

**RAILROAD COMMISSION OF TEXAS  
GAS SERVICES DIVISION**

**GAS UTILITIES  
INFORMATION BULLETIN**

**No. 704**



**RAILROAD COMMISSION  
OF TEXAS**

**Michael L. Williams, Chairman  
Charles R. Matthews, Commissioner  
Tony Garza, Commissioner**

**Steve Pitner  
Director  
Gas Services Division**

**July 25, 2002**

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
SECTION 1 - NEW APPEALS AND APPLICATIONS FILED .....	2
SECTION 2 - APPEALS AND APPLICATIONS SET FOR HEARING .....	2
SECTION 3 - STATUS OF PENDING CASES .....	2
SECTION 4 - NOTICES OF DISMISSAL .....	2
SECTION 5 - ORDERS OF THE COMMISSION .....	2
SECTION 6 - MISCELLANEOUS .....	2-19

**SECTION 1  
NEW APPEALS AND APPLICATIONS FILED**

**DOCKET NO.** -- 9313  
**CAPTION** -- Petition for review of TXU Gas Distribution from the actions of the cities of Arlington, et al.  
**DATE FILED** -- 07/15/2002  
**FILED BY** -- John E. Moeller, Jr.  
**EXAMINER** --

**SECTION 2  
APPEALS AND APPLICATIONS SET FOR HEARING OR PREHEARING CONFERENCE**

None at this time.

**SECTION 3  
STATUS OF PENDING CASES**

**DOCKET NO.** -- 9305  
**CAPTION** -- Application of Duke Energy Texas Intrastate PL LLC for review of the purchase of a natural gas pipeline system known as the Willamar Facility from Kinder Morgan Texas Pipeline, L.P.  
**STATUS** -- Closed  
**EXAMINER** -- Zuleida Cruz

**DOCKET NO.** -- 9306  
**CAPTION** -- Application of Kinder Morgan Texas Pipeline, L.P. for review of the sale of a natural gas pipeline system known as the Willamar Facility to Kinder Morgan Texas Pipeline, L.P.  
**STATUS** -- Closed  
**EXAMINER** -- Zuleida Cruz

**SECTION 4  
NOTICES OF DISMISSAL**

None at this time.

**SECTION 5  
ORDERS OF THE COMMISSION**

None at this time.

**SECTION 6  
MISCELLANEOUS**

**STEVE PITNER, GAS SERVICES DIVISION DIRECTOR**

**1. OFFICE OF THE DIRECTOR**

**A. Publications**

1. Texas Utilities Code Titles 3 and 4. Special Rules of Practice and Procedure and Substantive Rules - \$15.00
2. a. Annual Report for Fiscal Year 2001 – Now available via the Commission’s website at:

<http://www.rrc.state.tx.us/divisions/gs/tablecontents01.html>

- a. Annual Report for Fiscal Year 2000 - \$17.00 (includes statistical data for 1999)
  - b. Annual Report for Fiscal Year 1999 - \$9.00 (includes statistical data for 1998)
  - c. Annual Report for Fiscal Year 1998 - \$7.00 (includes statistical data for 1997)
3. **2002 Pipeline Safety Rules - \$13.00, includes: 49 CFR 191 & 192 and 16 TAC Sections 7.70-7.74 (gas) 49 CFR 193 (LNG); 49 CFR 195 and 16 TAC Sections 7.80-7.87 (hazardous liquids); 49 CFR 40 and 199 (drug testing).**
  4. Distribution and/or Gas Transmission Review forms for Adequacy of Operation, Maintenance and Emergency Manual - To obtain a copy of review forms at no charge, send a request with a self addressed envelope (10" x 13" preferably) with \$0.98 postage.
  5. Six MCF Monthly Residential Gas Bill Analysis for Twenty-five Texas Cities - \$2.00 – Now available via the Commission's website at: <http://www.rrc.state.tx.us/divisions/gas/rap/sixmcf.html>

Anyone who wishes to obtain a copy of any of the publications or maps listed in Section A should contact the Gas Services Division, P. O. Box 12967, Austin, Texas 78711-2967, (512) 463-7167.

**B. Interest Rate on Customer Deposits**

We have been advised by the Public Utility Commission that the interest rate to be applied to customer deposits in calendar year 2002 is 6.00%. All gas utilities should use this rate.

**2. PIPELINE SAFETY SECTION**

A. Austin Headquarters - William B. Travis Building  
1701 North Congress, (78701)  
PO Box 12967  
Austin, Texas 78711-2967 Telephone (512) 463-7058

Mary L. McDaniel, P.E., Assistant Director  
William (Bill) Dase, Jr., P.E., Engineer  
Terry Pardo, P.E., Engineer  
K. David Born, Field Operations Manager  
Lee Thying, P.E., Engineer  
Maurice Curd, Program Administrator

Amarillo Region 1 - 7102 IH-40 West, Bldg. C., Amarillo, Texas 79106 Telephone (806) 468-7486

Alan Mann, Engineering Specialist

Midland Region 2 - Petroleum Building, 214 West Texas, Suite 803, Midland, Texas 79701 Telephone (915) 570-5884

Glenn Taylor, Area Supervisor (Midland/Amarillo)  
Larry Felio, P.E., Engineer  
Keith Smith, Engineering Specialist  
Tim Murray, Engineering Specialist (Abilene)

Kilgore Region 3 - 619 Henderson Boulevard, Kilgore, Texas 75662 Telephone (903) 984-8581

Bob Oldham, Engineering Specialist  
James Alexander, Engineering Specialist  
Jerry Hill, Engineering Specialist

Austin Region 4 - 1701 North Congress, P. O. Box 12967, Austin, Texas 78711 Telephone (512) 463-7050

Kendall Smith, Area Supervisor  
Johnny Burgess, Engineering Specialist  
Mark Arguelles, Program Administrator

Houston Region 5 -1706 Seamist Drive, Ste 501, Houston, Texas 77008-3135 Telephone (713) 869-8425

Danny Nichols, Area Supervisor  
Jerry Hoff, Engineering Specialist  
Jim Arnold, Engineering Specialist  
Randy Vaughn, Engineering Specialist  
Gregory Johnson, Engineering Specialist  
Frank Henderson, Engineering Specialist  
John Jewett, Engineering Assistant

