

Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety

SUPPORTING STATEMENT

Integrity Management Program for Gas Distribution Pipelines
Docket No. PHMSA-04-19854

INTRODUCTION

This is to request the Office of Management and Budget's (OMB) approval for a new information collection entitled "Integrity Management Program for Gas Distribution Pipelines" (OMB Control No. 2137-0625).

Part A. Justification

1. Circumstances that make collection of information necessary.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) PHMSA is amending the Federal Pipeline Safety Regulations to require operators of gas distribution pipelines to develop and implement integrity management (IM) programs. The purpose of these programs is to enhance safety by identifying and reducing pipeline integrity risks.

This rule addresses recommendations from the Department of Transportation's (DOT) Office of the Inspector General (OIG) and the National Transportation Safety Board. It also implements a requirement in the Pipeline Inspection, Protection, Enforcement and Safety Act (PIPES Act) of 2006 that integrity management requirements be established for distribution pipelines.

This rule supports the U.S. Department of Transportation's SAFETY GOAL, which targets three main strategic initiatives: managing risk and integrity, sharing responsibility, and providing effective stewardship. This goal enhances public health and safety by working toward the elimination of transportation-related deaths and injuries.

2. How, by whom, and for what purpose is the information used.

The integrity management (IM) approach was designed to promote continuous improvement in pipeline safety by requiring operators to identify and invest in risk control measures beyond core regulatory requirements. Based on the required risk assessments and enhanced controls, the rule also establishes procedures permitting risk-based adjustment of prescribed intervals for leak detection surveys and other fixed-interval requirements in the agency's existing regulations for gas distribution pipelines. PHMSA requires operators to maintain records demonstrating compliance with its requirements for 10 years and that these records must include superseded IM plans. The

recordkeeping requirements are consistent with good business practices and are designed to enhance risk management practices. PHMSA will use the information to evaluate the overall effectiveness of distribution IM requirements.

3. Extent of automated information collection.

Operators may keep the records in any retrievable form. The information may be reported electronically and they may use the technology that is most cost effective to reduce the burden. PHMSA is revising the annual report format to accommodate the IMP information.

4. Efforts to identify duplication.

Every gas distribution pipeline system is particularly unique in its location, its type of design, and its operation. Therefore, the regulations set forth certain requirements so that an operator will produce for PHMSA a record for his unique system. At this time, no other alternate source is available.

5. Efforts to minimize the burden on small businesses.

A master meter operator or small LPG operator (with fewer than 100 customers) of a gas distribution pipeline must follow the requirements in § 192.1015. This IM requirements applicable to smaller operators are simplified somewhat, to reflect both the relative simplicity of these pipelines and the limited capability of the operators. These operators are not required to submit performance measures, which is consistent with their prior treatment with respect to annual reports. PHMSA intends to develop guidance suitable for use by master meter and small LPG operators to develop simple IM plans for their simple pipelines. This guidance will be made available via PHMSA's web site after this final rule is published. In addition, APGA is developing a computer program "Simple, Handy, Risk-based, Integrity Management Program" (SHRIMP) that will be available to these operators to help them develop their IM plans. The required information can be reported electronically. Operators are permitted to keep records in any retrievable form. They may use the latest information technology to reduce the additional information-collection burden.

6. Impact of less frequent collection of information.

The Notice of Proposed Rulemaking (NPRM) documentation requirements were seen as unreasonably burdensome. In particular, the proposed requirements to document "all" decisions and changes related to a distribution integrity management program and that related records be kept for the life of the pipeline were seen as unreasonable. Commenters proposed limiting document retention to 10 years or, in a few cases, through the next regulatory audit cycle. Commenters universally considered that these documents would not be of value beyond these near-term periods and noted that resources to maintain such records would take away from those available to operate and

maintain the pipelines. PHMSA agreed that the proposed requirements for documentation were overly broad. PHMSA concludes that retaining documentation describing changes to an IM plan will be useful for some period, but agreed that these records would be of limited or no use many years after the changes are implemented. PHMSA has revised the final rule to require that operators maintain records demonstrating compliance with its requirements for 10 years, and that these records must include superseded IM plans.

7. Special circumstances.

None of the conditions apply.

8. Compliance with 5 CFR 1320.8.

On June 25, 2008, PHMSA published a NPRM in the *Federal Register* (FR) requesting comments on the proposed rule and providing a 60-day comment period (73 FR 36015). The comments are addressed in the final rule.

9. Payments or gifts to respondents.

No payment is provided.

10. Assurance of confidentiality.

Not applicable.

11. Justification for collection of sensitive information.

There is no sensitive information collected.

12. Estimate of burden hours for information requested.

IM Plans: each affected operator to develop and maintain a written integrity management plan, which includes initial plan development, recordkeeping and updates. Although small LPG operators, those with LPG distribution systems serving less than 100 customers from a single source must comply with the same requirements as master meter operators, documentation requirements for these operators are different, consistent with their treatment in the rest of Part 192. Master meter operators and operators of LPG distribution pipeline operators that serve fewer than 100 customers from a single source are not required to submit annual reports.

