

PHMSA Proposes Integrity Management Alternative for Class Location Changes

On October 14, 2020, the Pipeline and Hazardous Materials Safety Administration (PHMSA) published a notice of proposed rulemaking ([NPRM](#)) containing potential changes to the federal gas pipeline safety regulations and reporting requirements. Citing PHMSA's experience administering special permits, as well as the information provided in earlier studies and from various stakeholders, the NPRM proposed to amend the regulations to allow operators to apply integrity management (IM) principles to certain gas transmission line segments that experience class location changes. Comments on the NPRM are due December 14, 2020.

PHMSA relied heavily on the conditions included in class location special permits in developing the proposed rules. The IM alternative would only be available to pipeline segments that experience an increase in population density from a Class 1 location to a Class 3 location, subject to certain eligibility criteria. Operators using the IM alternative would be required to conduct an initial integrity assessment within 24 months of the class location change and apply the IM requirements in 49 C.F.R. Part 192, Subpart O to the affected segment. Operators would also be required to implement additional preventative and mitigative measures for cathodic protection, line markers, depth-of-cover, right-of-way patrolling, leak surveys, and valves.

PHMSA's decision to propose an IM alternative for managing class location changes is a significant step forward for pipeline safety. The class location regulations are largely based on concepts established decades ago, and the pipeline industry has long advocated for an approach that reflects modern assessment tools and technologies. While the NPRM does not necessarily satisfy all of the industry's objectives, PHMSA's proposal sets the stage for the next phase of the rulemaking process and potential development of a final rule.

Background

In July 2018, the Agency published an advance notice of proposed rulemaking ([ANPRM](#)) asking for public comment on potential amendments to the class location regulations in 49 C.F.R. Part 192. As PHMSA explained in the ANPRM, Part 192 generally requires operators to respond to class location changes by (1) reducing the maximum allowable operating pressure (MAOP), (2) conducting a new pressure test, or (3) replacing the pipe in the affected segment. The Agency asked whether those requirements should be updated to allow operators to address certain class location changes through the use of IM measures. PHMSA also asked for public comment on several related questions, including whether the availability of the IM alternative should be limited to segments that meet certain eligibility criteria and whether the Agency should incorporate the conditions included in prior class location special permits in the regulations.



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What's in the NPRM?

PHMSA is proposing to establish an IM alternative for pipeline segments that experience a class location change from Class 1 to Class 3. The key features of the proposed IM alternative include:

- Designating the area affected by the class location change as a high consequence area (HCA) and applying the IM program requirements in 49 C.F.R. Part 192, Subpart O to the segment.
- Performing an initial integrity assessment within 24 months of the class location change.
- In performing the initial and subsequent integrity assessments of the affected segment with inline inspection (ILI) tools, inspecting all pipe between the nearest upstream ILI tool launcher and downstream ILI receiver.
- Replacing pipeline segments with discovered cracks exceeding 20% of wall thickness or a predicted failure pressure of less than 100% specified minimum yield strength (SMYS) or less than 1.5 times MAOP.
- Installing remote-control or automatic shutoff valves or upgrading existing mainline block valves downstream and upstream of the affected segment to provide that capability. The valves would need to be able to close within 30 minutes of rupture identification.
- Implementing additional preventive and mitigative measures, including conducting close interval surveys (CIS) every seven years, performing leak surveys on a quarterly basis, conducting monthly right-of-way patrols, and performing cathodic protection test station surveys.
- Complying with more stringent repair criteria, including treating additional anomalies as “immediate” repair conditions and requiring remediation of conditions reaching a 1.39 safety ratio and 40% wall loss (as opposed to a 1.1 safety ratio and 80% wall loss under the current IM regulations).

The Agency is proposing to limit the IM alternative to segments that experience a class location change after the effective date of the final rule, subject to a 60-day notification requirement. PHMSA is also proposing to prohibit the use of the IM alternative for pipeline segments with the following conditions or attributes:

- Bare pipe, wrinkle bends, missing material properties records, certain historically problematic seam types (including DC, LF-ERW, EFW, and lap-welded pipe or pipe with a longitudinal joint factor below 1.0), and body, seam, or girth-weld cracking;
- Pipe with poor external coating, tape wraps, or shrink sleeves;
- Leak or failure history within five miles of the segment;
- Pipe transporting gas that is not of suitable composition and quality for sale to gas distribution customers;
- Pipe operated at MAOP determined under the grandfather clause (49 C.F.R. § 192.619(c)) or under an alternative MAOP (49 C.F.R. § 192.619(d)); and
- Segments that do not have a documented successful eight-hour Subpart J pressure test to at least 1.25 times MAOP.

What's Not Included in the NPRM?

- The Agency did not propose an IM alternative for Class 2 to Class 4 location changes. PHMSA reasoned that given the high population density associated with Class 4 locations, there would not be adequate, feasible measures that could be used to provide Class 4 locations with an equivalent level of public safety instead of replacing pipe.
- Although raised in industry comments on the ANPRM, PHMSA did not propose any amendments to the so-called “cluster rule”. That rule allows operators to adjust endpoints of a Class 2, 3, or 4 location based on the presence of a “cluster” of buildings intended for human occupancy. Industry commenters had asked the Agency to either clarify or revise the existing clustering methodology. PHMSA declined that request and simply noted that the NPRM contained provisions that would apply to segments covered under the cluster rule.
- PHMSA did not propose to limit the availability of the IM alternative based on pipeline diameter, operating pressure, or potential impact radius (PIR) size. Some of the commenters who responded to the ANPRM asked the Agency to include a more conservative PIR-based limitation, but industry commenters had opposed that provision as unnecessary.

What's Next?

After the public comment period closes, the Agency will consider the information provided and decide whether to present the NPRM to the Gas Pipeline Advisory Committee (GPAC) for consideration. GPAC is a 15-member federal advisory committee that reviews and provides non-binding recommendations to PHMSA on proposed changes to the gas pipeline safety regulations. Once the GPAC process is complete, the Agency can develop a final rule for consideration by the Office of the Secretary and Office of Management and Budget and eventual publication in the *Federal Register*. Completion of these steps is not likely to occur until 2021 or later.



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Led by three former Pipeline and Hazardous Materials Safety Administration (PHMSA) attorneys, our Pipeline and Hazardous Materials Safety practice group counsels pipeline and midstream companies, gas utilities, terminal operators, investors, trade associations, and other stakeholders, throughout the United States. James Curry, Keith Coyle and Brianne Kurdock together have more than 25 years of experience with a multitude of pipeline safety issues. They partner with client engineering and legal personnel to address day-to-day compliance questions and develop business and regulatory strategies.