Randy Knepper

2013 NAPSR National Chairman

Southern Region Meeting

Myrtle Beach, South Carolina

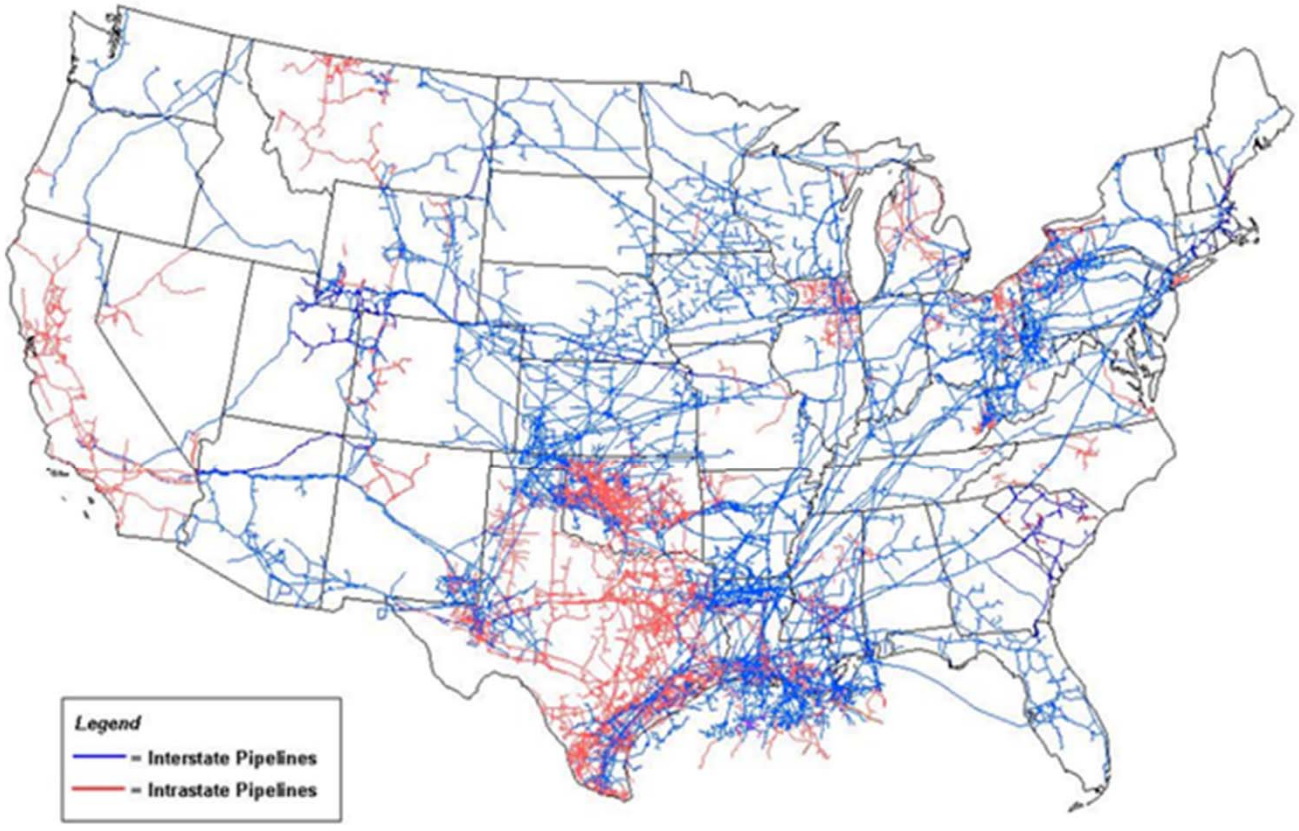
April 23 2013

NAPSR Southern Region Recognition

- Extended Thanks to Chair Vernon Gainey (SC)
- Excited to be here!!!!

Vernon Gainey (SC) and Larry Bornum (TN)

Our Nation's Pipeline Network



Source: Energy Information Administration, Office of Oil & Gas, Natural Gas Division, Gas Transportation Information System

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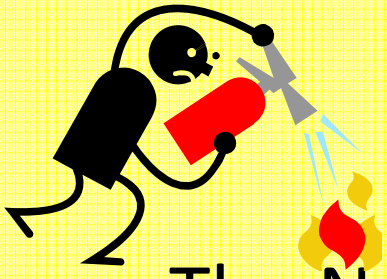
The Other Network



Who is NAPSR?

The National Association of Pipeline Safety Representatives (NAPSR) is a non-profit organization of state pipeline safety directors, managers, inspectors and technical personnel who serve to support, encourage, develop and enhance pipeline safety. The Association was founded on December 2, 1982, and strives to be a strong and expert voice for promoting pipeline safety.

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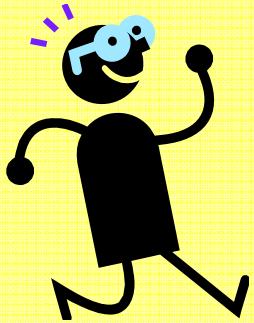
Our Mission:

Strengthen pipeline safety programs by improving pipeline safety standards, and promoting education, training, and the integration of new technology.



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Quick look at NAPSR:

52 Agencies, 48 states and DC and PR

PHMSA delegation of authority

300+ trained inspectors

NARUC affiliate and designated technical lead

Distribution and Transmission

Interstate and Intrastate, Gas and Liquids

Safety and economic regulators

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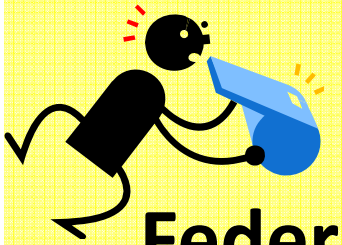
Pipeline Safety Picture.
How we fit in.

