

NATURAL GAS

June 2012

Distribution Integrity Management Programs

Implementing the Performance-Based
Regulation

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Association

Distribution Integrity Management



- We should remember that DIMP was developed as a collaborative effort. PHMSA, states, operators and public created the DIMP Phase 1 Report.
- Collaboration is still needed as we discuss way to effectively implement DIMP and explain the success created.

Distribution Integrity Management

DIMP Phase 1 Report Executive Summary Excerpt (2005):

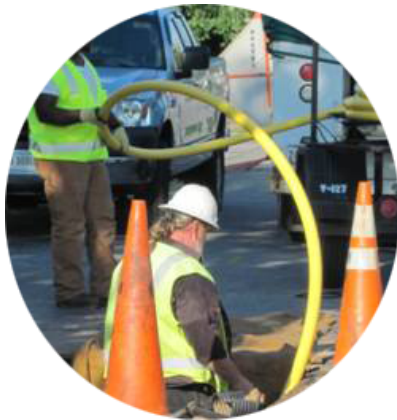


The groups found that the most useful option for implementing distribution integrity management requirements is a high-level, flexible federal regulation, in conjunction with implementation guidance, a nation-wide education program expected to be conducted as part of implementing 3-digit dialing for One-Call programs, and continuing research and development.

Distribution Integrity Management

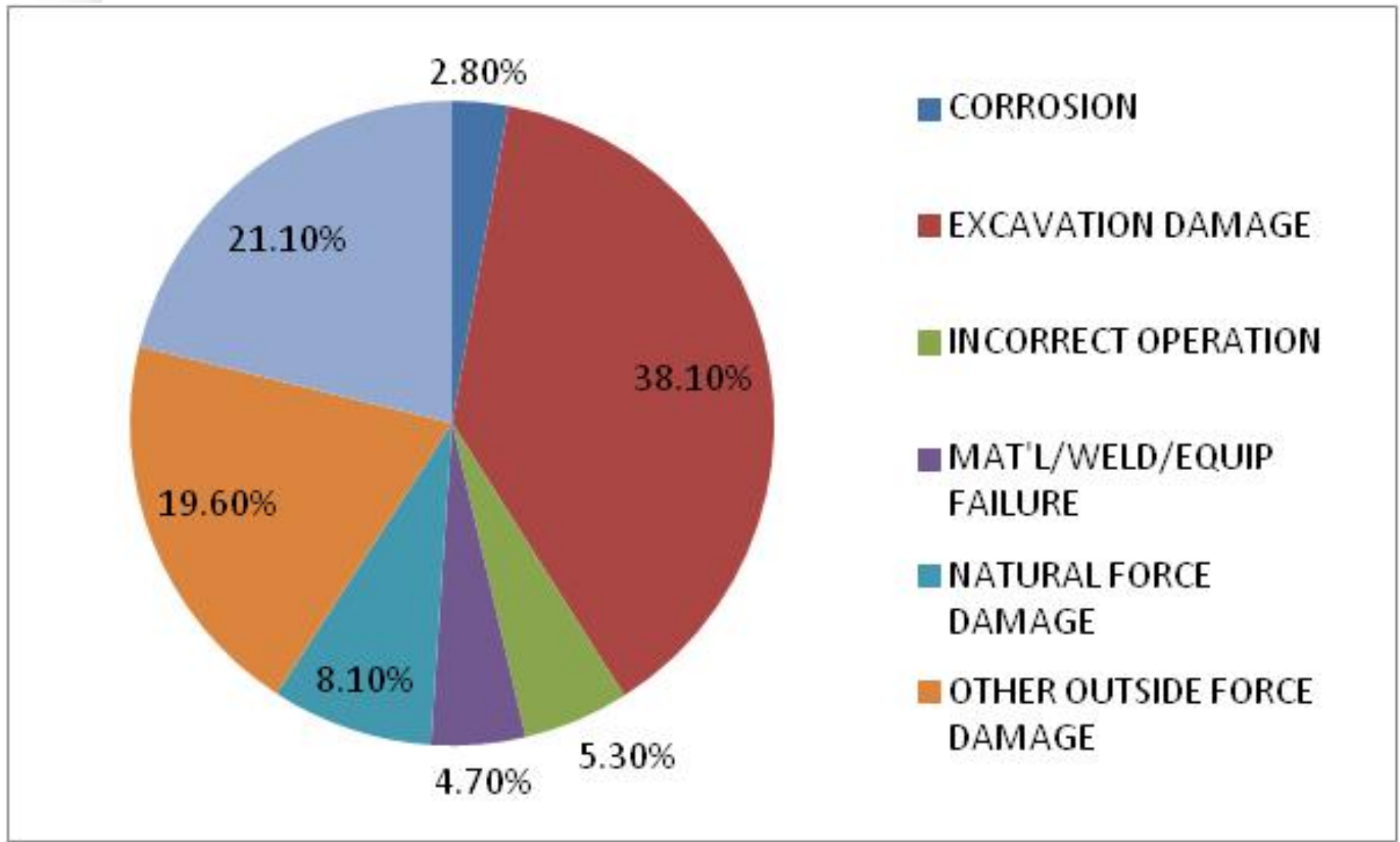
The DIMP Phase 1 Report goals are being successfully implemented.

