jeff is making that there be a working group to get a little more clarity to the issue. And I can expand a bit.

As many of you are aware, there are many different activities at midstream facilities and processing is one. There are also fractionation facilities, storage, terminaling and these can be combined in a number of different configurations and different methods.

Here is the more detailed

schematic promised to you by Linda. But essentially in the past, it is our perspective that the lines shown in red have been regulated by PHMSA and are in DOT jurisdictional grounds.

The valves indicated around the -- you can see the dotted line being the fence line, and we agree the fence line per se means nothing. But if you see the valves closest to the fence line, it is our perspective that PHMSA jurisdiction has generally stopped at that first pressure regulator device, not proceeded beyond that into in-plant piping and operations.

The area I think that we're talking about is this. Well, here we go, purple, it's going to turn purple. So the purple now indicating, let me hit it again, blue, purple. The purple indicating what we are concerned represents potential overlap.

We are very much in agreement that overlapping regulation, potentially

inconsistent overlapping regulations, serve no purpose. I think we're in agreement.

We're in agreement that there should not be gaps. Green, by the way is State regulation in this diagram. The question is where are those lines drawn, what valves and what pipe is included? And it's not an easy issue.

This schematic is not meant to depict any particular facility. In fact, I don't know of a single facility that is configured exactly like this. But this was just designed to illustrate the issue.

Let me take you through very briefly some photographs as well, borrowing from our friends at Google Earth.

This is a large NGL fractionation facility that we would consider to be a midstream facility. It has numerous aspects. There is a truck terminal. I think actually that's -- there we go -- fractionation towers and a truck terminal and also a railcar

terminal all within the facility. And again, looking at the fractionation towers.

Many facilities will not have fractionation. They will be more, as Linda mentioned, more processing. Again, the truck and the rail.

Here is another large NGL fractionation facility with a very different configuration and this one, as you see over on the left, has a barge terminal operation. It's the first time I've actually seen them pop out, so I'm seeing that with you for the first time.

Here is a medium-sized NGL facility. Very different configuration, different menu of operations going on here. And here also is one that has a little bit of above ground but a good bit of underground storage in addition to a separation facility.

Next I have a couple closeups of a midstream facility and I think this is the heart of the confusion and the issue that we

bring to your committee's attention and have brought to PHMSA's attention. It shows in greater detail a number of manifolds and valves and particularly pipe of different sizing and for different functions. This pipe functions at different pressures. It is inspected in different ways. The record keeping differs.

So that is the area in which we're concerned not of regulation but of clarity and the ability to comply with one set of consistent regulations throughout the facility and in and out of the 195 pipe.

This is just another shot of the inside in-plant, what we would call in-plant or inside the fence piping and valves and manifolds.

So as was presented, PHMSA has inspected some of these midstream facilities, fractionation and storage and notified some operators of potential violations based on Part 195. We saw that as a fairly recent

development that these would be inspected under Part 195 as opposed to in OSHA. So we saw a shift from blue to purple, so to speak.

There is a lawsuit on file in the D.C. Circuit Court of Appeals between one operator and PHMSA and that is currently on stay pending PHMSA administrative action. We think that is a very good time for the industry and the regulator to talk together and see if we cannot, in an amicable way, agree on where the boundaries are and how the different elements here should be regulated.

We do believe that the current regulatory program is robust and effective but overall, and critically, we are committed to safe operations of these midstream facilities and we want a regulatory scheme that we think most promotes continued safe operations.

Clearly, we agree we should avoid overlapping regulation and undue regulatory resources, quite honestly, and inspecting things that might be inspected by another

agency.

And our bottom line, as we just wanted to consider more and understand what are the regulator concerns? Are there gaps? Are there things that have been inadequately enforced or regulated? And also then to enhance the understanding of this group and the PHMSA regulators about the variety of midstream facilities and what regulations might be best suited "inside the fence" or beyond that first pressure regulator.