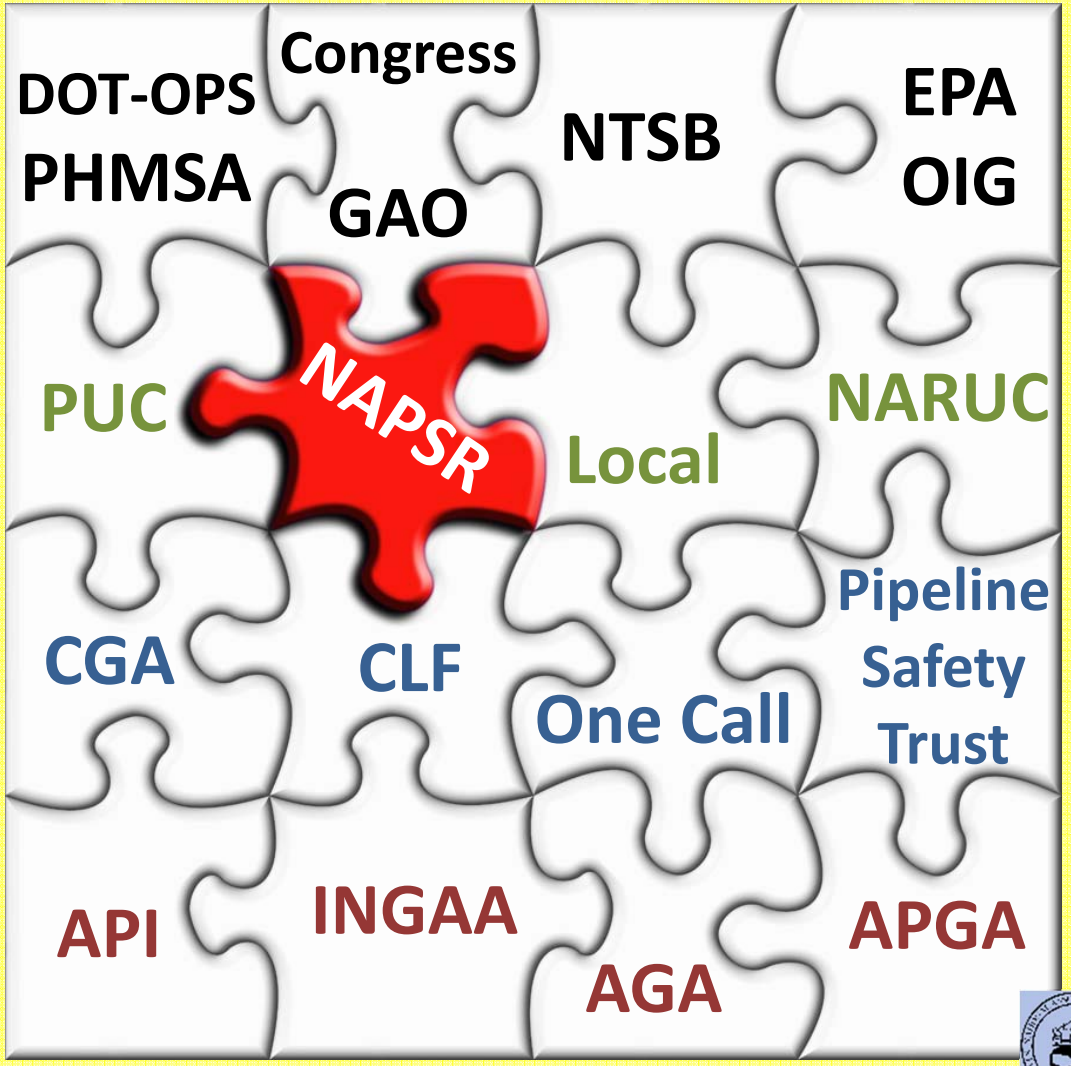


Federal

State Gov'mt

Public Interest

Industry



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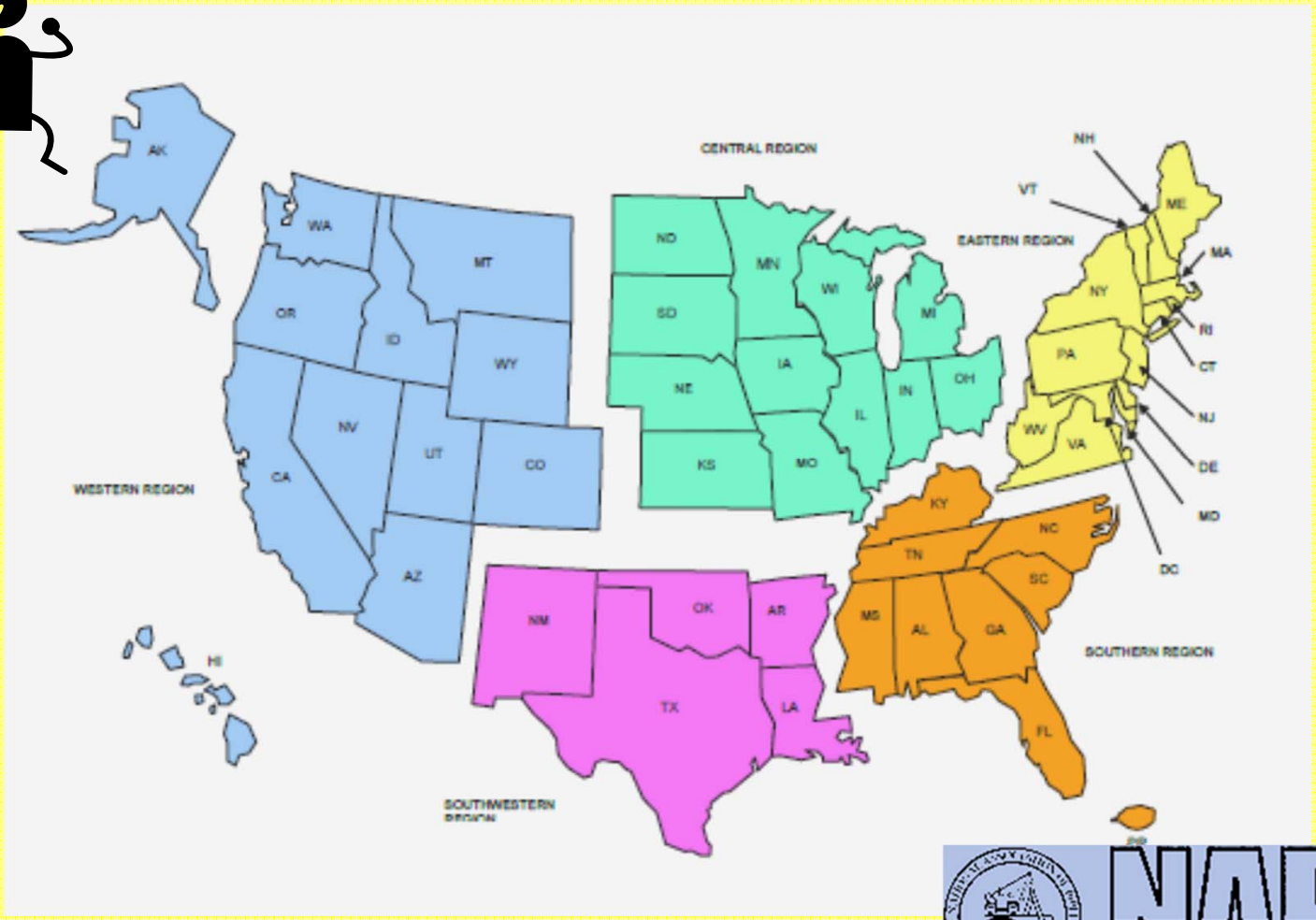
NAPSR Organized to Support PHMSA



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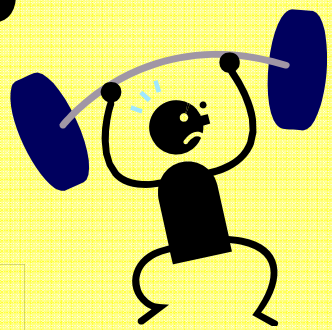
NAPSR Leadership



NAPSR
Board of Directors

National Officers and Regional Officers

National Chairman
Randy Knepper
NH

Vice Chair
Darin Burk
IL

Secretary
Robert Miller
AZ

Treasurer
Gary Kenny
ME

NAPSR National Officers

Administrative Manager
Hans Mertens

Southern Region
(8 States & PR)

Regional Chairman
Vernon Gainey
SC

Vice Chair
Larry Borum
TN

Eastern
(13 States and DC)

Midwest
(12 States)

Southwest
(5 States)

Western
(10 States)

PHMSA / NAPSR Regions

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We Need You !

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Southern Region Volunteers

- 2 Jason Brangers (KY)
  - Liason, CGA Best Practices
- 2 Wallace Jones (AL)
  - Grant Allocation, DIMP Implementation
- 2 Mark McCarver (MS)
  - APGA Security Integrity Fnd Adv Group, PPDC
- 2 Larry Bornum (TN)
  - Legislative, Meaningful Metric
- 2 Daniel Trapp (AL)
  - Dist Form Redesign, Plastic Pipe Ad Hoc
- 2 Judy Ramsey (AL)
  - Gathering Line, Research and Design
- 2 Jeff Bagget (GA)
  - Compendium, Incident Trending
- 1 Tom Woosley (TN)
  - Operator Qualification Task Group
- 1 Steve Wood (NC)
  - Plastic Pipe Ad Hoc