Dallas Region 6 -1546 Rowlett Rd., Suite 107, Garland, Texas 75043 Telephone (972) 240-5757

Jody Kerl, P.E., Area Supervisor (Dallas/Kilgore)  
M. Kathryn Williams-Guzman, Engineering Specialist  
San Sein, Engineering Specialist  
Terry Sullivan, Engineering Assistant

Corpus Christi Region 7 -10320 IH-37, P.O. Box 10307, Corpus Christi, Texas 78460-0307 Telephone (361) 242-3117

Don Gault, Area Supervisor  
Steven Rios, Engineering Specialist  
Jesse Cantu, Jr., Engineering Specialist  
Ronda Lauderman, Engineering Assistant

#### **B. Monthly Summary (June)**

No. of distribution safety evaluations – 70  
No. of transmission safety evaluations - 30  
No. of liquid safety evaluations - 8  
No. of leak/calls - 52  
No. of accident investigations - 2  
No. of special investigations - 23

#### **C. Reporting of Pipeline Accidents**

##### 1) NATURAL GAS

Accidents on intrastate gas systems involving \$5,000 property damage, a fatality or injuries, gas ignition, or that are judged significant must be reported by telephone within two hours, and the written report filed within thirty (30) days. Call the 24-hour emergency phone number (512)463-6788 to report an accident. For your convenience this priority phone line is used only to report emergencies.

##### 2) HAZARDOUS LIQUIDS

Accidents on intrastate hazardous liquid pipelines reportable under 49 CFR Sections 195.50 and 195.52 and 16 TAC Section 7.84(a) must be reported by telephone within two hours and the required written report filed within thirty (30) days. Call the 24-hour emergency phone number (512)463-6788 to report an accident. For your convenience this priority phone line is used only to report emergencies.

#### **Rules and Regulations:**

[Federal Register: July 8, 2002 (Volume 67, Number 130)]  
[Notices]  
[Page 45183-45184]  
From the Federal Register Online via GPO Access [wais.access.gpo.gov]  
[DOCID:fr08jy02-133]

DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

[Docket No. RSPA-2002-11270, Notice No. 02-6]

Safety Advisory: Unauthorized Marking of Compressed Gas Cylinders

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

ACTION: Safety advisory notice.

**SUMMARY:** This is to notify the public that the Department of Transportation is investigating the unauthorized marking of high- and low-pressure compressed gas cylinders, primarily fire extinguishers and self-contained breathing apparatuses, by Tech Fire and Safety, Inc. (Tech Fire). Tech Fire is located at 514 4th Street, Watervliet, NY 12189. In 2000, Research and Special Programs Administration (RSPA) conducted an investigation and evaluation of Tech Fire's DOT specification and exemption cylinder retesting procedures and determined that Tech Fire was not fit to conduct such retests. Consequently, RSPA terminated Tech Fire's approval to test DOT specification and exemption cylinders on October 2, 2001. RSPA subsequently received information that Tech Fire had continued to retest and mark DOT specification cylinders as properly tested in accordance with the Hazardous Materials Regulations (HMR) after its approval to retest had been revoked.

A hydrostatic retest and visual inspection, conducted as prescribed in the HMR, are used to verify the structural integrity of a cylinder. If the hydrostatic retest and visual inspection are not performed in accordance with the HMR, a cylinder with compromised structural integrity may be returned to service when it should be condemned. Extensive property damage, serious personal injury, or death could result from rupture of a cylinder. Cylinders not retested in accordance with the HMR may not be charged or filled with compressed gas or other hazardous material and offered for transportation in commerce. Only DOT-approved facilities are authorized to perform cylinder hydrostatic retesting.

**FOR FURTHER INFORMATION CONTACT:** Chris Michalski, Hazardous Materials Enforcement Specialist, Eastern Region, Office of Hazardous Materials Enforcement, Research and Special Programs Administration, U.S. Department of Transportation, 820 Bear Tavern Road, Suite 306, W. Trenton, NJ 08034. Telephone: (609) 989-2256, Fax: (609) 989-2277.

**SUPPLEMENTARY INFORMATION:** Through its previous investigations of Tech Fire, RSPA determined that Tech Fire demonstrated a history of non-compliance with the HMR and of improper retesting of cylinders. Based on this non-compliance, RSPA terminated Tech Fire's approval to retest DOT specification and exemption cylinders on October 2, 2001.

Subsequently, RSPA was notified that Tech Fire had continued to represent cylinders as being properly retested in accordance with the HMR after its approval to conduct such retests was no longer valid. The purpose of this safety advisory is to notify the public that Tech Fire is not authorized to retest DOT specification or exemption cylinders. Anyone who has a cylinder serviced by Tech Fire after October 2, 2001, should consider the cylinder unsafe and not fill it with a hazardous material unless the cylinder is first properly retested by a DOT-authorized retest facility.

Cylinders described in this safety advisory that are filled with an atmospheric gas should be vented or otherwise safely discharged. Cylinders that are filled with a material other than an atmospheric gas should not be vented, but instead should be safely discharged. Upon discharge, the cylinders should be taken to a DOT-authorized cylinder retest facility for proper retest to determine compliance with the HMR

and to ensure their suitability for continuing service. The inspector can provide a list of authorized retest facilities in your area, or you

may obtain the list at the following Web site: <http://hazmat.dot.gov>. Under no circumstances should a cylinder described in this safety advisory be filled, refilled or used for its intended purpose until it is reinspected and

[[Page 45184]]

retested by a DOT-authorized retest facility.

Tech Fire's Retester Identification Number (RIN) was B753. The cylinders in question are stamped or labeled with RIN B753 in the following pattern:

B7

M Y

35

M is the month of retest (e.g., 10), and Y is the year of the retest (e.g., 01).

RSPA requests that any person possessing a cylinder described in this safety advisory telephone or provide a facsimile to Inspector Michalski with the following information for each cylinder: (1) The cylinder manufacturer's name, (2) the serial number of the cylinder, (3) the DOT specification or exemption information for the cylinder, and (4) the month and year of the last marked retest by Tech Fire.

Issued in Washington, D.C. on July 2, 2002.

Robert A. McGuire,

Associate Administrator for Hazardous Materials Safety.

