



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

Administrator

1200 New Jersey Ave., S.E.
Washington, DC 20590

September 5, 2019

The Honorable Robert L. Sumwalt, III
Chairman
National Transportation Safety Board
490 L'Enfant Plaza East, SW
Washington, DC 20594

Dear Chairman Sumwalt:

I am writing in response to the National Transportation Safety Board's (NTSB) Recommendations P-19-001 and P-19-002 to the Pipeline and Hazardous Materials Safety Administration (PHMSA), which were made as part of NTSB's Pipeline Accident Report regarding the Silver Spring, Maryland, building explosion, which occurred on August 10, 2016.

Specifically, NTSB recommends that PHMSA:

- *Require that all new service regulators be installed outside occupied structures (P-19-001), and*
- *Require existing interior service regulators be relocated outside occupied structures whenever the gas service line, meter, or regulator is replaced. In addition, multifamily structures should be prioritized over single-family dwellings. (P-19-002)*

The mission of PHMSA is to protect people and the environment by advancing the safe transportation of energy and other hazardous materials that are essential to our daily lives. PHMSA shares the NTSB's commitment to preventing pipeline accidents. PHMSA has a long history of cooperating and collaborating with the NTSB, and we take our responsibility to address all of NTSB's recommendations seriously.

While PHMSA's regulations allow service regulators to be located inside or outside structures, the requirements for indoor regulators are more stringent than for those located outdoors. Specifically, 49 CFR § 192.355(b) requires service regulator vents to terminate outdoors; § 192.357(d) requires regulators that might release gas to be vented to the outside atmosphere; and § 192.353 requires each service regulator to be located in a readily accessible location, and that if service regulators are installed in a building they must be located as near as practical to the service line entrance to the building. In general, locating service meter and regulator sets

inside structures is more costly and presents access challenges for operators. Today, most sets are placed outside unless no safe and suitable space exists outside.

PHMSA's regulations also include requirements that operators conduct leakage surveys of their systems, including service regulators located inside or outside a building. In scheduling these, they may consider the nature of their operations and the local conditions, but at a minimum they must conduct surveys: (1) in business districts at intervals not exceeding 15 months, but at least once each calendar year; and (2) outside business districts as frequently as necessary, but at least once every five calendar years at intervals not exceeding 63 months (*See* § 192.723). In addition, § 192.481 requires operators to inspect meters and regulators for atmospheric corrosion at least once every 3 years, at intervals not to exceed 39 months.

Requiring service regulators and meter sets to be located outside could have unintended consequences. When located outside, regulator and meter sets are at risk of damage from vehicular traffic. From 2005 through 2018, gas distribution pipeline system releases resulted in a fatality or injury requiring hospitalization 372 times. Of these releases, 18% were caused by vehicular damage to meter and regulator sets located outside. Operators should be allowed to evaluate each service installation to determine the appropriate location of the service regulators.

Further, in our analysis to respond to the above Recommendations, PHMSA assumed that operators would incur no additional costs to place service regulators outside for new construction (P-19-001). However, PHMSA estimates that implementing Recommendation P-19-002 could involve inside regulators serving approximately 13.9 million existing occupied structures, at an estimated cost of \$520 million during the first year. This makes it unlikely that the estimated cost of relocating service regulators outdoors would pass the statutory cost/benefit requirements for rulemaking. To arrive at this conclusion, PHMSA used 2018 data collected through PHMSA's Gas Distribution Annual Reports. PHMSA's preliminary analysis of this data indicates that there is a total of 69,330,683 service lines operated by 1,462 pipeline operators nationally. Based on estimates provided by gas utility companies and the National Association of Pipeline Safety Representatives, as much as 20 percent of occupied structures are likely to be served by regulators located inside. PHMSA also assumes a 0.5 percent replacement rate each year, leading to recurring annual costs of a similar yet decreasing magnitude.

As NTSB is aware, completing rulemakings takes time, as it is an iterative process that is designed to encourage maximum participation by all stakeholders, thus ensuring comprehensive rules that protect the public and stand up to cost/benefit scrutiny. For the reasons stated above, PHMSA believes the intent of both NTSB Recommendations can be achieved quickly by implementing the following alternatives:

- Add questions and guidance to PHMSA's distribution inspection forms that are used by PHMSA and state pipeline safety inspectors to clearly guide them to review operators' compliance with our regulations relating to service regulators, and to have them review operator's Operation and Maintenance procedures relative to the placement of service regulators;

- Modify the State Program Evaluation Form to include a question verifying that states are checking operator compliance with our regulations for inside regulators;
- Review current requirements for inside meter/regulators with operators at all state pipeline safety seminars beginning in 2020;
- Issue an Advisory Bulletin alerting operators of the requirements for inside meter/regulators, including leakage surveys, noting that if access is an issue to properly check and maintain inside regulators, operators must do what is necessary to have the customer provide access to check the regulator and conduct the leak or atmospheric corrosion survey;
- Encourage states to provide a rate rider to move regulators outside where possible; and
- Support research and development to improve service regulator design to facilitate placement in areas where very limited outside space exists.

PHMSA proposes to track the efficacy of these alternative actions by:

- Working with the National Association of Pipeline Safety Representatives to determine a baseline for the number of inside regulators. PHMSA would then annually track this data to determine the rate of reduction in inside regulators;
- Reviewing incident data to identify potential trends for Material/Weld/Equipment failures involving inside regulators; and
- Reviewing Federal and state inspection and enforcement relative to compliance with the regulations.

PHMSA proposes to submit our findings to NTSB one year after the implementation of the above plan.

PHMSA is committed to continuously help improve the safety of our nation's pipeline system. Towards that end, we take our responsibility to address all NTSB recommendations seriously. PHMSA is requesting that NTSB accept our alternative actions to address the intent of Recommendations P-19-001 and P-19-002. My staff and I would be pleased to meet with you to further discuss this proposal. We look forward to a favorable response.

If you have any questions or require additional information, please do not hesitate to contact me at 202-366-4433.

Sincerely,

A handwritten signature in blue ink that reads "Howard R. Elliott". The signature is written in a cursive style with a large initial "H".

Howard R. Elliott