- The national 811 number was launched in May 2007. Since 2008, the number of events reported to DIRT have steadily decreased from 135,621 in 2008 to 112,917 in 2010.
- The high-level flexible DIMP rule was finalized in December 2009 and plans were developed August 2011.



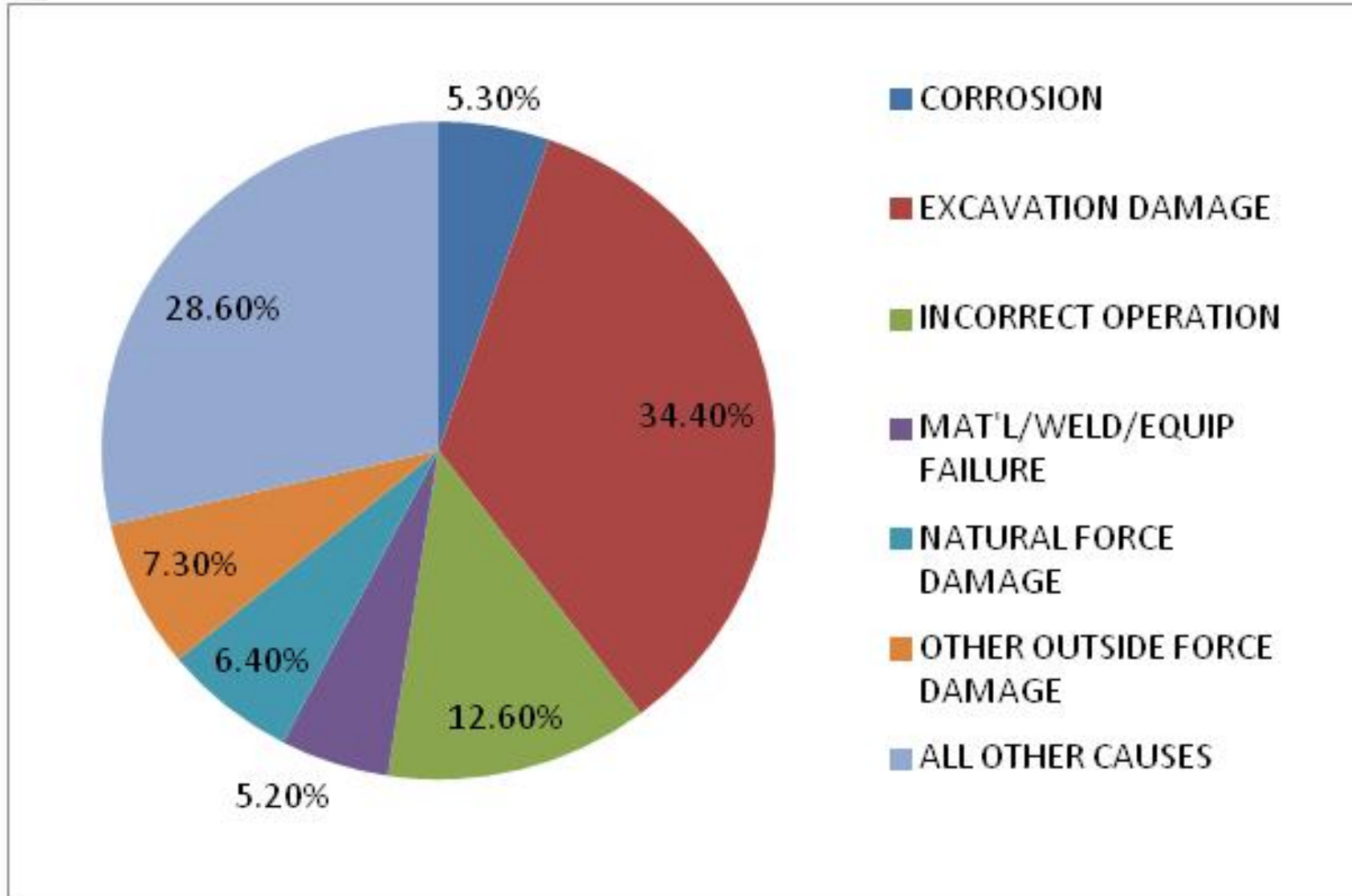
AGA will push for more focus on distribution issues at the PHMSA R&D workshop on July 18 – 19.