And so with that, Jeff, I'll hand it back to you but also with our request on behalf of the seven companies in our working group that this committee endorse forming a working group to study this in a little more detail.

CHAIR HONORABLE: Thank you, Rachel. Very well done to both you and Linda.

UNKNOWN: She got the whiz-bang.

CHAIR HONORABLE: Yes. Yes, she upstaged you on the technological advances.

All right, so with that, we'll hear questions, comments from the committee and I see Michele jumping right in.

MEMBER JOY: Thanks. I was wanting to ask Rachel a question. Before you leave, on your slide pack going back to where it goes blue to purple, I saw some portions turn from blue to purple that seemed inconsistent with what Linda was saying. So I was wondering if we could go back to that so that I could get clarity as to where we think the break might be.

MEMBER GIESBER-CLINGMAN: I would go back but I think I might be able to speak for both of us in that we don't have clarity. So I think our perception and possibly Linda's perception and possibly different people in industry and different people on the regulator would draw that line differently today. I don't think there is clarity. And I think there probably is some delta between the earlier presentation and this, thus the

problem.

MEMBER JOY: And sorry, I forgot to identify myself. Michele Joy, on the liquid pipeline side. Sorry.

Because you note here that the dehy unit turns purple, but Linda said that any processing facility you didn't think would be part of PHMSA? I'm just trying to get clarity on those issues.

MEMBER DAUGHERTY: Right. And we would not take any processing unit. We would take the piping, the storage, things outside of the units. The processing units would belong to OSHA under, and I believe they use PSM for that.

So, that's the issue that we're trying to work out is where do we butt up to OSHA? Where there's a perception we overlay or where we stop at different valves. So that's the issue and we need to have a workgroup to just talk it through and to look at the different complexities and come to

agreement.

MEMBER GIESBER-CLINGMAN: I do think you're right, though, that under both of our interpretations that particular unit should be in blue. I think that's right.

MEMBER JOY: Okay. That helps. Thank you.

The other question I had as we go forward with this idea of the working group because if you want to have a working group, it seems to me you need clarity of the foundation of what they are working on and what the scope is.

And there's kind of been two different approaches with respect to overlapping jurisdiction or potentially overlapping jurisdiction.

One is to clearly get clarity around, up to this point, is Agency A after that point, is Agency B and, obviously, everyone's trying to get to the proper level of safety and if that works out, great.

The other alternative that has worked as well is everybody wants the proper level of safety. So if Agency A and Agency B agree as to what is the right level of safety, then the industry doesn't have to try to worry about doing two different standards.

Are either questions open with respect to the workshop or is there just such a big difference in terms of the regulations that we're really looking at a breakpoint?

MEMBER DAUGHERTY: I think we are going to have to take the first step first which is to assure we have clarity on what the points of confusion are.

It may be we all sit down in a room, we put our schematics out and we all say, oh, I well I didn't know that's what you meant. Okay, we're all clear, we're good and we move forward.

On the other hand, if we determine that there are gaps or there are clear overlaps, if there's gaps, maybe it's a

regulatory issue. If there's overlaps, it's possible that OSHA and PHMSA could come to an agreement. I mean, there's several mechanisms to address how we make sure that the safety issues are being addressed without double-dipping.

MEMBER JOY: Okay, thank you, that's helpful. Thank you.

CHAIR HONORABLE: Thank you. And Michele, I think your question bears out maybe the reason why there should be a working group, certainly without my opining on that topic.

And I see Craig's tent card and then Chad.

MEMBER PIERSON: Craig Pierson, liquids. I'm comforted to see that there's a philosophy of no overlaps. I wonder if the other agencies share that? We're the operator of one facility and EPA also is a safety regulator at the facility that we've got. So we have three federal agencies there and I

suspect if you're really going to solve the problem, folks have to actually go there and point and say this is mine, this is yours and agree to no overlaps.