[FR Doc. 02-16999 Filed 7-5-02; 8:45 am]

BILLING CODE 4910-60-P

[Federal Register: July 17, 2002 (Volume 67, Number 137)]  
[Rules and Regulations]  
[Page 46911]  
From the Federal Register Online via GPO Access [wais.access.gpo.gov]  
[DOCID:fr17jy02-28]

---

---

DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

49 CFR Part 195

[Docket No. RSPA-97-2762; Amdt. 195-76]  
RIN 2137-AD24

Pipeline Safety: Pipeline Integrity Management in High  
Consequence Areas (Hazardous Liquid Operators With Less Than 500 Miles  
of Pipelines)

AGENCY: Research and Special Programs Administration (RSPA), U.S.  
Department of Transportation (DOT).

ACTION: Final rule; correction.

---

SUMMARY: In the Federal Register of January 16, 2002, (67 FR 2136) we published a Final Rule extending the regulations on managing the integrity of hazardous liquid and carbon dioxide pipelines that affect high consequence areas to operators with less than 500 miles of regulated pipelines. Inadvertently, the date after which prior integrity assessments may qualify for use was incorrectly stated. This document corrects that error.

DATES: This correction takes effect February 15, 2002.

FOR FURTHER INFORMATION CONTACT: L. M. Furrow by phone at 202-366-4559, by fax at 202-366-4566, by mail at U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, or by E-mail at buck.furrow@rspa.dot.gov.

SUPPLEMENTARY INFORMATION: We published a Final Rule document in the Federal Register of January 16, 2002, (67 FR 2136), extending the regulations on managing the integrity of hazardous liquid and carbon dioxide pipelines that affect high consequence areas to operators with less than 500 miles of regulated pipelines. In Sec. 195.452(d)(2), the date after which prior assessments may qualify for use was incorrectly published as December 18, 2006. The correct date is February 15, 1997.

In FR Doc. 01-31655, published January 16, 2002, (67 FR 2136), make the following correction: On page 2144, correct the table in the second column by removing the date "December 18, 2006" and adding "February 15, 1997", in its place.

Issued in Washington, D.C. on July 12, 2002.  
Ellen G. Engleman,  
Administrator.  
[FR Doc. 02-18033 Filed 7-16-02; 8:45 am]  
BILLING CODE 4910-60-P

[Federal Register: July 26, 2002 (Volume 67, Number 144)]  
[Proposed Rules]  
[Page 48844-48851]  
From the Federal Register Online via GPO Access [wais.access.gpo.gov]  
[DOCID:fr26jy02-30]

---

---

DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

49 CFR Part 195

[Docket No. RSPA-01-9832]  
RIN 2137-AD59

Pipeline Safety: Hazardous Liquid Pipeline Operator Annual Report  
Form

AGENCY: Office of Pipeline Safety (OPS), Research and Special Programs  
Administration, Department of Transportation.

ACTION: Notice of proposed rulemaking.

---

SUMMARY: This notice of proposed rulemaking (NPRM) would require hazardous liquid pipeline operators to submit an annual report (proposed form RSPA F7000-1.1). The report form asks for information that the Research and Special Programs Administration's (RSPA) Office of Pipeline Safety (OPS) does not currently collect, such as: breakout tank location and capacity; hazardous liquid pipeline mileage by State, diameter and decade installed. The report will be due March 15 of each year for the previous calendar year, aligning with the annual reporting schedule for natural gas pipeline operators. RSPA/OPS will use information from the report to more effectively compile national statistics on system inventory; analyze accidents; identify safety problems and potential solutions; and target inspections. The proposed form asks for information similar to information RSPA/OPS currently collects for natural gas pipelines. The proposed information collection is part of RSPA's/OPS's overall strategy for improving the quality of pipeline statistics and addresses a longstanding data gap in hazardous liquid pipeline inventory information.

DATES: Comments on this NPRM must be received on or before September 24, 2002.

ADDRESSES: You may submit written comments by mail or in person by delivering an original and two copies to the Dockets Facility, U.S. Department of Transportation, Room PL-401, 400 Seventh Street, SW., Washington, DC 20590-0001. Or, you may submit written comments to the docket electronically at the following Web address: <http://dms.dot.gov>. See the SUPPLEMENTARY INFORMATION section for additional filing information.

FOR FURTHER INFORMATION CONTACT: Roger Little by phone at (202)366-4569, by e-mail at [roger.little@rspa.dot.gov](mailto:roger.little@rspa.dot.gov), or by mail at the Office of Pipeline Safety, Room 7128, 400 7th St. SW., Washington, DC, 20590, regarding the subject matter of this notice or to access comments in the docket.

SUPPLEMENTARY INFORMATION:

Filing Information, Electronic Access, and General Program Information

The Dockets facility is open from 10 a.m. to 5 p.m., Monday through Friday, except Federal holidays. All comments should identify the docket number of this notice, RSPA-01-9832. You should submit the original and one copy. If you wish to receive confirmation of receipt of your comments, you must include a stamped, self-addressed postcard. To file written comments electronically, after logging onto <http://dms.dot.gov>, click on "Electronic Submission" and follow the instructions. You can read comments and other material in the docket at this Web address: <http://dms.dot.gov>. General information about our pipeline safety program is available at <http://ops.dot.gov>.

## Background

### RSPA Pipeline Safety Mission

RSPA/OPS's mission is to ensure the safe, reliable, and environmentally sound operation of the nation's approximately 154 thousand miles of hazardous liquid pipelines. RSPA/OPS shares responsibility for inspecting and overseeing the nation's pipelines with State pipeline safety offices. Both Federal and State regulators depend on accident reports submitted by pipeline companies to manage inspection programs and to identify trends in hazardous liquid pipeline safety. In recent years, the U.S. Congress, the National Transportation Safety Board (NTSB) and the DOT's Office of the Inspector General (OIG) have urged RSPA/OPS to improve the quality of accident data required to be submitted by hazardous liquid pipeline operators and to seek inventory information sufficient for trending the accident data. RSPA/OPS revised hazardous liquid accident reporting requirements on January 8, 2002 (67 FR 831) as part of the strategy to improve pipeline

[[Page 48845]]

accident reporting. The proposed annual report form will provide information that will allow us to characterize the hazardous liquid pipeline infrastructure by decade installed, diameter, material, percentage able to accommodate internal testing devices, percentage tested by hydrotesting or other internal inspection technology, and other criteria needed by Federal and State pipeline safety offices and other interested parties.