All Reported Distribution Incidents Causes (1992-2011)



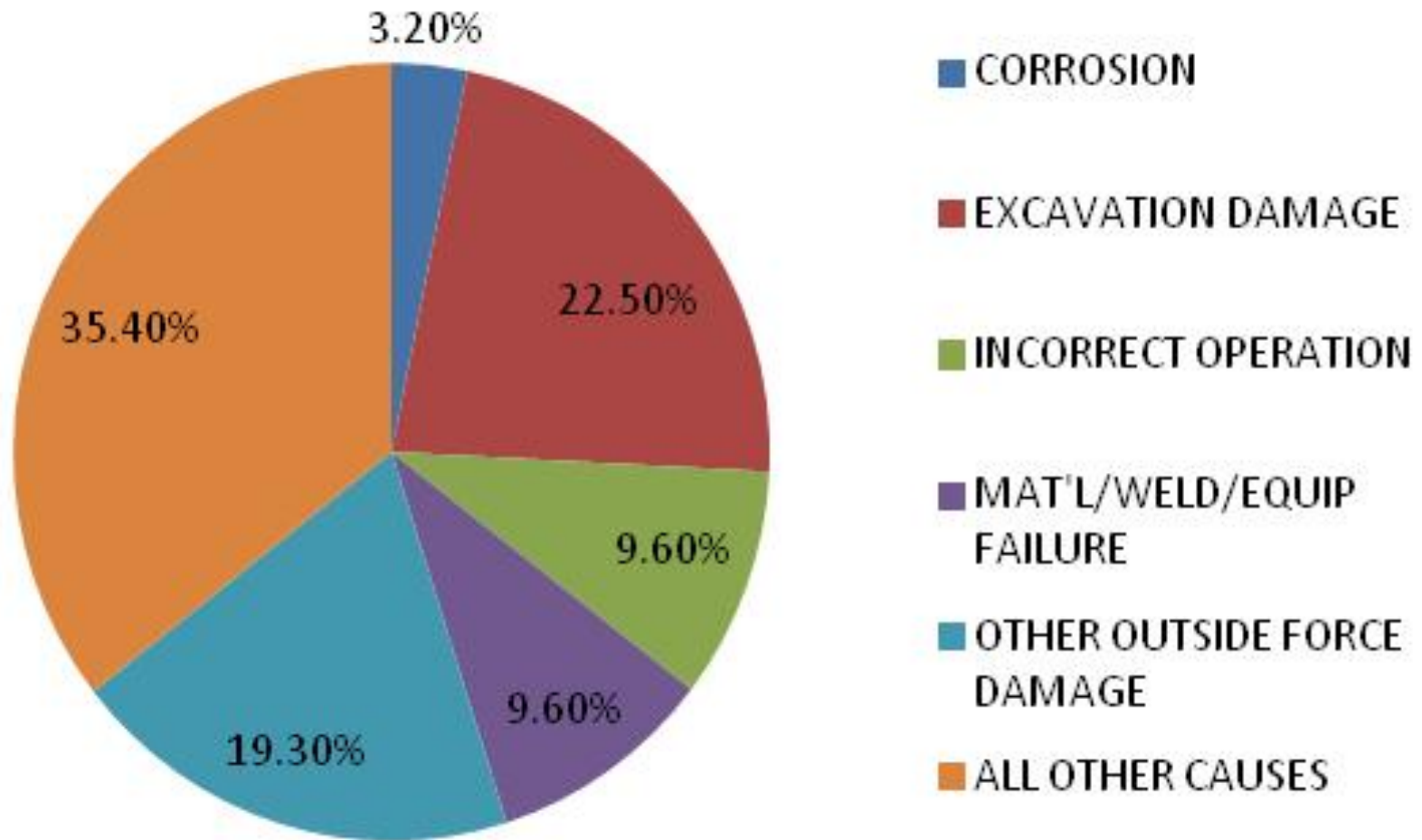
Source: PHMSA Serious Incident Files May 31, 2012

