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Pipeline Safety Measures More Vigilant

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Pipeline safety measures are more vigilant but the overall objectives of such oversight have yet to be fulfilled. That's the view from the Department of Transportation Inspector General, who says that while several improvements to the system have been made since new laws were passed two years ago there are still problems.

The law passed in 2002 speeds up the frequency with which natural gas and liquid pipelines are inspected and imposes tougher penalties than in the past, although critics still say that such fines are too small to make much of a difference and that lawsuits are more effective. Inspector General Kenneth Mead said that improvements such as those that require the development of standards to evaluate pipelines and the creation of mapping systems to better target safety concerns have succeeded. But, he acknowledges that natural gas distribution lines are not regularly inspected. Meanwhile, just a fraction of the pipelines have been examined and the process won't be completed for several years.

"We are concerned that the 1.8 million miles of natural gas distribution lines don't have to undergo safety inspection, even though they have the worst safety record of all pipelines," Mead says, the lead watchdog for the Department of Transportation. Such distribution lines deliver the gas to end users. In the last 10 years, he says that those lines have been the source of 174 fatalities and 662 injuries. By comparison, hazardous liquid and natural gas transmission pipelines together are responsible for 43 deaths and 178 injuries. His comments came at a recent congressional hearing on the subject.

Efforts to reform the laws that govern the nation's 2.2 million interstate oil and gas pipelines received a major thrust forward after an explosion killed three people in Bellingham, Wash., in 1999. A subsequent rupture killed 12 people in New Mexico.

As part of the law, the Department of Transportation's Office of Pipeline Safety (OPS) is responsible for implementing risk-based regulations and issuing civil penalties, which have increased in both size and number. But, the effectiveness of those efforts cannot be determined, given that the government office has yet to define benchmarks, according to a General Accounting Office study on the issue.

The analysis shows that the number of serious accidents on interstate natural gas transmission lines was stable at 88 per year from 1994 through 2003. At the same time, hazardous liquid pipeline accidents dropped by almost a third for the same time period and went from 245 to 126. But, those accidents that involved death and property damage of \$50,000 or more have remained constant.

"Without these key elements, the agency cannot determine whether recent or planned changes in its strategy will have the desired effects on pipeline safety," says Katherine Siggerud, author of the GAO report.

Various Recommendations

The Office of Pipeline Safety implemented a variety of recommendations from the National Transportation Safety Board, which include the use of "best practices" when it comes to excavation and maintaining pipeline maps that are clear, accurate and current.

Furthermore the 2002 law now requires "meaningful" pipeline inspections at least once in the next 10 years and every seven years after that, although some infrastructure near big cities would receive more frequent attention.

The rule also has a provision that enables repairs to be made more efficiently as well as one that increases state involvement in the safety inspection process. The public's right-to-know about possible hazards would be expanded and employees of pipeline companies who report potential problems would be insulated from retribution. And, the law allocates \$6 million to train people to handle pipeline accidents and earmarks \$25 million for research and development to new technologies. Finally, the measure increases the maximum penalty for a series of violations from \$100,000 to \$1 million.

"Delivery of energy by pipeline is consistently the safest mode of energy transportation," says Earl Fischer, with Atmos Energy Corp., at congressional hearings. The amount of gas that has been pumped through pipelines has increased by one-third while 650,000 miles of new pipeline has been laid, all in the last 17 years. But reportable incidents are down by 25 percent, he says.

Compliance is now top of mind for nearly all pipeline operators. An emerging trend is to hire third party companies that operate and maintain such pipelines and which share in the potential liabilities. The major advantage, though, is that these independent companies can leverage their resources and do the job more effectively than companies

whose main goal is to sell more gas and to increase the throughput in their pipelines. According to Tim Nesler, CEO at EMS Pipeline Services in Houston, such business strategies often result in fewer accidents and incidents as well as procurement savings that occur because outsourcing firms act on behalf of many pipeline companies.

In the case of EMS, it has developed software that field personnel use to track trends on pipelines and how companies are complying with regulatory issues. The information is then uploaded into an archived database where it can be easily accessed. It's a service that may benefit an industry that is expected to spend \$4.5 billion on maintenance of its pipelines that carry hazardous liquids and another \$7.3 billion on those that carry natural gas, all from 2003 to 2007 and according to Direct Assessment Technology Partners and Technical Toolboxes.

"We have to make certain we have a record equal to or better than the pipeline companies we pitch," says Nesler. "All things in this business are more driven now toward regulatory reporting. The goal then of pipeline owners is to find those who are trained and to avoid the risk of varied interpretation." With an aging workforce and the difficulty in finding such personnel, he says the trend toward outsourcing will increase.

Preventive Enforcement

The emphasis now on pipeline safety is an overall plus. The growth of consulting and outsourcing firms in this area is a manifestation of that concern. But, critics fear that the oversight and any penalties won't have much deterrence on those who would otherwise cut corners.

Obviously, government regulators only have a finite number of resources. That's why Lois Epstein with the Anchorage-based environmental consulting firm of Cook Inlet Keeper told lawmakers at hearings that the high profile matters would draw most of the attention. Others would be left unnoticed. To remedy that, she says that all cases should receive adequate attention by posting the results of investigations on the Web.

"Preventive enforcement ... would require OPS to penalize pipeline companies whose operations might result in serious releases prior to a release occurring," she says.

Pipeline companies have taken a more conciliatory and proactive approach toward government regulation. Before the 2002 law, they insisted much of the proposed rule was intrusive and that self-regulation would protect the public. As a result, prior attempts to put more teeth into laws failed. But the issue has reached a crescendo as high-profile accidents such as those in Washington state and New Mexico have occurred and the consequences have become more severe.

The industry appears to have listened and made strident efforts to improve its operating and maintenance policies. More frequent and more diligent inspections will help ensure the results are even better.

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