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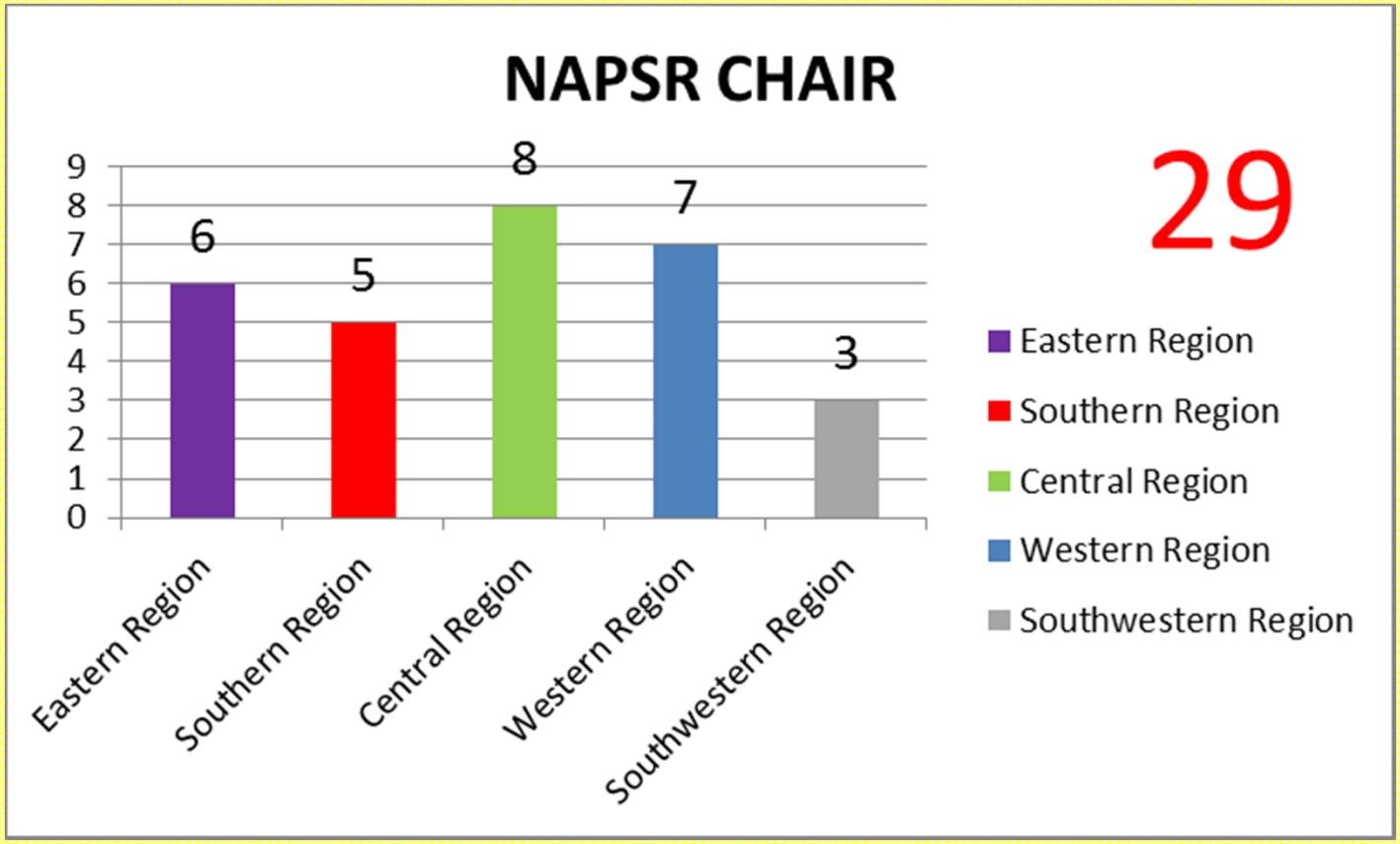
History of NAPSR



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NAPSR/NAPSR Relationships

- 22 New Program Managers in Last 5 years
- 30 Program Managers have 5 or more years experience
- NAPSR Turnover is High
  - Affects Training
  - Affects Committee Work
  - Affects Exchange of Ideas
  - Affects Relationship with PHMSA
  - Need for Mentoring

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Stake Holder Relationships

PHMSA

- Monthly Listening Sessions with Senior Management
- Support/Sponsor on PHMSA Workshops
- Inspection and Evaluation Collaboration

NTSB

- Invite to our Annual Conferences and semi annual meetings

Industry Trade Groups

- Surveys (Alternative Enforcement)
- Quarterly Calls
- Attend Industry Conferences

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Stake Holder Relationships

- **<u>NARUC</u>**

  serve as technical lead for NARUC
  conduit for press releases
  Pipeline Safety Committee support
  Pipeline Safety Staff Subcommittee

- **<u>Advocacy Groups</u>**
  - **Attend annual conference and continous dialogue**

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NAPSR Strategic Plan
"The Good the Bad, and the Ugly"
2012/2013 STRATEGIC OBJECTIVES

- Pursue top needs of NAPSR members
- Continue Many Initiatives discussed during Gettysburg Meeting
- Mentor new program managers & future leadership
- Increased effort of Outreach with Stakeholders, Media, and legislators. Maintain and promote NAPSR safety position including website

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Action Items Gettysburg 2012

1. ACTION ITEM: Include State initiatives as enforcement actions on the Progress Report Liaison Committee IN PROGRESS
2. ACTION ITEM: Draft a resolution to request funding from PHMSA for development and maintenance of an independent NAPSR web site.
3. ACTION ITEM: Assemble small subgroups of subject matter experts to work with liaison committee to develop positions on for future rulemakings. Not Started
4. ACTION ITEM: New PM training session at National on Monday AM pre-meeting similar to the NARUC new commissioner program. IN PROGRESS

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Gettysburg 2012 (Continued)

5. ACTION ITEM: Evaluate reestablishing the Staffing Formula TF (on hold)
6. ACTION ITEM: Seek specific feedback from PHMSA on results of IMP and DIMP and PAP inspections. Request frequently identified deficiencies found during IMP inspections and recommendations to address those issues. IN PROGRESS
7. ACTION ITEM: Request additional training webinars to provide current updates and allow Q&A. Include Drug and Alcohol and Propane IN PROGRESS
8. ACTION ITEM: NAPSR should have recommended positions prepared for the next reauthorization ready for a vote for the 2013 NAPSR National Meeting. (delayed)

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NTSB: Pipeline Safety Challenges

1. Prescriptive vs. Performance-based
2. In-line inspection
3. Leak detection
4. Emergency response
5. Public awareness
6. Leadership/safety culture

NTSB Marshall: Safety Issues

1. Control center operations/human factors
2. Environmental response
3. Integrity management
4. Oversight
5. Public awareness/emergency response

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Specific feedback from state regulators, federal regulators, congressional offices…

…not satisfied with IMP results on interstate pipelines? There have been deficiencies related to both operator's performance and oversight. Lots of easy items are being missed. **IMP performance on the interstate pipelines is not the model** we should accept…..