Serious Distribution Incident Causes (1992-2011)



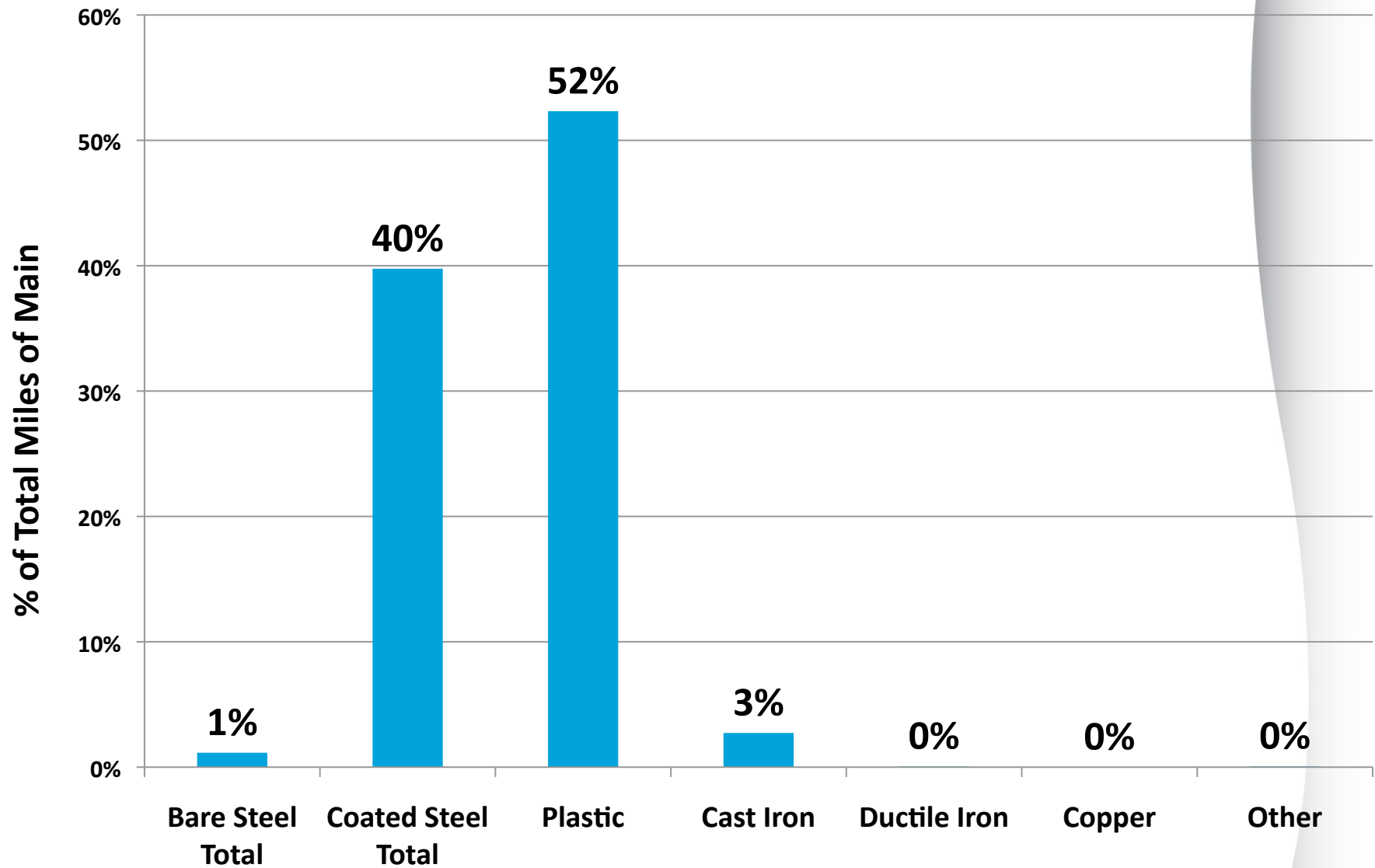
Source: PHMSA Serious Incident Files May 31, 2012