I also state that you've got a very similar issue in refineries. We operate in the refineries and there is -- there are some significant overlaps and I suspect in general there are more overlaps than gaps.

CHAIR HONORABLE: Thank you. Chad?

MEMBER ZAMARIN: Chad Zamarin with the Gas Committee. I should probably know this but, things like the dehydration facilities, there are gas conditioners and liquid separators that just natural gas facilities, transmission facilities, storage facilities, compressor stations, I mean, PHMSA currently inspects and has jurisdiction over those facilities. Is that correct?

MEMBER DAUGHERTY: Yes.

MEMBER ZAMARIN: Okay. I think

what I really do support, Jeff didn't have to twist my arm too far, I do really support this effort. It seems like a question not, I think somewhat of maybe expertise but more just a jurisdictional kind of boundaries and defining what is or isn't a midstream facility, what is or isn't a processing facility and part of a processing facility. I'm looking forward to figuring that out myself. So, certainly good presentation. Thanks.

CHAIR HONORABLE: Thank you, Chad. Jeff?

MEMBER WIESE: I guess I probably should have waited to see if there are any of the other committee members who wanted to talk.

But, first of all, I'd like to thank Rachel and I'd like to thank the Midstream Working Group. I would say in our fairly long experience, there are a couple of ways of working out these kinds of rubs when you get to them and one of them is through a

lot of protracted litigation, which I don't think is a good use of anyone's time, effort or money.

Not to say that we'll always agree on things, but we're not entirely sure where we agree and where we disagree, which is why we thought rather than get into this prolonged period of litigation, why don't we at least give it a shot of getting in a room and let people talk. Let's figure out where we do agree.

We had debated going larger but I think that OSHA and we agreed that, you know, we're fairly well aligned on issues and I think when we get in a room with the midstream folks, I'm very optimistic this will have a positive outcome for all sides.

But we won't know until we start talking and we start comparing things. So I guess I want to, again, I want to thank folks because I think it's the right way of doing business. There's no point in -- we don't

have enough resources, as Rick always points out to me, you know, and I agree entirely, to take on everyone.

We need to focus on the things that are at greatest risk, but let us not fight in order to get to the answer. We'll try to find a way.

And we're not shy so I think as you'll find in a working group, we're not shy about expressing our opinion. But I think let's find out where the rub really is before we, you know, have to take off the eight ounce gloves or something.

So, I guess seeing no, although there are, okay so --

MEMBER HILL: I'd like to make a motion that we do allow Ms. Honorable to set up the workshop per your standards.

CHAIR HONORABLE: Very good and that's Robert Hill for the record --

MEMBER HILL: Yes, I'm sorry.

CHAIR HONORABLE: -- making the

motion. Is there a second?

Chad Zamarin is the second.

Is there any discussion of this motion to set up a working group?

MEMBER WIESE: I might just for clarity, so and it may be patently obvious to everyone, but just to be sure, what we're asking for is just a motion of support. This isn't -- you know, I'm just looking for an indication that you think that's the right path to follow.

We've already done the work behind the scenes to get all the participants to the table including OSHA, you know, including the members who we didn't have to twist their arm too hard and they were willing to participate.

So, although Craig's always going to want it to go a little further than where it's going, but our goal is to set up a working group. Let them do their work and by the time we meet again in person, have them report out to you. Okay, so that's enough.

CHAIR HONORABLE: Okay. So I think you've covered Craig's territory, but go ahead Craig.

MEMBER PIERSON: You answered the question. It is a subcommittee as opposed to a workshop.

MEMBER WIESE: Subcommittee.

MEMBER PIERSON: And subcommittee will report back to this committee.

CHAIR HONORABLE: Yes.

MEMBER PIERSON: Then I make a motion to support that.

CHAIR HONORABLE: All right, we have a motion and a second and so is there any discussion? This is just a motion to support this effort.

And so is it all right to call for a voice vote or should we have a vote? Voice vote? Very good.

