

**TESTIMONY OF
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THE WILLIAMS COS., INC.**

**ON BEHALF OF
THE INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA (INGAA)**

**BEFORE THE
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES**

**REGARDING
PIPELINE SAFETY PROGRAM OVERSIGHT**

JUNE 21, 2018

Mr. Chairman and Members of the Subcommittee:

Good morning. My name is Chad Zamarin, and I am Senior Vice President of Corporate Strategic Development at the Williams Companies. Williams owns and operates natural gas gathering, processing and transmission infrastructure, including the nation's largest-by-volume natural gas interstate transmission system in the country. All told, Williams owns and operates more than 30,000 miles of pipelines, including more than 15,000 miles of interstate natural gas pipelines. We help bring to market approximately one third of the nation's natural gas. That gas is used to heat our homes, cook our food, and increasingly generate electricity in an environmentally responsible manner. Williams is a member of the Interstate Natural Gas Association of America (INGAA), which is a trade association that represents the interstate natural gas pipeline industry. I am here today representing INGAA's membership.

INGAA's members transport the vast majority of the natural gas consumed in the United States through a network of approximately 200,000 miles of interstate transmission pipelines. These transmission pipelines are analogous to the interstate highway system; in other words, they are large capacity, critical infrastructure systems spanning multiple states or regions. In addition to my role at Williams, I also serve on the Department of Transportation's Gas Pipeline Advisory Committee (GPAC), having been appointed by the Secretary of Transportation to the GPAC in 2010. The GPAC serves as an advisory committee to the Department of Transportation and to the Pipeline and Hazardous Materials Safety Administration (PHMSA) regarding matters of pipeline safety and regulatory oversight. The GPAC is comprised of 15 members, with equal representation from the gas industry, federal and state government agencies, and the public.

Thank you for the opportunity to share my perspective at this hearing. There are four principal points that I wish to make in this testimony on behalf of the natural gas infrastructure industry.

First, INGAA members will continue to incorporate new technologies and enhanced business practices that improve our capabilities and performance even in the absence of new regulations or legislation. As an industry, we are relentlessly committed to transporting and delivering natural gas in a safe and environmentally responsible manner. Not only does this make good business sense, but more importantly, it is core to our function as a critical infrastructure industry that is integrated in the communities we serve and in which we live.

Second, our members support sensible regulation and the completion of pending rulemakings in a timely and workable fashion. It is critical for an industry of our national importance to have regulatory certainty to support ongoing investment, fueling improving safety performance alongside job creation and the enhancement of the quality of life across our nation. As you know, PHMSA continues to work toward addressing the pipeline safety mandates that were the centerpieces of the last two reauthorizations of the Pipeline Safety Act.

Third, the PHMSA Gas Pipeline Advisory Committee process has proved effective in facilitating a broad stakeholder review of these rules and should remain an active participant in PHMSA's work. The GPAC is a transparent and balanced forum that has demonstrated the ability to accelerate achievement of consensus around complex regulatory issues.

Fourth, there are a number of outdated regulations that do not reflect current best practices and should be updated or eliminated. These outdated regulations result from a code of federal standards established over the past fifty years, one rulemaking at a time. While those regulations reflect the technology and best thinking available at the time of adoption, they have not kept up with technological advances and modern practices.

On the first point, in advance of PHMSA completing its pending rulemakings, INGAA members have committed voluntarily to undertake major efforts in these same areas. For example, INGAA members committed to utilize an existing American Society of Mechanical Engineers standard as the basis for expanding integrity management procedures beyond high consequence areas, to cover 90 percent of the people living near our pipelines by 2020. In addition, our operators have been re-verifying records for pipes constructed prior to 1970, and have committed to reconfirming maximum allowable operating pressure (MAOP) for certain segments for which adequate records are not available. This work, in part, has led to an approximately 80 percent decrease in onshore gas transmission manufacturing-related incidents since 2010, which was the year a manufacturing-related failure on a pipeline in San Bruno, California spurred one of the mandates we are discussing today. But implementing these voluntary commitments during the pendency of proposed regulations presents significant business uncertainty and therefore risk, since new regulations may require action already completed to be redone at significant cost, effort and disruption for pipeline customers.

Because our industry endeavors to keep pace with technological advancements, we have a vested interest in seeing pending rulemakings completed in a timely fashion. For example, for more than six years, PHMSA has been considering the promulgation of a comprehensive natural gas transmission and gathering rule that would encompass a wide range of issues. First floated as an advanced notice of proposed rulemaking in 2011, this comprehensive proposal grew to include a number of Congressionally-mandated rulemakings, including the expansion of the integrity management program beyond traditional high consequence (or populated) areas, the reconfirmation of MAOP for pipelines constructed before 1970, and more. The natural gas infrastructure industry is anxious to see this process come to a successful completion.