Serious Distribution Incident Causes - 2011



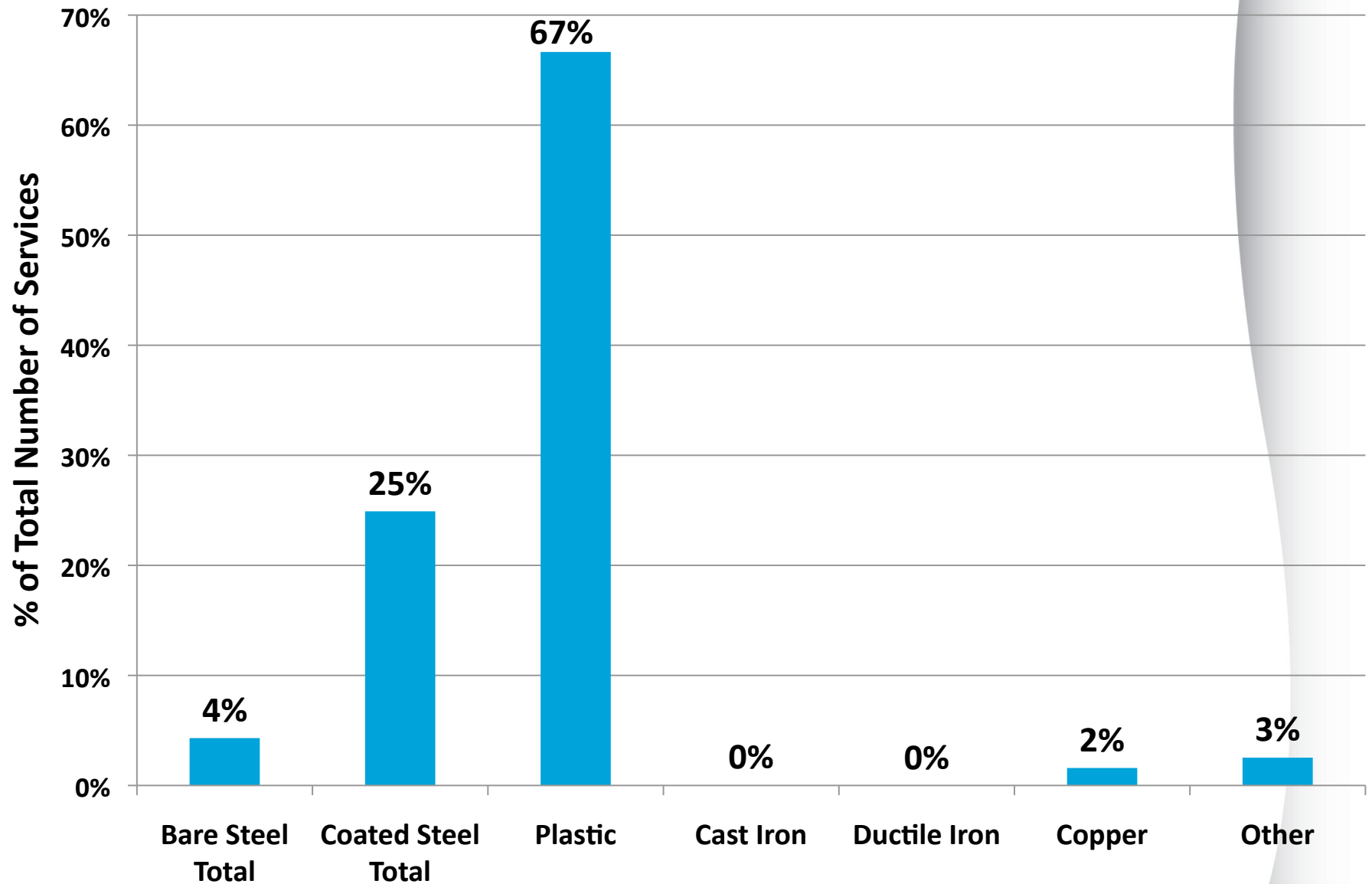
Source: PHMSA Serious Incident Files May 31, 2012