All those in support of the formation of this subcommittee, and I think I -- okay, very good. Chuck?

MEMBER LESNIAK: Chuck Lesniak, Liquids Committee. Are we -- do the Liquids Committee get a vote on this? Do we have a quorum? I'm not sure we've got a quorum with the Liquids Committee here.

MEMBER WIESE: I know we have a quorum on the gas side.

MEMBER LESNIAK: I know we do on the gas but, I was counting heads and I'm not sure we've got a quorum.

CHAIR HONORABLE: Both committees.

MEMBER WIESE: I guess that is a technicality, but you're probably right. But since we're asking both committees here and it's not really a vote, per se. I'm just, you know, I'm really looking for more of a --

CHAIR HONORABLE: It's an expression of support.

MEMBER WIESE: -- verbal -- if anyone's opposed, you know, I'm happy to hear why. I think it's a generally a good idea, it's not going any further than it comes back

to the committee. So --

CHAIR HONORABLE: Thank you, Chuck.

MEMBER WIESE: Yes, and I should say I'll offer too, we have been pre-populating a working group with the hopes that you would approve it and we'll send a communique out to the full committee and say who the formal members are going to be.

But I wanted you to know that you would have one from each committee who would be charged with kind of overlooking the process and keeping Linda and Rachel in line.

CHAIR HONORABLE: And I think that you referenced Craig Pierson and Chad Zamarin?

MEMBER WIESE: Chad Zamarin and Todd Denton.

CHAIR HONORABLE: Todd Denton. Pardon me.

MEMBER WIESE: Oh, Craig is ready to volunteer, too.

CHAIR HONORABLE: Sorry, Craig.

MEMBER WIESE: Only if we take on refineries.

CHAIR HONORABLE: Okay. And so for that purpose it would be appropriate to gain an expression of support for the subcommittee from both committees.

So with that, we have a motion and a second. Is there any other unreadiness, questions, discussion?

Okay, all of those in favor, please say, aye. Any opposed or abstaining?

All right. So you have your expression of support.

MEMBER WIESE: Thank you.

CHAIR HONORABLE: And I believe that we've heard that we look forward to a report from this subcommittee at our next meeting.

MEMBER WIESE: Absolutely.

CHAIR HONORABLE: Very good. Thank you both, Linda, Rachel and in advance, Chad and Todd, in absentia.

This is what happens when you don't make it or when you leave early to go on The Hill, you get appointed to a committee.

And with that, I'm going to turn it over to Jeff.

MEMBER WIESE: Okay, thank you so much, Commissioner. I appreciate very much your time and attention. We are, I know Michele will have something in a second. And I'll just finish my administrative things unless it's a matter of order?

Okay, why don't we defer to Michele?

MEMBER JOY: I just had a question. We didn't ask for any comments from the public on this last one. Did we need to?

MEMBER WIESE: No.

MEMBER JOY: Okay.

CHAIR HONORABLE: We can take it up at our next -- when we hear the presentation from the subcommittee.

MEMBER JOY: Okay, thank you.

CHAIR HONORABLE: Thank you.

MEMBER WIESE: As a technical matter, we always ask for public comment on a vote. On a, you know, a normal briefing type things, time permitting, great. This really isn't going anywhere short of the group standing off.

So I think there'll be a lot of opportunity for people to weigh in. We want to sort things out first and make a really clear presentation back to the committee.

CHAIR HONORABLE: Sort of, I would imagine, to get the lay of the land, if you will, and the parties to engage and to come back with a report of where we are and where we're headed. So we look forward to that.

And I too would like to commend both PHMSA and OSHA for being willing to work together in this manner. I'm looking forward to the work that will evolve.

All right.

MEMBER WIESE: Okay, just a few

closing comments, just more housekeeping more than anything is that I, and Cam can correct me where I leave stuff out here.