…state enforcement activities sometimes require specific investment or action by the operator. In addition, PUC's often issue ROR orders that reflect good and bad operator performance….we agree, rate making, education, and all the other tools are helpful….**experience has shown that operators will do less than they need to**. We believe fines must be large and significant enough to be a deterrent.

…"Most Wanted List" will include **several items focused on pipeline safety**….

A list we don’t need to be on

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What Needs to be Done?

1. Increased Oversight of Operators Programs
   a. Integrity Management Programs
   b. More Robust Inspection Protocols
   c. Operators Pipeline Safety Program lacking
2. Delays in Emergency Response
   a. Remote or Automated Valves
   b. Provide key information to local first responders and local jurisdictions

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Next Topic
Key Provisions of 2011 Pipeline Safety Act and NAPSR Positions

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Pipeline Safety Act of 2011
Key Provisions

- Civil Penalty Doubled to $200,000 per violation, $2 million max
- Enforcement Procedural Changes
  - Dedicated Presiding Official
  - Expedited Review of orders issued without a hearing (e.g., CAO)
  - Separation of Functions between investigative staff, prosecutorial staff, and deciding officials
- Onshore Facility Response Plans – PHMSA Enforcement Authority
- Onshore Facility Response Plans – Public now may obtain a copy
- **Damage Prevention – Eliminate exemptions for states and municipalities**
- Excess flow valves – expanded use (distribution branch services, multifamily facilities & small commercial)
- **Authority to require automatic or remote-controlled valves**

Key Provisions (continued)

- Diluted Bitumen – Does it bring increased risk of release?
- **Integrity Management – Whether IMP should be expanded**
- Leak detection system utilization, technical limitations, reliability, and safety benefits / adverse consequences of using leak detection systems
- **Gathering lines – sufficiency of existing laws/regulations, economic and technical challenges to application of existing requirements, risk-based justifications used to remove gathering line exceptions**
- Depth of cover as a factor in water crossing incidents
- PHMSA inspection and enforcement resources and needs

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Next Topic
Incidents are Increasing and Regulatory Assesment

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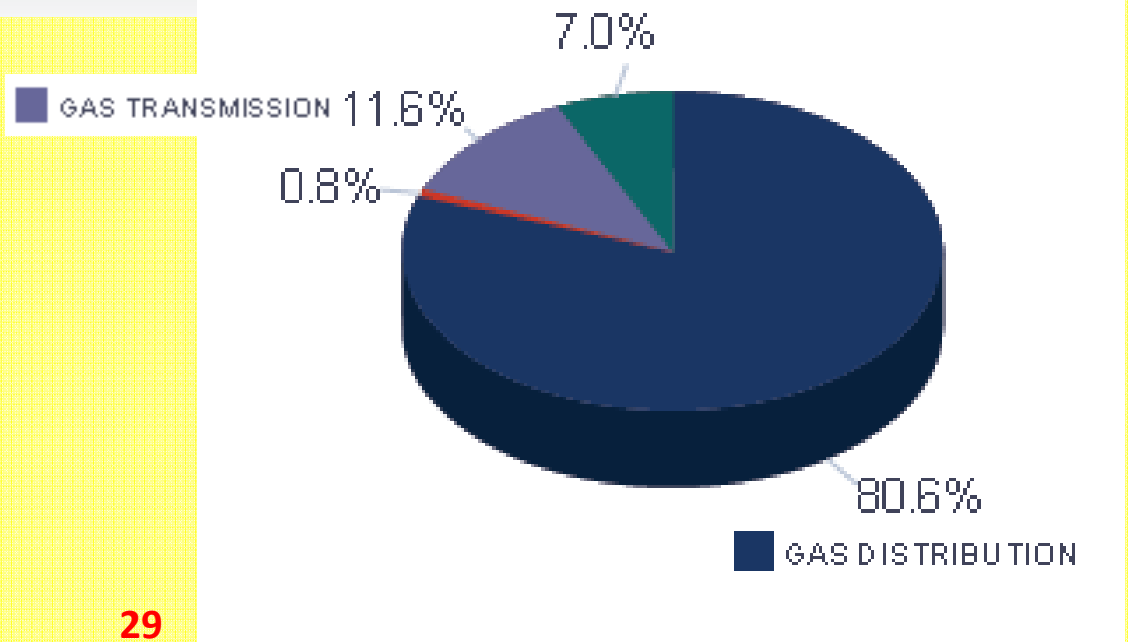
Year: 2011
Region: (All Column Values), State: (All Column Values)

System Type	System Type Detail	Total Miles
GAS DISTRIBUTION	MAIN	1,232,854.0
	SERVICES	881,472.2
GAS DISTRIBUTION Total		**2,114,326.2**
GAS GATHERING	OFFSHORE	6,258.8
	TYPE A	8,834.1
	TYPE B	5,189.3
GAS GATHERING Total		**20,282.2**
GAS TRANSMISSION	INTERSTATE	197,061.6
	INTRASTATE	107,663.8
GAS TRANSMISSION Total		**304,725.5**
HAZARDOUS LIQUID	INTERSTATE	128,570.2
	INTRASTATE	53,879.6
HAZARDOUS LIQUID Total		**182,449.8**