Distribution has a very diverse infrastructure



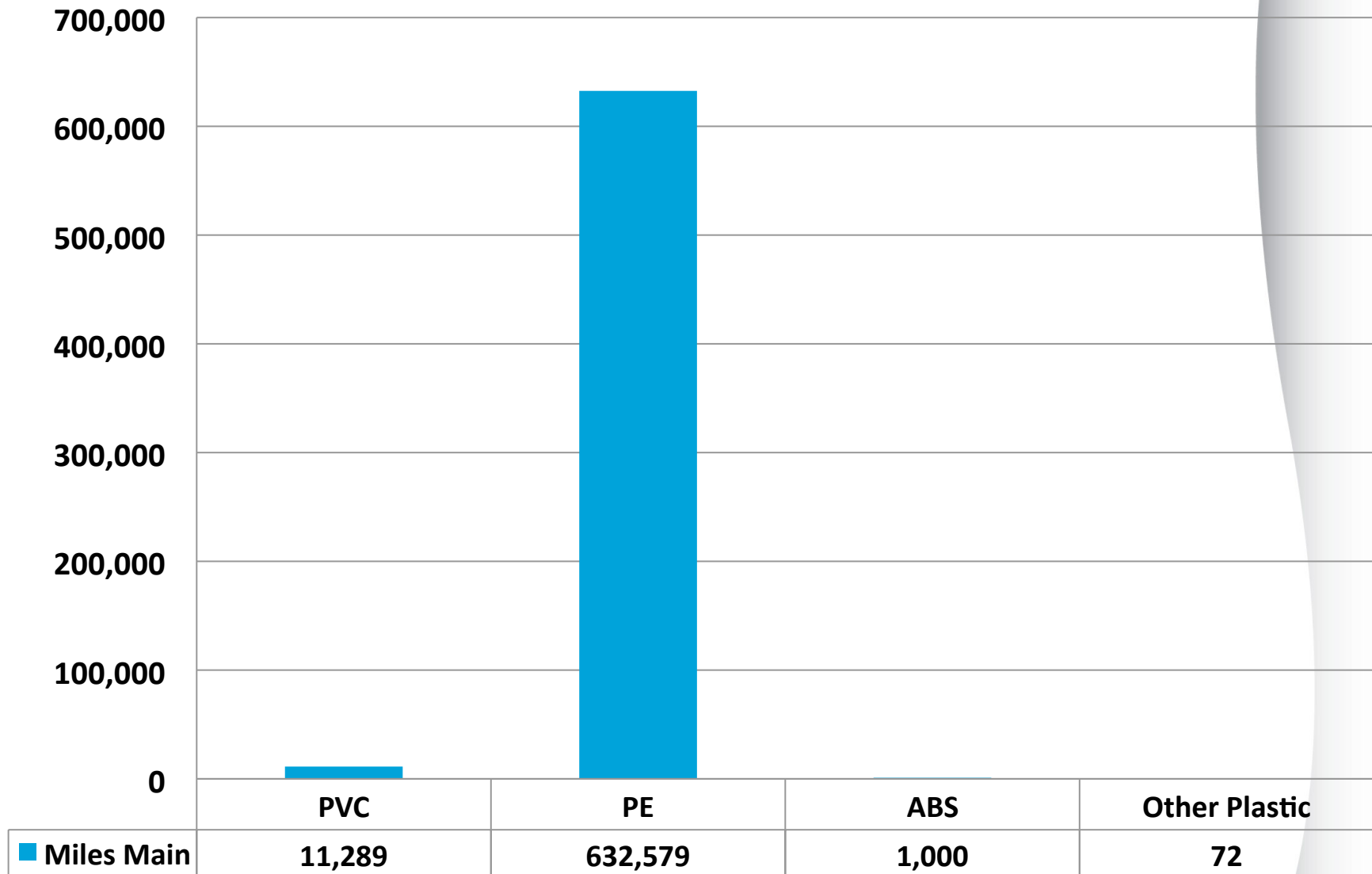
Source: PHMSA 2011 Annual Report Data

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Source: PHMSA 2011 Annual Report Data

