



AMERICAN PUBLIC GAS ASSOCIATION

May 1, 2019

Congressman Bobby Rush
2188 Rayburn House Office Building
Washington, DC 20515

Congressman Fred Upton
2183 Rayburn House Office Building
Washington, DC 20515

Re: Energy and Commerce Committee Subcommittee on Energy Hearing on “The State of Pipeline Safety and Security in America”

Dear Chairman Rush and Ranking Member Upton,

On behalf of the American Public Gas Association (APGA), we appreciate this opportunity to submit comments on this important hearing addressing pipeline safety, the status of mandates, and examining additional safety needs.

There are approximately 1,000 public gas systems across the country. Our members are retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that own and operate natural gas distribution facilities in their communities. Public gas systems’ primary focus is on providing safe, reliable, and affordable natural gas service to their customers. APGA members serve their communities in many ways. They deliver gas to be used for cooking, cleaning, heating and cooling, as well as for various commercial and industrial applications.

The public gas systems that APGA represents are a specific subset of natural gas utility companies, or local distribution companies (LDCs). There are two major categories of LDCs: publicly owned gas systems and investor-owned utilities (IOUs). The average investor-owned utility has over 100,000 customers and typically employs over 1,000 individuals. Publicly owned gas systems, however, typically serve less than 6,000 customers and employ only 25 individuals on average. Additionally, utility rates, are determined locally by city councils, utility boards, or other similar groups¹. Rates for IOUs are set at a state level and the cost of compliance can be shared by rate payers and shareholders. This nuanced difference is important when considering how LDCs recover the cost of compliance.

While publicly owned gas systems and IOUs vary greatly in size, both are required to adhere to the federal pipeline safety rules and regulations promulgated by the Department of Transportation (DOT) Pipeline and Hazardous Material Safety Administration (PHMSA). PHMSA does not differ in the

¹ In Indiana, Maryland, and Pennsylvania there are exceptions to this statement for large publicly owned gas systems.

requirements and expectations for operators, regardless of their size. This consistency is why it is so critically important that mandates and regulations stay scalable and flexible. While a new pipeline safety requirement may represent a “good practice,” it should also recognize that not all regulated entities are the same.

APGA is Dedicated to the Safe Operation of Pipelines

Safety is paramount for APGA’s members. Whether maintaining a safe community around our pipelines, ensuring employees and contractors return home safe each day, or operating and maintaining at the highest level of safety, APGA members are committed to safety. APGA members understand that their ability to provide natural gas to homes and businesses is directly linked to their ability to do it safely.

In July of 2018, APGA’s membership formally approved APGA’s Commitment to Pipeline Safety. This policy resolution memorializes APGA membership’s dedication to pipeline safety through principles found in Pipeline Safety Management Systems.

APGA Supports the PHMSA Rulemaking Process

The Administrative Procedure Act provides “interested persons an opportunity to participate in the rulemaking through submissions of written data, views, or arguments.” It is understood that the rulemaking process takes time, but, in the case of PHMSA and natural gas pipeline safety regulations, we believe it functions properly. It allows the agency - through a sometimes iterative process - to refine the requirements until they are deemed to be technically feasible, cost-beneficial, and practical by all stakeholders.

It is through this iterative process that stakeholders are able to lend their expertise to the agency. No one individual or group of individuals from any one stakeholder community can be experts on all aspects of a new requirement. The rulemaking process allows those interested groups to come together and create the best possible product. An integral part of PHMSA’s rulemaking process occurs during Pipeline Advisory Committee meetings. The Gas Pipeline Advisory Committee (GPAC) is an advisory committee to the Department of Transportation and to PHMSA on rulemakings impacting natural gas pipelines. The GPAC provides a forum for full stakeholder review of proposed regulations and PHMSA initiatives outside of regulations. The GPAC is comprised of 15 members, with equal representation from the natural gas industry, federal and state regulatory agencies, and the public safety advocates. The chartered role of the GPAC is to review and report on the “technical feasibility, reasonableness, cost-effectiveness, and practicability” of PHMSA’s proposals. APGA supports the GPAC process and believes it creates an open, transparent process in which the best possible rules can be promulgated. It is a key part of the pipeline safety “journey.”

APGA supports the existing PHMSA rulemaking process and believes the unique statutory requirement for PHMSA to perform cost-benefit analysis at each stage ultimately results in effective, transparent and comprehensive rulemakings. Without this requirement, PHMSA would not have the opportunity to refine their analysis prior to proposed rules being forwarded to the Office and Management and Budget. APGA believes by refining those analyses early in the process, PHMSA avoids further delays after rule language has already been established and vetted through the GPAC and the Liquid Pipeline Advisory Committee.

APGA understands some of the frustration that has resulted from the lengthy rulemakings at PHMSA. APGA suggests that these long timelines are not a result of the rulemaking process itself, but instead are

due to the depth and scope of requirements that are being addressed in each rule. APGA recommends a streamlining of the requirements within each rule. Instead of writing all-encompassing requirements that go beyond the scope of Congressional mandates, APGA believes that separating mandate rulemakings from other general regulatory improvement rulemakings will allow PHMSA to better prioritize and move rules to publication more quickly. Only after the Congressional mandates have been met should PHMSA allocate resources to other rulemakings to enhance the pipeline safety regulations.

APGA Supports Impactful Updates to Pipeline Safety Regulations

Pipeline safety is a “journey” – it is not simply a goal that is reached. Pipeline operators review data; technological advancements improve system management and operation; observations and daily monitoring provide knowledge about how to reduce risks in the future. The tragic accident in Massachusetts in September, 2018 highlights the ongoing need to constantly monitor and improve pipeline safety practices and standards, whether required by law or not. APGA recognizes additional actions that add layers of protection are needed and likely will be required.

Any potential new federal requirements should be promulgated through the PHMSA rulemaking process. Furthermore, APGA believes that new mandates should be evaluated in concert with existing requirements that are already in place. While some new requirements may appear to be beneficial on their own, they may prove to be redundant or their benefits are minimal when considered with existing rules and regulations. As highlighted earlier in this testimony, the scope of resources available to publicly owned natural gas systems are defined by rate payers, and every action requires resources.

Conclusion

Natural gas is critical to our economy, and millions of consumers depend on natural gas every day to meet their daily needs. It is critical that they receive their natural gas through safe, affordable and reliable delivery by their LDC. Public gas systems are proud of their safety record. Safety has been, and will continue to be, their primary and constant focus - there is no higher priority for a natural gas system, no matter the size or structure. AGPA and its members understand and embrace PHMSA’s role in the pipeline safety “journey.”

APGA appreciates Congress’ focus on this critical part of our nations infrastructure, and we remain committed to working in concert with Congress, regulators, and industry counterparts to continue to provide natural gas to millions of Americans in the safest manner possible.