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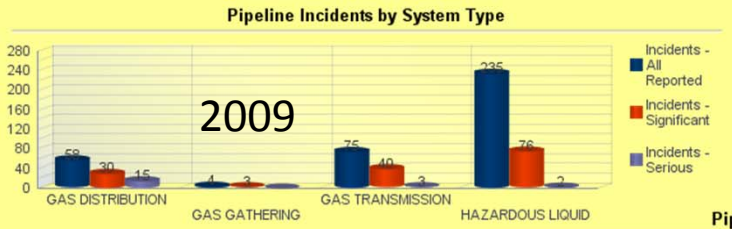
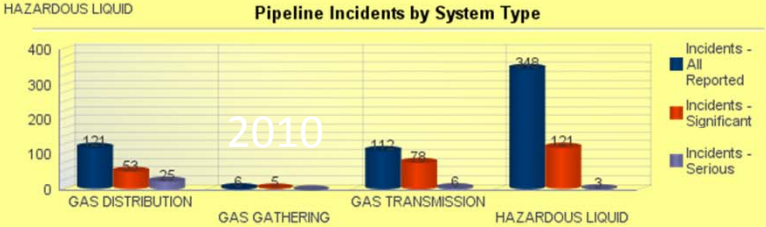
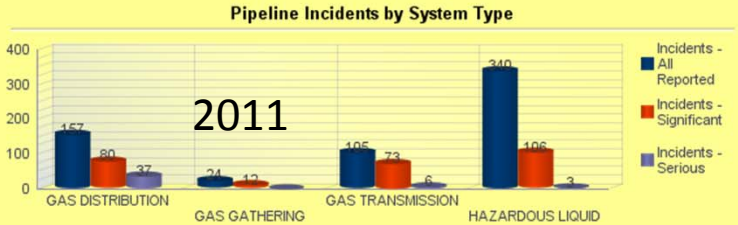
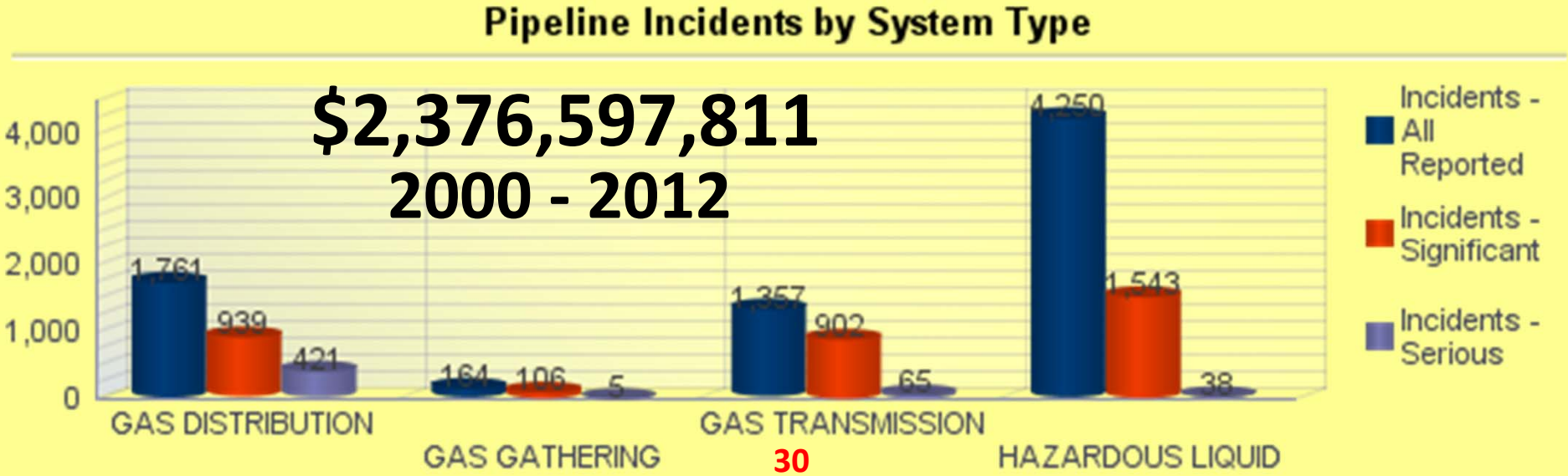
Incidents Show an Increase

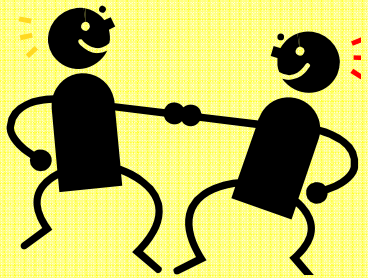








Shared Responsibility
….what lies ahead?



- **More Prescriptive vs Performance Based Requirements**
- **Improved Emergency Response**
- **Increased Public Awareness**
- **Leadership Safety Culture**

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Next Topic
Emerging Issues and Regulatory Responses

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Current Regulatory Initiatives

- API SMS RP TG Launched
  - Possible Prescriptive Language at lower levels
- Enforcement Guidelines Tightened
  - NAPSR Alternative Enforcement
- Meaningful Metrics
  - NAPSR-PHMSA TG
- Gathering Lines as part of Transmission ANPRM
  - NAPSR TG

More needed….