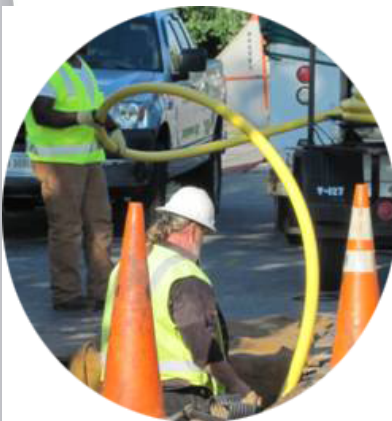
Distribution has a very diverse infrastructure



Source: PHMSA 2011 Annual Report Data

Supporting DIMP Implementation

- GPTC Guidance Appendix G-192-8
- Regional pipeline trade associations developed document to support customizable DIMP plans.
- AGA brought operators, consultants and service providers together at its annual spring operations conference.
- Regulators developed Inspection forms and conducted pilot audits.
- AGA views this workshop as a feedback event.



Distribution Integrity Management

TIMP success was clearly defined in the statute and regulation. All baseline assessments will be completed by December 2012. It is easy to track the approximately 20,000 miles of HCAs that require assessments and reassessments.

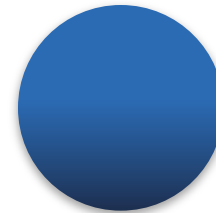
Success for DIMP will be more complicated. Congress merely mandated that:

- PHMSA shall prescribe a regulation for operators to continually identify and assess risks on their distribution lines, to remediate conditions that present a potential threat to line integrity, and to monitor program effectiveness;
- Shall include a requirement for an operator of a natural gas distribution system to install an excess flow valve on each single family residence service; and
- Operators shall develop and implement an integrity management program in accordance with those standards.



NOW IS THE PERFECT TIME FOR INFRASTRUCTURE INVESTMENT

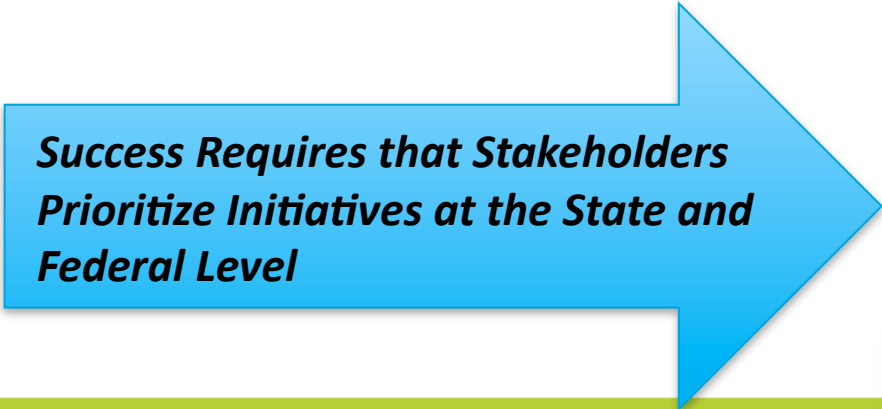
- There is an abundance of natural gas from shale gas development.
- Utility rate savings from low natural gas prices should be directed to projects to replace, repair and rehabilitate pipelines.
- DOT, AGA and the public are calling for accelerated replacement programs for cast iron and bare steel.
- New infrastructures are being installed to support natural gas vehicles.
- Infrastructure investment will create well paying and productive jobs.



Pipeline Safety Path Forward

Successfully moving pipeline safety to a higher level will require:

- Addressing Congressional mandates that are primarily for transmission pipelines segments
- Rate cases for gas utility infrastructure cost recovery
- Extensive stakeholder discussions
- Action on plastic pipe material updates
- Billions of dollars in capital expenditures
- Transparency for the public



***Success Requires that Stakeholders
Prioritize Initiatives at the State and
Federal Level***



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Operations and Safety

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