### Pipeline Safety Data

RSPA/OPS maintains a hazardous liquid pipeline accident database that it uses to identify safety issues and to target risk-based inspections of hazardous liquid pipeline facilities. RSPA/OPS collects hazardous liquid pipeline accident information on RSPA Form F7000-1 Accident Report--Hazardous Liquid Pipelines. This form has been in use since 1970, and has been revised twice; once in 1984 and again on January 8, 2002. The Accident Report form does not, however, collect inventory information necessary for trending the accident information or for determining the extent and type of hazardous liquid pipelines in operation in the United States.

### NTSB Recommendation

In its special investigation report PB96-917002 (January 23, 1996), the National Transportation Safety Board (NTSB) issued recommendation P-96-1 which directed RSPA/OPS to develop a comprehensive plan for the collection and use of gas and hazardous liquid pipeline accident data that details the type and extent of data to be collected, to provide RSPA/OPS with the capability to perform methodologically sound accident trend analysis and evaluations of pipeline operator performance using normalized accident data.

The process of making elements of data comparable for comparison purposes (as, for example, in finding a common denominator) is known as "normalizing" the data.

### Congressional Recommendations

Recent pipeline accidents focused attention of the regulators, Congress, the media, and the public on the need for better pipeline safety information. Congress advised RSPA/OPS to take quick action to improve the quantity, quality, and usefulness of safety information to better perform its safety mission.

### Industry Recognition of the Need for Better Information

#### Joint Industry/State/Federal Data Team

RSPA/OPS has worked jointly with an industry/State/Federal team since 1997 to examine the need for improved hazardous liquid pipeline accident data. The team determined that the best way to address accident reporting deficiencies was to adopt the accident causes proposed by the American Society of Mechanical Engineers (ASME) B31.4 committee and to collect the inventory information needed to normalize the data. The team determined that the American Petroleum Institute (API) could develop and collect additional hazardous liquid pipeline data using a voluntary reporting system. API developed the data collection scheme in a system known as the Pipeline Performance Tracking Initiative (PPTI) and has been collecting information since January 1, 1999. The PPTI information collection is voluntary, and may not be sufficiently detailed for State and Federal government safety and environmental regulation purposes. Moreover, companies provide the data anonymously. RSPA/OPS and State pipeline safety offices cannot evaluate an individual company's performance unless the company identifies itself and its pipe inventory.

#### Standardization of Accident Data Across Industry

RSPA/OPS is implementing some of the recommendations of the NTSB and Congress through this rulemaking. Although RSPA/OPS has never collected inventory information from hazardous liquid pipeline operators, RSPA/OPS has been collecting this information from natural gas pipeline operators since the 1970s. In a 1983 Federal Register notice (48 FR 13450), RSPA/OPS solicited comments on proposed revisions to certain reports, including annual reports for gas pipeline operators. In that notice, RSPA/OPS said: "[o]n the suggested annual forms, consistency of column titles will enable cross comparison of data on a larger scale and will present a workable method to facilitate analysis of possible safety problems. Therefore, in light of the size of the nationwide pipeline system and the importance of the [OPS] role in developing and enforcing an effective pipeline safety program, the annual report represents the foundation for conducting analyses of the pipeline data."

RSPA/OPS believes that this hazardous liquid annual report information collection also represents the foundation for conducting analyses of the hazardous liquid pipeline accident data. RSPA/OPS acknowledges the need for consistent pipeline information for both natural gas and hazardous liquid pipelines. The resulting information will allow RSPA/OPS to standardize pipeline safety statistics for most types of pipelines, which will make data analysis more efficient and meaningful.

RSPA/OPS utilizes the information it receives from gas transmission and distribution annual report and incident forms in many ways. For example, RSPA/OPS uses the annual report information to calculate corrosion leaks per mile, per company. This information may be used along with other information to prioritize pipeline inspections. RSPA/OPS can also track reductions in the mileage of cast iron pipe. RSPA/OPS can investigate whether the use of plastic pipe correlates to fewer accidents, especially in natural gas distribution systems.

New by-state reporting requirements for natural gas transmission annual reporting will allow us to provide State pipeline safety offices, State governors and State legislators with better information on pipeline mileage under their jurisdiction. Leak rates per mile per company can be tallied and used in evaluation of pipeline operator safety performance. This data will enable individual companies to measure the effectiveness of their safety practices. We need national data to help determine whether pipelines are more or less safe as a result of pipeline system improvements. These are just some of the benefits of receiving annual report information from natural gas pipeline companies. RSPA/OPS anticipates similar improvements in hazardous liquid safety information from use of the proposed form.

The proposed form is substantially similar to the Annual Report form for gas transmission and gathering systems, (Form RSPA F7100-2.1).

This form was updated on August 8, 2001. Similarity of forms translates into improved analytical capability for both the gas and hazardous liquid pipeline industries. RSPA/OPS proposes to name the new Hazardous Liquid Pipeline Operator Annual Report form "RSPA F7000-1.1 Hazardous Liquid Pipeline Operator Annual Report form." RSPA/OPS proposes to collect information on the form annually by March 15 for the preceding calendar year. Operators will be able to submit the form in hard copy to the RSPA/OPS Information Resources Manager, at the same address for filing hazardous liquid accident reports; or, by electronic submission on the RSPA/OPS

[[Page 48846]]

Online Data Entry System, a World-Wide-Web-based reporting system available via the RSPA/OPS Internet Home Page at <http://ops.dot.gov>.

RSPA/OPS includes the proposed hazardous liquid pipeline operator annual report form and instructions with this notice and invites comments on them.

What Information Does RSPA/OPS Propose To Collect on the Annual Report Form?

The proposed annual report form asks whether an operator's system carries crude oil, highly volatile liquid (HVL), refined petroleum product, or other hazardous liquid (i.e., anhydrous ammonia and carbon dioxide). The form also asks for total miles of pipeline in each State, in intrastate and interstate commerce; cathodically protected versus bare steel pipeline; steel pipeline by decade and diameter; electric resistance welded (ERW) pipeline by decade and weld type; and regulated and unregulated gathering lines. In addition, the form would require reporting of the percentage of systems that have been internally inspected; percentage of transmission systems in a rural area (the definition of "rural area" is in 49 CFR 195.2); information on breakout tanks; an additional report form for each state within which the system operates; and an additional report form for offshore mileage.