- Emergency Response

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What do we mean by Safety Management Systems?

- **Plan**
- **Policies**
- **Strategies**
- **Objectives**
- **Plans**

- **Do**
- **Roles and Responsibilities**
- **Processes**
- **Training**
- **Information Management**
- **Risk Management**
- **Management of Change**

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What do we mean by Safety Management Systems?

- **Check**
- **Performance Measures**
- **Investigations**
- **Audits**
- **Records and Reporting**

- **Act**
- **Management Review**
- **Corrective Actions**
- **Revisions to QMS Processes and Controls**
- **Revisions / Updates to Risk Models**
- **Input to New Planning Cycle**

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What do we mean by Safety Management Systems?

- SMSs continuously identify, address, and monitor threats to the safety of company operations by doing the following:
  1. Proactively addressing safety issues before they become incidents or accidents.
  2. Documenting safety procedures and requiring strict adherence to the procedures by safety personnel.
  3. Treating operator errors as system deficiencies and not as reasons to punish and intimidate operators.
  4. Requiring senior company management to commit to operational safety.

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What do we mean by Safety Management Systems?

5. Identifying personnel responsible for safety initiatives and oversight.
6. Implementing ***a nonpunitive*** method for employees to report safety hazards.
7. Continuously identifying and addressing risks in all safety-critical aspects of operations.
8. Providing safety assurance by regularly evaluating (or auditing) operations to identify and address risks.

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What do we mean by Safety Management Systems?

Most QMS/SMS "standards" require (or recommend) a set of high-level, overarching elements, but do not contain detailed or prescriptive methods for implementing these requirements

QMS/SMS "standards" also require the integration of these various elements into a cohesive program

Detailed requirements supportive of each element are usually provided separately in specific regulations, element-specific recommended practices, etc.

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We can look at the Canadian Energy Board to get a peek of type of regulation…..

6.5 (1) A company shall, as part of its management system and the programs ,

(a) establish and implement a process for setting the objectives and specific targets that are required to achieve the goals established under subsection 6.3(1) and for ensuring their annual review;

(b) develop performance measures for assessing the company's success in achieving its goals, objectives and targets;

(c) establish and implement a process for identifying and analyzing all hazards and potential hazards;

(d) establish and maintain an inventory of the identified hazards and potential hazards;

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We can look at the Canadian Energy Board to get a peek of type of regulation…..

(e) establish and implement a process for evaluating and managing the risks associated with the identified hazards, including the risks related to normal and abnormal operating conditions;

(f) establish and implement a process for developing and implementing controls to prevent, manage and mitigate the identified hazards and the risks and for communicating those controls to anyone who is exposed to the risks;

(g) establish and implement a process for identifying, and monitoring compliance with, all legal requirements that are applicable to the company in matters of safety, security and protection of the environment

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Current Regulatory Initiatives

- API SMS RP TG Launched
  - Possible Prescriptive Language
- Enforcement Guidelines Tightened
  - NAPSR Alternative Enforcement
- Meaningful Metrics
  - NAPSR-PHMSA TG
- Gathering Lines ANPRM
  - NAPSR TG

More needed….

- Emergency Response

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Enforcement Guidelines

- PHMSA has been issuing larger fines and increased compliance actions for last 5 years
- NAPSR has been behind in this arena but is starting to catch up and will continue to make noticable gains
- 3 prong approach for NAPSR

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Enforcement Guidelines

- Kentucky issued its largest civil penalty ever in 2013 $125,000 to LG&E
- California issued a $26 million dollar fine for the Rancho Cordova incident
- California issued a $3 million dollar fine for not meeting an order for submission of paperwork regarding MAOP
- California is expected to issue a $250/300 million dollar fine for PGE for San Bruno
- Pennsylvania issued its maximum fine of $500,000 against UGI for Allenstown incident
- Pennsylvania issued its maximum fine of $500,000 for Philadelphia Gas Works
- New York has just implemented basis point reduction from ROE for Corning Gas and National Grid and is pursuing other operators

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More needed….

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Meaningful Metrics

- Meetings with PHMSA and NAPSR are underway
- Will continue the constructive dialogue
- May become the most important issue facing states and PHMSA
- Need to affirm confidence of how well we are being evaluated and that quality inspections and quality of safety programs is measured.

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Current Regulatory Initiatives

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More needed….

- Emergency Response

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Gathering Lines/ ANPRM

- PHMSA is encouraging states to tackle gathering line issue on own but in general is supportive
- We have reactivated our Gathering Line Task Force
- Collecting data on non jurisdictional incidents related to Gathering Lines
- Expected to produce a final report by late July
- Draft White Paper has been started
- Will address Liquids and Gas