I wanted to make clear that as opposed to the SMS workshop, which will be on Thursday and starts at 8:00 a.m., because we assumed it was mostly pipeline engineers, all right, and they're sitting around for an hour wondering what they're going to do from 7:00 until 8:00 in the morning.

The meeting tomorrow, the Advisory Committee starts at 9:00 indifference to those of you who are not pipeline engineers.

So tomorrow I'm really looking forward to it because we wanted you, the members of the committee in particular, to understand the breadth of things that are going on as it relates to pipeline safety.

Administrator Quarterman's going to be here and kick it off and then she has to leave pretty quickly afterwards to go to The Hill and testify on crude oil movement by

rail, one of her favorite topics these days, as I'm sure you bet.

But we're going -- we've set it up on purpose so that you'll hear from each of the major stakeholder groups about what their priorities and initiatives are for 2014. So I doubt there will be some overlap in this stuff, but I think you'll get a sense of the magnitude of the things that are going on in pipeline safety, a lot of which relate to mandates and recommendations, as you can imagine.

We'll then have a lunch and Alan is going to come back along with Cam and give you some real quick updates on the mandates, recommendations.

Cam's going to tell you what he can tell you about the regulatory agenda.

And then the next two sessions are really kind of a warm-up for those of you who are going to stick around Thursday or watch the webcast.

We have been working on metrics for well over a decade. Michele might even remember the earlier days, I know Andy does and others where when we said about integrity management, we said about performance measures immediately. There's probably more available to people than they're aware of and that's partially our fault. Alan and Linda and others will describe for you what we're doing to fix that issue.

But I think that's very much related to safety management systems and the whole issue of management review.

The second item, and I'm really happy to see that we have Jordan Barab who's the Deputy Assistant Secretary for Labor coming over. He is a Deputy at OSHA and he's going to talk to us about their experience with safety management systems, PSM, which many of you are familiar with and they have put out a notice for improvements they'd like to make to PSM so we've invited them to talk

to us about that.

He'll be joined by Brian Salerno who's the Director for the Bureau of Safety and Environmental Enforcement, the parts of the former MMS, so all the off-shore on gas, they obviously have a lot of experience after -- well both before and after Deepwater Horizon on safety management systems.

And then last but not least, we've invited Patrick Smyth who runs a significant portion of the Canadian National Energy Board to talk to us about SMS.

So I'll close by saying that the point of the last two presentations of the day is really to set you up for the discussion the next day about safety management systems.

I'd like to encourage all of you as well as the public to either dial in for the webcast, you can get to it from PHMSA's front page or to attend.

We're heading, Massoud mentioned, in 2.0, you know, and many of us have talked

about what might that contain? What might it look like? And I think it's an open question to be asked, how does the work that Ron McClain and the committee, RP1173 Committee, how does that play in to this scenario?

So I'd really like to encourage you to. We've put a lot of time and effort into both a draft standard we'll be handing out at the end of that workshop as well as the workshop itself.

So I think that's really it. I'm happy to entertain any questions, but if not, I will also be happy to adjourn a tad early.

CHAIR HONORABLE: I don't think you'll hear any objections on that point. But I guess I would remind us all, we will begin in the morning at 9:00 a.m.

MEMBER WIESE: 9:00 a.m., same place.

CHAIR HONORABLE: Thank you. I think Sue is asking should we leave our name tags? Feel free to do so and you can pick it

back up in the morning.

MEMBER WIESE: Yes, I think they'll clean under it.

CHAIR HONORABLE: Thank you. So

MEMBER WIESE: Great, okay, we're adjourned.

CHAIR HONORABLE: -- we're adjourned for the day.

MEMBER WIESE: Thanks so much for your time, very much. Thank you.

(Whereupon, the foregoing matter went off the record at 3:58 p.m.)

J

C E R T I F I C A T E

This is to certify that the foregoing transcript

In the matter of: Joint Meeting

Before: DOT

Date: 02-25-2014

Place: Arlington, Virginia

was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings.

Neal R. Gross

Court Reporter