### Why Does RSPA/OPS Need an Annual Report Form for Hazardous Liquid Operators?

#### Normalizing the Data

RSPA/OPS will be able to use data from the annual report form to compute a leak rate per mile of pipeline and other statistics. Armed with better statistics, RSPA/OPS will be able to better understand safety trends and to focus inspection efforts. To illustrate, let's consider what is needed to compare the corrosion leak frequency of two companies. Suppose that Company A and Company B are two companies with the same number of corrosion leaks over a ten year period. From the hazardous liquid accident report we can determine the frequency (number) of leaks that occur as a result of corrosion. Suppose that both Company A and Company B reported 25 corrosion leaks in the last decade in the same state. The number of leaks that each company had within the state in the last decade is insufficient information to determine whether Company A or Company B has the higher rate of corrosion.

To determine which of the two companies has the higher rate of corrosion within the state, we must compute the leak rate per mile for each of the companies. This computation requires additional information that RSPA/OPS does not currently collect and that the proposed hazardous liquid annual report form would supply, namely, total miles of pipeline installed for each of the companies within the state. Assume, for our example, that Company A operates 500 miles of pipeline in the state while Company B operates 2000 miles of pipeline in the state. Company A's corrosion leak rate for the decade in the state computes to 25 leaks /500 miles /10 years, or .005 leaks per mile per year. Company B's corrosion leak rate for the decade in the state computes to 25 leaks/2000 miles /10 years, or .00125 leaks per mile per year. Company A is therefore 4 times more likely to have a corrosion leak in the state than Company B. The above analysis is an exercise in "normalizing" the data. Comparisons such as the one above are useful in safety analyses. The proposed form requests information that will make such comparisons possible.

#### Other Uses of the Data

RSPA/OPS needs accurate, meaningful pipeline information for: general trending of pipeline safety data; risk assessment; scheduling standard safety inspections; deciding which pipelines need replacement versus rehabilitation; comparing individual operator performance with industry performance; cost-benefit analysis; regulatory development; monitoring industry performance and regulatory compliance; and RSPA/OPS resource allocation.

State pipeline safety programs with hazardous liquid pipeline safety responsibility also need the information for these purposes. Currently, the information collected from the gas pipeline operator annual report (available on the RSPA/OPS website) is widely used by third parties, including State governors, Congress, metropolitan planners, pipeline research engineers, industry safety experts, the media, and the public.

The proposed annual report form will collect data that hazardous liquid pipeline operators can use to measure their performance against other operators and the industry. We believe that having national minimum standards for inventory information will assist companies in their development of operational, maintenance, and other procedural documentation. Improved inventory record-keeping will yield better data for pipeline safety research, the goals of which are safer pipelines and a cleaner environment.

### What Alternatives to an Annual Report Form for Hazardous Liquid Operators Did RSPA/OPS Consider?

RSPA/OPS considered collecting the annual report information through API's already established PPTI. Because participation in PPTI is voluntary and anonymous, RSPA/OPS determined that this option was inadequate. PPTI data would not meet the needs of RSPA/OPS, the States, and the public for complete information on the safety and environmental performance of pipeline facilities. RSPA/OPS needs to collect this information because it is not otherwise available.

RSPA/OPS also considered collecting the information via the National Pipeline Mapping System (NPMS). Practical problems arose in attempting to integrate annual report information into the NPMS database. Submission of inventory information to NPMS would have to be on a per-pipeline-segment basis, greatly increasing the labor and costs for NPMS submissions. For example, if we were to collect pipeline diameter information via NPMS, each company would have to provide pipeline segment information each time the operator changed the diameter of the pipe. Currently pipeline diameter is an optional reporting item on NPMS.

Finally, unresolved issues regarding frequency of NPMS data submission, standards for accuracy of submission, and its voluntary nature render NPMS an imperfect vehicle for collecting hazardous liquid pipeline inventory data.

#### Rulemaking Analyses

##### Executive Order 12866 and DOT Policies and Procedures

RSPA/OPS does not consider this NPRM to be a significant regulatory action under Section 3(f) of Executive Order 12866. RSPA/OPS also does not consider this NPRM to be significant under DOT regulatory policies and procedures (44 FR 11034; February 26, 1979).

A copy of the Draft Regulatory Evaluation is available for review in the docket. This section summarizes the findings of the draft regulatory evaluation. This NPRM is intended to supply data necessary for the proper analysis of hazardous liquid pipeline safety issues.

This proposal amends the pipeline safety regulations by requiring hazardous liquid pipeline operators to annually report information on: pipe inventory by state, diameter, and decade of installation; information about breakout tank number and capacity; and other aspects of their pipeline systems.

[[Page 48847]]

#### Benefits

Hazardous liquid pipeline system inventory information is needed for: meaningful trending of hazardous liquid pipeline accident safety issues; risk assessment; recommendations regarding rehabilitation or replacement of pipeline segments; analysis of costs and benefits; and comparison of individual operator performance against industry performance. This safety information will be used by RSPA/OPS for daily decision making in RSPA's/OPS's assessment of pipeline risks, regulatory development, and programmatic resource allocation. RSPA/OPS also uses the information in monitoring industry performance and regulatory compliance, and for planning company standard safety inspections. States, local community planners, and emergency responders will benefit from having information about hazardous liquid pipeline systems for comparing local risks against the national level and for other purposes. Industry will ultimately benefit when RSPA/OPS establishes from the collected information a baseline measurement for pipeline company safety performance.

#### Costs

The form asks for information that should be readily available to the operator on the operator's databases. RSPA/OPS expects that ultimately the time required to complete the form will decrease as operators adjust their computerized systems to track the requested information. RSPA/OPS estimates it will take an operator 12 hours (246 fields x 3 minutes per field) to complete the form the first year and half as long (6 hours annually) in subsequent years. RSPA/OPS recognizes that where companies have merged with other companies, information about pipeline mileage by decade installed may not be available. The form provides a category labeled "unknown" in which an operator may estimate the decade the pipeline was installed.

Based on the number of participants in the NPMS, the number of hazardous liquid pipeline operators filing annual reports will be approximately 300.