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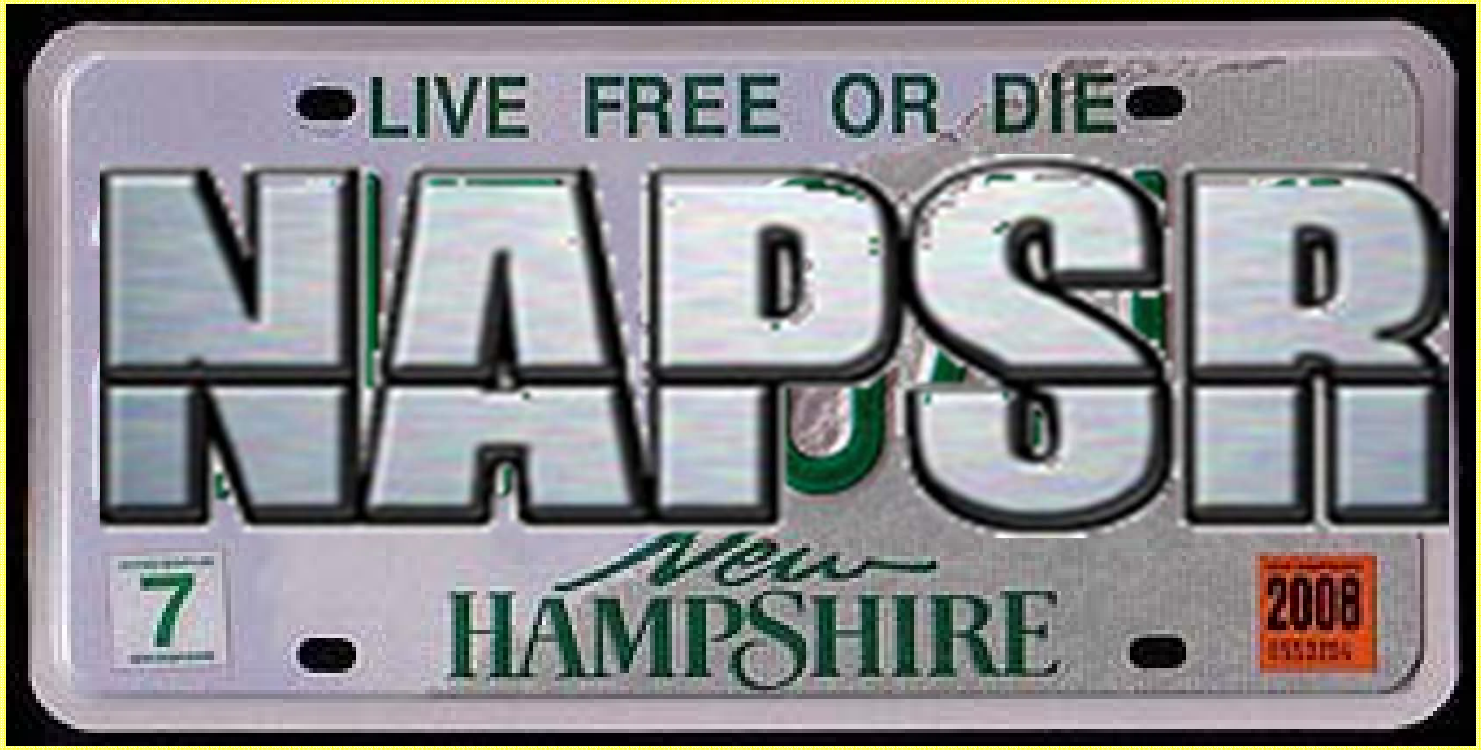
NAPSR National Meeting Invitation
New Hampshire



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NAPSR National Meeting Invitation
New Hampshire

September 9 -13, 2013

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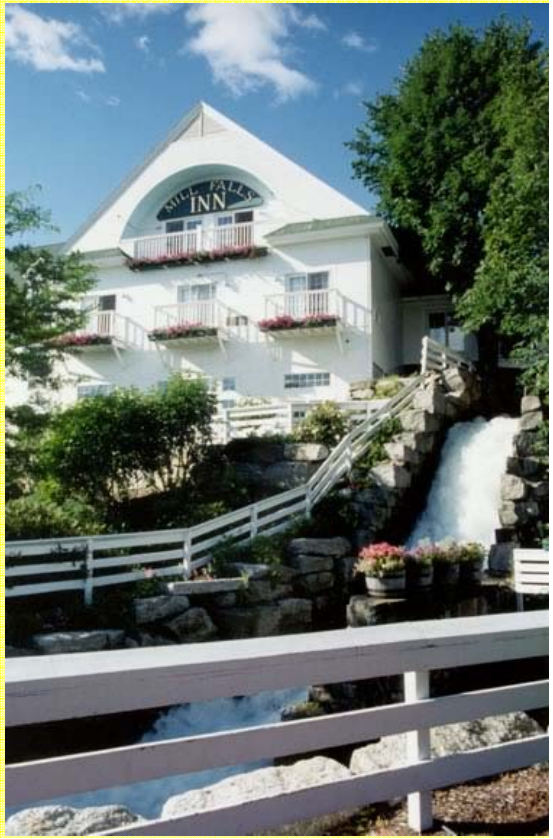
NAPSR National Meeting Logistics

- New Hampshire's Lake Region
- Small NE Town Atmosphere
- Temperature: 74/54
- Lake Winnipesaukee
- Laconia 10 minutes
- (Restaurants/Shopping)



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NAPSR National Meeting Logistics

- Meredith, New Hampshire
- Nearest Airport: Manchester Boston Regional Airport (MHT) www.flymanchester.com
- Served Southwest, US Air, Delta, United
- Approximately 1 hour north of airport
- Will Need to Rent A Car – No Public Transportation Available

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NAPSR National Meeting Logistics

Invited Attendees:

- ***Governor of New Hampshire***
- ***NH PUC Chairman- Amy Ignatius***
- ***NARUC Chairman – Commissioner Phil Jones***
- ***NARUC Pipeline Safety Committee Chair – Commissioner Paul Roberti***
- ***NTSB Commissioners***
- ***Local Media &***

  Energy Media

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See You in September !!!!

Visit us at:

www.NAPSR.org

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