Testimony of Lori S. Traweek
Senior Vice President and Chief Operating Officer
American Gas Association
400 N. Capitol Street, NW
Washington, DC 20001
(202) 824-7000

Before the U.S. House Energy and Commerce Committee
Subcommittee on Energy and Environment

September 24, 2010

Good morning, Mr. Chairman and members of the Committee. My name is Lori Traweek and I am the senior vice president and chief operating officer for the American Gas Association (AGA). AGA represents 195 local energy companies that deliver natural gas throughout the United States.

Let me first say, our hearts go out to those who are suffering and have lost loved ones and homes as a result of the tragic natural gas explosion in San Bruno, CA. Any natural gas incident, no matter the size, is one incident too many. For that reason, AGA and its member utilities are committed to fostering best practices and engaging in industry dialogue with all key stakeholders to advance safe operations. As I speak, senior executives and safety leaders from gas utilities around the country are meeting at our fourth annual AGA Executive Safety Leadership Summit to discuss how the natural gas industry can improve pipeline safety, along with the safety of our employees, contractors and our customers. We also held our semi-annual operations technical committee meetings this week to address issues related to corrosion control, gas control, and a variety of pipeline and employee safety issues. Not surprisingly, the San Bruno tragedy was a focus of the conversations. We hold these forums because, first and foremost, the industry's goal

is to safely, reliably and efficiently deliver natural gas to the more than 70 million customers in the United States who rely on natural gas for their energy needs. When there is a tragic incident like this, similar to Congress, the regulators and the public, we too want to determine what could have been done to prevent the incident and then take appropriate actions to prevent a reoccurrence.

The utilities that deliver the natural gas are subject not only to their own stringent internal controls, but also must meet rigorous federal and state oversight -- and the safety of the public is, and always will remain, our industry's paramount priority.

The natural gas industry operates an extensive 2.4 million miles of distribution and transmission pipelines that stretches across the country. The industry spends an estimated $7 billion each year in safety-related activities. Moreover, the design, construction, operation, inspection and maintenance of ALL operating pipelines are subject to rigorous oversight within the company and by federal and state regulators. This includes the promulgation of a pipeline integrity management rule that adds a layer of protection for pipelines in high consequence areas in addition to the multitude of periodic inspections and repairs performed on all pipelines throughout the system. Federal pipeline safety regulations apply to all natural gas transmission and distribution pipelines in the United States. And through annual certifications and agreements, nearly all individual states have enforcement responsibility for pipelines within their own state. State agreements with PHMSA require that each state adopt and enforce the federal regulations. Additionally, states may promulgate and enforce their own regulations in addition

to the federal regulations, provided they are consistent with, and at least as strict as, the federal regulations

As noted previously, we are all anxious to learn the cause or causes of the tragic San Bruno incident. Until the NTSB has concluded its investigation, however, it is best we not speculate about the causes of the accident and possible solutions. Every incident is a unique event that is taken seriously and investigated thoroughly. It is always critically important to understand the probable causes of an incident. The information will allow stakeholders to understand if the incident was isolated or has broader implications.

We do understand, however, that people have immediate concerns about the safety of natural gas transmission and distribution lines. To that end, AGA has attempted to gather relevant data in one place on its website and has also developed a Frequently Asked Questions document, which I have included as an attachment to my written testimony. We would encourage any and all who are interested in learning more about the safe delivery of natural gas to visit www.aga.org.

In addition to understanding how the nation's pipeline system operates and the role it plays in delivering the natural gas that is so vitally important to meeting the nation’s energy needs, it is equally important that all citizens are aware of the industry’s one-call safety program - “811 Call Before You Dig” to help reduce the number of incidents caused by excavation damage to pipelines.

I want to reiterate, any natural gas incident, no matter the size, is one incident too many. Please know that AGA and its members are committed to working with Congress and federal and state regulators to ensure that the natural gas distribution and transmission system continues to be the safest and most reliable method of delivering energy throughout the nation.

In 2006, Congress passed the PIPES Act, which included several significant mandates. Over the last several years, our efforts have been focused on working with federal and state regulators in the development and implementation of these provisions.

Specifically, there were four core provisions of the PIPES Act of 2006 that are key to enhancing the safety of pipelines operated by gas utilities:

- Excavation Damage Prevention
- Distribution Integrity Management Programs (DIMP)
- Excess Flow Valves
- Control Room Management

EXCAVATION DAMAGE PREVENTION

- Excavation damage represents the single greatest threat to distribution system safety, reliability and integrity
- Regulators, natural gas operators, and other stakeholders are continually working together to improve excavation damage prevention programs and initiatives, such as the national call before you dig campaign

Excavation damage prevention is a shared responsibility. Our combined efforts are having a positive impact in reducing excavation damages to all underground facilities, but as always, more can be done. For instance, AGA would support eliminating exemptions from the requirement to call before you dig and taking actions to ensure that all states have effective damage prevention programs that reflect the nine elements defined in the 2006 PIPES Act.

DISTRIBUTION INTEGRITY MANAGEMENT

- The PIPES Act mandated DOT to establish an integrity management program for distribution pipeline operators
- DOT published the final distribution integrity management program (DIMP) rule on December 4, 2009
- The effective date of the rule was February 12, 2010 and operators have been given until August 2, 2011 to write and implement their program
- It will impact 1,450 operators, 2.1 million miles of piping, and 70 million customers
- The final rule allows operators to develop a DIMP plan that is appropriate for the operating characteristics of their distribution delivery system and the customers that they serve.
- Operators are aggressively implementing the DIMP rule.

EXCESS FLOW VALVES

- The PIPES Act mandated that DOT require distribution gas utilities install an excess flow valve (EFV) on new and replacement service lines for single family residences, if the service line met specific conditions, beginning on June 1, 2008.
- Operators have installed millions of EFVs.

PIPELINE CONTROL ROOM MANAGEMENT

- The PIPES Act mandated DOT to establish a regulation for control room management for natural gas and hazardous liquids pipeline operators
- DOT published the final control room management (CRM) rule on December 3, 2009
- The effective date of the rule was February 1, 2010. Operators are required to develop a CRM plan that addresses the following major issues:
    a) Human factors for controllers, including fatigue management and training
    b) Formal declaration of roles and responsibilities of controllers
    c) Alarm management to signify the possibility of an abnormal operating condition
    d) Confirmation that SCADA systems have accurate information on operating pressures, flow rates and valve positions
- PHMSA has recently issued a notice of proposed rulemaking which will accelerate the implementation date to August 1, 2011 for most of the plan requirements

In conclusion, AGA is committed to working with Congress and federal and state regulators to ensure that the natural gas distribution and transmission system continues to be the safest and most reliable method of delivering this critical energy source throughout the nation. Thank you for the opportunity to appear here today. I am prepared to answer any questions at the appropriate time.

Attachments:

- FAQs
- Mandated Inspections Document