RSPA/OPS estimated the hourly cost of the person completing the form at \$40. The \$40 figure was based on the U.S. Department of Labor's National Occupational Employment and Wage Earnings for 1999. According to that document, the hourly wage for a Transportation, Storage, and Distribution Manager (the closest category to a pipeline manager) was \$26.03 per hour. The \$26.03 figure was multiplied by 1.35 to account for fringe benefits ( $\$26.03 \times 1.35 = \$35.14$ ). RSPA/OPS added an inflation factor of 14% to account for inflation from 1999 to 2002 ( $\$35.14 \times 1.14 = \$40.05$ ).

RSPA/OPS estimates that it will take an operator about 12 hours to complete the form the first year it is in use. Based on an average cost of \$40 per hour, the cost to industry of completing the form for the first year will be \$144,000.00 (300 forms x 12 hours x \$40 per hour = \$144,000.00). Total hours expended by industry to complete the form in the first year will be 3,600 hours (300 forms x 12 hours = 3,600 hours).

After the first year, once company computer systems are adjusted to provide the information in the format requested, the total annual industry cost will be \$72,000.00 ( $1,800 \times \$40 = \$72,000.00$ ). After the first year, total hours expended by industry to complete the form will be 1,800 hours (300 forms x 6 hours = 1,800 hours).

## Conclusion

RSPA/OPS believes that the initial annual cost of \$144,000.00 and ongoing annual cost of \$72,000.00 annually is a relatively modest burden on the hazardous liquid pipeline industry. The benefits accruing to RSPA/OPS and the pipeline industry through the increased utility of the hazardous liquid accident data should easily outweigh this modest cost. The additional information will allow RSPA/OPS and the hazardous liquid pipeline industry to identify safety issues and trends, and allow operators to make changes to procedures and practices that will ultimately reduce pipeline accidents and improve pipeline safety.

## Regulatory Flexibility Act

The NPRM's first year industry cost of \$144,000.00, divided by the approximately 300 hazardous liquid pipeline operators, results in an average cost of \$480.00 per operator. Subsequent annual costs to complete the form is approximately \$240.00 per operator (\$72,000.00 divided by 300 operators).

The Small Business Administration's (SBA) criteria for defining a small entity in the hazardous liquid pipeline industry is 1,500 employees, as specified in the North American Industry Classification System codes (486110--Pipeline Transportation of Crude Oil and 486910--Pipeline Transportation of Refined Petroleum Products). RSPA/OPS does not collect information on number of employees or revenues for pipeline operators. Such a collection would require OMB approval. RSPA/OPS nevertheless continues to seek information about the number of small pipeline operators from which to more fully determine impact on small entities (companies with less than 1,500 employees, counting employees of parent corporations). For several years RSPA/OPS has sought public comment from small hazardous liquid operators.

For the RSPA/OPS Hazardous Liquid Pipeline Accident Reporting Revisions Notice of Proposed Rulemaking (66 FR 15681; March 20, 2001), RSPA/OPS sought input from the public on the impact of the NPRM on small entities. No one responded to this request. The SBA Chief Counsel for Advocacy, however, made comments on behalf of small businesses. SBA asked how many hazardous liquid pipeline operators would RSPA/OPS characterize as small operators. RSPA/OPS solicited public comment from small operators in its recent rulemakings on pipeline integrity management. No comments from small hazardous liquid operators were forthcoming.

The hazardous liquid pipeline industry is a highly competitive, capital intensive industry which in recent years has seen many mergers and buyouts. If you are an operator of a small company, RSPA/OPS requests that you identify yourself to us to help us more accurately determine impact on small businesses of this and future rulemakings (see the ADDRESSES and SUPPLEMENTARY INFORMATION sections above for how to provide comments).

Although RSPA/OPS does not have information that can identify which companies are small businesses per SBA's criteria, the cost to be imposed by this rulemaking is very small. The average cost for all companies based on an estimated total impact of \$72,000 annually is \$240.00 per operator (\$72,000/300 operators) with an initial first year cost of \$480.00 per operator (\$144,000/300 operators). We believe the benefits of this NPRM far outweigh this small per company cost.

Based on the small cost to companies of any size and to the industry at large of this NPRM, I certify pursuant to section 605 of the Regulatory Flexibility Act (5 U.S.C. 605), that this NPRM would not have a significant impact on a substantial number of small entities.

If you have any information that this conclusion about the impact on small entities is not correct, please provide that information to the public docket described in the SUPPLEMENTARY INFORMATION section.

## Paperwork Reduction Act

This NPRM contains information collection requirements. As required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the DOT has submitted a copy of the Paperwork

[[Page 48848]]

Reduction Act Analysis to the Office of Management and Budget (OMB) for its review.

The approximately 300 hazardous liquid pipeline operators will be required to submit one report annually per company, or 300 reports annually. The total hour burden the first year will be 12 hours per operator. For the entire industry, the burden will be 3,600 hours (12 hours x 300 operators) costing \$144,000.00 the first year (\$40 per hour x 3,600 hours). Every year thereafter, the burden will be 6 hours per operator. For the entire industry, the burden will be 1800 hours (6 hours per operator x 300 operators = 1800 hours). The total annual cost after the first year is 1,800 hours x \$40/hr = \$72,000.00.

Organizations and individuals desiring to submit comments on the information collection should direct them to the addresses listed in

the ADDRESSES section of the preamble. Also see the SUPPLEMENTARY INFORMATION section for how to submit comments. Comments must be sent within 60 days of the publication of this notice. The OMB is specifically interested in the following issues concerning the information collection:

1. Evaluating whether the collection is necessary for the proper performance of the functions of the DOT, including whether the information would have a practical use;
2. Evaluating the accuracy of the DOT's estimate of the burden of the collection of information, including the validity of assumptions used;
3. Enhancing the quality, usefulness and clarity of the information to be collected; and
4. Minimizing the burden of collection of information on those who are to respond, including through the use of appropriate automated electronic, mechanical, or other technological collection techniques or other forms of information technology (e.g., permitting electronic submission of responses).

The Paperwork Reduction Act of 1995 does not require a person to respond to a collection of information unless a valid OMB control number is displayed. The valid OMB control number for this information collection will be published in the Federal Register after it is approved by OMB. For more details, see the Paperwork Reduction Analysis available for copying and review in the public docket.