INGAA's members also are anticipating a final underground gas storage rule. The PIPES Act of 2016 directed PHMSA to issue minimum safety regulations for underground natural gas storage facilities, and to consider consensus technical standards to develop those regulations. INGAA's members committed publicly to implementing the consensus technical standards, which describe integrity management program requirements for underground natural gas storage facilities, in advance of PHMSA's rulemaking. PHMSA elected in late 2016 to fulfill the statutory mandate using an interim final rule (IFR), which allowed the rule to become effective without notice and comment. PHMSA has since issued a partial stay of enforcement and re-opened the comment period on this rulemaking as it considers what modifications may be necessary for the underground natural gas storage final rule. PHMSA also used an IFR to promulgate the regulation creating procedures for emergency orders.

We all want PHMSA to be an effective regulator, and that includes the ability to promulgate important regulations on a timely basis. Timely rulemakings that follow the Administrative Procedures Act are essential to PHMSA fulfilling its stated mission. Delays in completing important rulemakings slow improvements in pipeline safety and create uncertainty surrounding the industry's investment in the facilities and pipeline inspection tools that will be subject to anticipated regulations. This uncertainty not only affects pipeline operators, but also service and equipment providers, including companies that develop advanced technologies that enhance pipeline safety management. INGAA members stand ready to work with PHMSA to complete these important rules as expeditiously and prudently as possible.

As to my third point, GPAC can play an important role in completing our collective work. The time needed to complete a rulemaking is affected, in part, by the quantity and quality of dialogue with impacted stakeholders. Apart from satisfying the legal requirements of the Administrative Procedure Act, there is great value for all in the dialogue that occurs as part of the notice and comment rulemaking process. Furthermore, beyond formal rulemakings, a robust dialogue involving PHMSA, safety advocacy groups, the pipeline industry and others can advance the goals of pipeline safety regulation. Some of the greatest improvements in pipeline safety have occurred when government, industry, and other stakeholders have worked together. These include collaborative efforts around technology research and development, damage prevention, safety management systems, and cyber and physical security.

The GPAC membership is equally divided among stakeholders from the public (such as safety advocates and emergency managers), federal and state government agencies, and private industry. The stated role of the GPAC is to review PHMSA's proposed regulatory initiatives to ensure the technical feasibility, reasonableness, cost-effectiveness and practicability of each proposal. The committee also evaluates the cost-benefit analysis and risk assessment information of the proposals. Given its diverse membership, the GPAC is an important and useful forum for stakeholder outreach and input, and therefore should be involved early and often during the rulemaking development and drafting process.

Stakeholder dialogue is especially important when the subject of the rulemaking is a complex, technical topic such as pipeline safety regulation. The pending natural gas transmission and gathering rule provides a good example of why an appreciation of the capabilities of pipeline infrastructure and opportunities and limitations of the technologies and practices used to manage pipeline integrity is so important to achieving effective and technically workable rules. New rules should leverage stakeholder knowledge and expertise to facilitate the deployment of new technologies that are more effective, more efficient, and less disruptive than the legacy methods that may be reflected in existing regulations.

Collaboration in the rulemaking process is fully consistent with PHMSA's statutory mandate. The Pipeline Safety Act requires that a safety standard be "practicable" and designed to meet gas pipeline safety needs and protect the environment. Achieving this balance requires PHMSA to consider outside input.

Early last year, PHMSA initiated a series of GPAC meetings to consider the proposed natural gas transmission and gathering rule. In total, five multi-day meetings were held over an 18-month period to review the pending gas transmission regulations, including mandates from the 2011 Act and other enhancements to gas transmission pipeline safety regulations. Working through issues in phases, getting clarification and consensus, and then moving on to the next set of topics has been a logical and efficient process. PHMSA and the GPAC succeeded in building broad consensus around many important and challenging gas transmission pipeline safety topics. Certainly, GPAC's comprehensive body of work represents the most significant enhancement to gas transmission pipeline safety regulations since the original federal regulations were promulgated in 1970.

And finally on my fourth point, as PHMSA works through its backlog of pending rules and remaining mandates, it also makes sense to review older regulations, especially those where newer regulations address the same pipeline safety imperatives. The Department of Transportation now is reviewing existing regulations "to determine whether they are crafted effectively to solve current problems." INGAA believes this presents an opportunity to improve safety regulations by allowing the use of integrity management processes and technologies that did not exist when the first federal pipeline safety regulations were written in 1970.

As an example, PHMSA has announced its intent to issue an advanced notice of proposed rulemaking to consider whether integrity management and new pipeline inspection technologies offer an alternative to existing class location change requirements for natural gas pipelines. PHMSA should be commended for this effort, as operators currently spend \$200-\$300 million annually replacing perfectly good pipe segments due to a regulation issued in 1970, before most of the industry's inspection technology was invented. There are more productive ways to expend these substantial resources. With today's processes and technologies, pipeline safety can be managed effectively through actual inspection and maintenance, instead of arbitrary pipe replacement requirements. While PHMSA intends to use the ANPRM to collect additional comments from stakeholders, we note that several past reauthorization bills, including the PIPES Act of 2016,¹ directed PHMSA to review this issue.

In conclusion, let me reiterate that the natural gas infrastructure industry continues to support the fundamental mission of PHMSA, including completing the various statutory mandates for new regulations. Stakeholder outreach and involvement can improve the end product of PHMSA's rulemakings and the current GPAC process appears to be producing such results regarding the pending natural gas transmission and gathering rule.

¹ Section 4(b)(2) of the Act.