All gas distribution operators will need to prepare and maintain a written integrity management plan. The table below has the breakdown by system.

Type of Operator	Prepare an IM Plan (hours per operator)	Threat Identification (hours per operator)	Update Plan (hours per operator)	Total Hours Per Operator Type
Large Operators (201)	960	800	288	411,648
Small Operators and LPG Operators with 100 or more Customers (1,142)	71	120	24	245,530
Master Meter and Small LPG Operators with fewer than 100 Customers (8,000)	14	8	4	208,000
Total for 9,343 operators				865,178

In sum, PHMSA estimates burden hours for developing an IM plan and revising it periodically is approximately 865,178 hours.

13. Estimate of total annual costs to respondents.

Part 1: IM Plans

(Burden accounted for by hour (865, 178 hours) as detailed in #12)

IM Plans: PHMSA estimates that the cost of developing and updating the IM plans is approximately \$51 million the first-year and \$8 million annually in subsequent years. The following table has the breakdown by system.

Operator Type	First-Year Cost (\$ million)	Total Annual Cost after the first-year (\$ million)
Large Operators (201)	25	4
Small Operators and LPG Operators with 100 or More Customers (1,142)	15	2
Master Meter and Small LPG Operators with Fewer than 100 Customers (8,000)	11	2
Total for 9,343 operators	51	8

Part 2: Recordkeeping and Storage

(Burden accounted for by \$ amount and not under “12.”)

Recordkeeping: Some of the required records will be kept electronically, while some may be kept on paper. The required recordkeeping and record-storing requirements of the rule may consist of a clerk entering data, scanning materials, placing materials in file folders, placing the file folders in file cabinets, and retrieving files, when needed. It may also call for a system for signing materials in and out. Finally, in some cases, physical recordkeeping may require the acquisition of file cabinets and file folders by some operators. (The average hourly salary, including benefits, for a clerk is estimated at \$20). There is no expectation that the recordkeeping would require operators to hire additional personnel. Neither is there an expectation that the recordkeeping would require operators to acquire new computers or peripherals.

Record storage: Since operators must maintain records demonstrating compliance with the requirements of this subpart for at least 10 years, there may be some additional storage charges. PHMSA estimates that it costs approximately \$23 per cubic ft. to keep paper records in-house. The storage costs for keeping paper records in-house for all gas distribution operators will be approximately \$214,900 ($\$23 \times 9,343$) per year. This includes approximately \$4,600 ($\23×201) per year for large gas distribution operators, \$26,300 ($\$23 \times 1,142$) per year for small LPG operators with 100 or more customers, and \$184,000 ($\$23 \times 8,000$) per year for small LPG operators with fewer than 100 services. In reality, PHMSA expects that it is more likely all operators will keep their records electronically and the storage costs will be negligible. The total cost for gas distribution operators to comply with the recordkeeping and record-storing requirement of the rule could reach an estimated \$1.1 million per year, if they store their records physically on site.

Summary of Part 1 and Part 2

PHMSA estimates that the total cost to 9,343 operators to comply with the rule's paperwork requirements is approximately \$52 million the first year and \$9 million every year after the first-year.

14. Estimate of cost to the Federal government.

PHMSA does not expect there will be any significant additional cost to the Federal government. PHMSA staff currently reviews annual reports for liquid and transmission pipeline systems integrity management. The additional time and effort to review the integrity management documents complying with the requirements for distribution pipeline systems should be minimal.

15. Explanation of program changes or adjustments.

There are no program changes.

16. Publication of results of data collection.

PHMSA summarizes the information. PHMSA makes information available on its website.

17. Approval for not explaining the expiration date for OMB approval.

PHMSA does not seek approval to not display expiration date.

18. Exceptions to certification statement.

There are no exceptions to the certification statement.

ATTACHMENTS:

No attachments

Part B. Collections of Information Employing Statistical Methods

This information collection does not employ statistical methods.

1. Describe potential respondent universe and any sampling selection method to be used.

There is no potential respondent universe or any sampling selection method being used.

2. Describe procedures for collecting information, including statistical methodology for stratification and sample selection, estimation procedures, degree of accuracy needed, and less than annual periodic data cycles.

There are no procedures for collecting information, including statistical methodology for stratification and sample selection, estimation procedures, degree of accuracy needed, and less than annual periodic data cycles.

3. Describe methods to maximize response rate.

There are no methods to maximize the response rate.

4. Describe tests of procedures or methods.

There are no tests of procedures or methods.

5. Provide name and telephone number of individuals who were consulted on statistical aspects of the information collection and who will actually collect and/or analyze the information.

There were no individuals consulted on statistical aspects of the information collection.