#### Executive Order 13175

The NPRM has been analyzed in accordance with the principles and criteria contained in Executive Order 13175, "Consultation and Coordination with Indian Tribal Governments." Because the NPRM would not significantly or uniquely affect the communities of the Indian tribal governments and would not impose substantial direct compliance costs, the funding and consultation requirements of Executive Order 13175 do not apply.

#### Unfunded Mandates Reform Act of 1995

This NPRM would not impose unfunded mandates under the Unfunded Mandates Reform Act of 1995. It would not result in costs of \$100 million or more to either State, local, or tribal governments, in the aggregate, or to the private sector, and would be the least burdensome alternative that achieves the objective of the rule.

#### National Environmental Policy Act

We have analyzed the NPRM for purposes of the National Environmental Policy Act (42 U.S.C. 4321 et seq.). Because the NPRM parallels present reporting requirements and practices for gas pipeline operators, we have preliminarily determined that the NPRM would not significantly affect the quality of the human environment. Generally, collection of information does not result in an environmental impact. A final determination on environmental impact will be made after the end of the comment period. If you disagree with our preliminary conclusion, please submit your comments to the docket.

#### Executive Order 13132

The NPRM has been analyzed in accordance with the principles and criteria contained in Executive Order 13132 ("Federalism"). The NPRM does not propose any regulation that (1) has substantial direct effects on the States, the relationship between the national government and the States, or the distribution of power and responsibilities among the various levels of government; (2) imposes substantial direct compliance costs on State and local governments; or (3) preempts state law. Therefore, the consultation and funding requirements of Executive Order 13132 do not apply.

#### Executive Order 13211

RSPA/OPS has determined that this NPRM does not constitute a significant energy action within the meaning of EO 13211, "Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use." This NPRM will not result in adverse effects on energy supply, distribution, or use.

#### Executive Order 13212

Because this NPRM is not an energy-related project, EO 13212, "Actions to Expedite Energy-Related Projects," does not apply.

#### Executive Order 12630

This NPRM does not affect or potentially affect the use or value of real, personal, or intellectual property. Executive Order 12630, "Governmental Actions and Interference with Constitutionally Protected Property Rights," does not, therefore, apply to this NPRM.

#### List of Subjects in 49 CFR Part 195

Anhydrous ammonia, Carbon dioxide, Petroleum, Pipeline safety, Reporting and recordkeeping requirements.

In consideration of the foregoing, RSPA/OPS proposes to amend 49 CFR part 195 as follows:

#### PART 195--TRANSPORTATION OF HAZARDOUS LIQUIDS BY PIPELINE

1. The authority citation for part 195 would continue to read as follows:

Authority: 49 U.S.C. 5103, 60102, 60104, 60108, 60109, 60118; and 49 CFR 1.53.

2. The title to Subpart B would be revised to read as follows:

Subpart B--Annual, Accident, and Safety-Related Condition Reporting

3. Section 195.49 would be added to Subpart B to read as follows:

#### Sec. 195.49 Annual report.

Each operator of a hazardous liquid or carbon dioxide pipeline system shall submit an annual report for that system on DOT form RSPA F7000-1.1. This report must be submitted each year, not later than March 15, for the preceding calendar year.

Issued in Washington, DC on July 18, 2002.

Stacey L. Gerard,

Associate Administrator for Pipeline Safety.

#### Instructions for Completing Form RSPA F 7100.2-1 (Rev. 11-2000)

#### Annual Report for Calendar Year YYYY Hazardous Liquid Pipeline Systems

#### General Instructions

All section references are to Title 49 of the Code of Federal Regulations.

Each hazardous liquid system operator with a total of 1 or more miles of pipeline is required to file an annual report. Complete a separate report for mileage for each state in which the operator's pipeline system operates.

The terms "barrel", "breakout tank", "carbon dioxide", "gathering line", "intrastate", "interstate", "hazardous liquid", "highly volatile liquid (HVL)",

[[Page 48849]]

"offshore", "outer continental shelf (OCS)", "specified minimum yield strength (SMYS)" are defined in Sec. 195.2. The term "operator" is defined in Sec. 195.2 as a person who owns or operates pipeline facilities. For purposes of this report, the operator is further defined as the person ("person" is defined in 49 CFR 195.2) who exercises substantial control over the operation of the pipeline.

Reporting requirements will be at Sec. 195.49--Annual report, Title 49 of the Code of Federal Regulations (CFR) Transportation of Hazardous Liquids by Pipeline upon completion of rulemaking. Annual reports must be submitted by March 15 for the preceding calendar year. Report Total miles of pipeline in the system at the end of the reporting year, including additions to the system during that year. Reports should be submitted to the address in Sec. 195.58 (currently Information Resources Manager, Office of Pipeline Safety, Room

7128,  
400 7th St. SW., Washington, DC.

If you have questions about the report or these instructions, or need copies of Form RSPA F 7000-1.1(01-03), please contact the Information Resources Manager, RSPA, Office of Pipeline Safety, at (202) 366-4569. Copies of the form and instructions are on the Office of Pipeline Safety home page, <http://ops.dot.gov> in the FORMS section of the ONLINE LIBRARY upon completion of rulemaking. Please type or print all entries.

Please round all mileage to the nearest mile. DO NOT USE DECIMALS OR FRACTIONS. Round decimals or fractions to the nearest whole number, e.g.,  $\frac{3}{8}$  or 0.375 should be rounded down;  $\frac{3}{4}$  or 0.75 should be rounded up;  $\frac{1}{2}$  or 0.5 should be rounded up. The entry for "Total miles of pipe" in Part B and Part C should be identical and reflect system totals. Note: the form requests reporting in miles of pipeline, not feet.

Make an entry in each block for which data is available. Estimate data if necessary. Try to avoid entering mileage in the Unknown columns if possible. We recognize that some companies may have very old pipe for which installation records may not exist. Enter estimate of the total of such mileage in the "Pre-40 or UNKNOWN" section of Part B: "Miles of Pipe by Location/Protection/Decade".

#### Specific Instructions

Enter the Calendar Year for which the report is being filed. Check Initial Report if this is the original filing for this calendar year. Check Supplemental Report if this is a follow-up to a previously filed report to amend or correct information. On Supplemental Reports, enter all information requested in Parts A and J, and only the new or revised information for the remainder of the form.

Enter the State for which information is being reported. An operator should submit a separate report for all hazardous liquid operations for each State in which it operates. A company may submit separate reports for subsidiaries or affiliate operations. Please do not report any pipeline facility more than once.

For System Type, check all boxes that apply.

Include petroleum gathering line mileage under crude oil systems.

#### Part A--Operator Information

Insert the operator name and address data. Enter the address where additional information can be found.

The operator's five digit identification number appears on the RSPA mailing label. If the person completing the report does not have the identification number, this information may be omitted.

Please adhere to definitions in Title 49 part 195 of the Code of Federal Regulations when reporting pipeline mileage.

#### Part B--Miles of Steel Pipe by Location/Protection/Decade

Coated means pipe coated with an effective hot or cold applied dielectric coating or wrapper.

#### Part F--Miles of Gathering Lines

Report mileage of regulated and unregulated gathering lines within each state. Report any and all mileage offshore in a separate report. Gathering lines are defined in CFR Sec. 195.2 as "a pipeline 219.1 mm ( $\frac{8\frac{5}{8}}$ ) or less nominal outside diameter that transports petroleum from a production facility." Rural gathering lines are considered to be unregulated gathering lines in accordance with 195.1(b)(4).

#### Part G--Breakout Tanks

List number of tanks by capacity and by commodity. For purposes of this reporting, we seek information in 4 commodity categories: crude, refined products, highly volatile liquids (HVL), or Anhydrous Ammonia/Carbon Dioxide. In the "Total Capacity, Barrels" section, enter the total number of tanks in the appropriate box for each of these 4 commodity categories.

#### Part H--Total Volumes

Include annual volume transported totals in barrel-miles regardless of state. We recognize that it is difficult or impossible to currently measure volume transported by state. We therefore require, for those operators with pipelines in multiple states, that Part H be completed only for the first of the operator's states in alphabetical order. For each subsequent report by state, please

reference the state for which Part H is completed (e.g., if operator has pipelines in Alabama and Texas, then on the Texas form in Part H the operator enters ``reported for State of AL").

Part J--Preparer And Authorized Signature

PREPARER is the name of the person most knowledgeable about the report or the person to be contacted for more information. Please include the preparer's E-mail address if there is one.

Authorized Signature may be the preparer or an officer or other person whom the operator has designated to review and sign reports.

BILLING CODE 4910-60-P

[[Page 48850]]

[GRAPHIC] [TIFF OMITTED] TP26JY02.000

[[Page 48851]]

[GRAPHIC] [TIFF OMITTED] TP26JY02.001

[FR Doc. 02-18908 Filed 7-25-02; 8:45 am]

BILLING CODE 4910-60-C

**3. AUDIT SECTION**

- A.** Maintains headquarters and three district offices as follows:  
Headquarters - William B. Travis Building  
1701 North Congress, P. O. Box 12967, Austin, Texas 78701  
Ed Abrahamson, Assistant Director

Telephone (512) 463-7022

Dallas District- 1546 Rowlett Rd., Suite 107, Garland, Texas 75043

Telephone (972) 240-5757;  
Fax (972)303-1897Stephen Cooper, Auditor  
Josh Settle, Auditor

Austin District- P. O. Box 12967, Austin, Texas 78711-2967

Telephone (512) 463-7022

Houston District- 1706 Seamist Drive. Suite 501, Houston, Texas 77008-3135

Telephone (713) 869-8425;  
Fax (713)869-3219Mark Brock, Supervising Auditor  
Dale Francis, Auditor  
Margie Stoney, Auditor  
Konata Uzoma, Auditor  
Lekisha Churchwell, Auditor  
Larry Alcorn, Auditor**B. Gas Utility Tax, Annual Reports and Audit Reports**

Questions relating to gas utility tax, annual reports and audit reports, call Shannon L. Miller at (512) 463-7022.

**C. Available Information**

Copies of company annual reports (1994 to present), as well as information relating to any of the above, A through C, are available for review at the William B. Travis Building, Gas Services Division, 9th Floor, 1701 North Congress. All requests for copies must be made in writing and should be addressed to the Audit Section. Copies will be provided for a fee, depending on the volume of copy work desired, allow a minimum of five days for completion of requests. Inquiries regarding copies should be directed to the Audit Section at (512) 463-7022, or Fax your request to (512) 475-3180.

**4. REGULATORY ANALYSIS AND POLICY**

- A.** Maintains the following office to assist you:

Headquarters - William B. Travis Building  
1701 North Congress, P.O. Box 12967, Austin, Texas 78711  
Karl Nalepa, Assistant Director

Telephone (512) 463-7164

**B. Gas Utilities Information Bulletin**Published on the Commission's web site at: <http://www.rrc.state.tx.us/divisions/gs/rap/rapbls.html>.**C. Proposals For Decision**Published on the Commission's web site at: <http://www.rrc.state.tx.us/divisions/gs/rap/pfds.html>.**D. Tariff Filings**

Questions pertaining to the filing of tariffs and/or quality of service rules should be directed to Kathy Arroyo, or Sandra Soto at (512) 463-7164.

**E. Curtailments**

Curtailment questions should be referred to Sandra Soto at (512) 463-7164. Curtailment reports made Monday through Friday, 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7164. Curtailment reports made during hours other than those specified above and holidays, should be made to (512) 463-6788, (512) 896-3863 (digital pager), (512) 892-1772 or (512) 280-5949.

- F. **Compliance Filings**  
Questions regarding gas utilities docket compliance filing requirements should be referred to Jackie Standard at (512) 463-7164.
- G. **Complaints and Inquiries**  
All complaints and inquiries relating to the gas utility industry should be directed to the Regulatory Analysis and Policy section at (512) 463-7164.
- H. **Rules and Regulations:** None at this time.

## 5. **HEARINGS AND LEGAL ANALYSIS**

### A. **Miscellaneous**

Anyone wishing to obtain copies of appendices to Orders appearing in Section 5 of this Bulletin should contact the Legal Division at (512) 463-7017.

### B. **Status of Pending Cases**

The status of all pending cases listed in Section 3 of this Bulletin is for informational purposes only and is complete up to the time of printing of this Bulletin. For a more accurate status of pending cases, please call the Legal Division at (512) 463-7017.