

the overall effect of the waiver remains consistent with pipeline safety. If, after reviewing the Duke evaluation and report, OPS determines that the terms of the terms of the waiver are no longer appropriate or that the overall effect of the waiver is inconsistent with pipeline safety, OPS will revoke the waiver and require Duke to comply with 49 CFR 192.611 and all other applicable regulations. This waiver will expire upon approval of Duke's risk management demonstration project or in the event that the Duke risk management demonstration project is disapproved. If either of these actions occur earlier than 90 days after OPS adopts new rules related to integrity management of natural gas pipelines, then this re-evaluation will not be required.

6. Regulatory Perspective

Why is OPS Considering This Waiver?

OPS has determined that the terms of the waiver are appropriate and that the overall effect of the waiver is not inconsistent with pipeline safety. The following factors were considered when making this determination:

1. The proposed Activities will provide a comparable margin of safety and protection for the environment and the communities in the vicinity of Duke's pipelines.
2. Duke's risk-based justification of the alternatives to the class location change regulations is technically sound.
3. The fifteen waiver segments have a good integrity history, with no leaks recorded during operation or hydrostatic testing.
4. Duke has internally inspected a total of 191 miles of pipe on the three parallel lines in the Mt. Pleasant discharge, including all of the waiver segments. These inspections provide added protection against pipeline failures from corrosion, manufacturing and construction defects, and outside third-party damage along the full 191 mile length. Compliance with 49 CFR 192.611 would require replacement of pipe within the waiver segments only (approximately 12 miles of pipe) with no added protection for the extended segments (approximately 181 miles of pipe). The proposed Activities provide added protection by including the additional pipe. Duke also conducted hydrostatic tests to 100% SMYS on Line 10. In addition, Duke has installed the TransWave system and will be evaluating it over the coming year.

5. Duke was selected as a candidate for the Risk Management Demonstration Program and has participated in a rigorous consultation process with OPS,

which included an enhanced sharing with OPS of information related to the integrity Duke's pipeline. The consultation process is nearly complete and may result in acceptance of Duke into the Risk Management Demonstration Program including enforceable commitments for the additional risk control activities.

How Will OPS Oversee the Activities?

OPS retains its authority to enforce Duke's compliance with the pipeline safety regulations. OPS is only considering whether to grant a waiver from compliance with 49 CFR 192.611 at those fifteen segments where Duke has demonstrated that its proposed Activities achieve a comparable margin of safety and environmental protection. Should any information subsequently indicate that the terms of the waiver are no longer appropriate or that the overall effect of the waiver is inconsistent with pipeline safety, then OPS retains its authority to revoke the waiver and require Duke to again comply with 49 CFR 192.611 and all other applicable regulations.

This Notice is OPS's final request for public comment before OPS makes a final decision on granting the waiver to Duke.

Issued in Washington, DC, on December 5, 2000.

Stacey L. Gerard,

Associate Administrator for Pipeline Safety.

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DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

[Docket No. RSPA-00-8453; Notice 1]

Pipeline Safety: Intent To Consider Waiver and Environmental Assessment of Waiver for Tennessee Gas Pipeline Company

AGENCY: Office of Pipeline Safety, Research and Special Programs Administration, DOT.

ACTION: Notice of intent to consider waiver and environmental assessment of waiver.

SUMMARY: The Office of Pipeline Safety (OPS) is conducting a Risk Management Demonstration Program with pipeline operators to determine how risk management might be used to complement and improve the existing Federal pipeline safety regulatory process. OPS selected Tennessee Gas Pipeline Company (TGP) as a candidate for participation in the Demonstration

Program; subsequently, OPS and TGP held discussions as part of a consultation process. During the consultation, TGP identified a portion of its system where it believed performing alternative risk control activities in lieu of compliance with current regulations would result in a comparable margin of safety and environmental protection. TGP submitted an application to OPS to waive certain regulatory requirements relating to class location changes for four pipeline segments. TGP's application stated that TGP would carry out the proposed alternative risk control activities in lieu of compliance with these regulations.

This Notice announces OPS's intent to consider granting a waiver to allow TGP to perform the proposed alternative risk control activities. OPS has reviewed the terms of this waiver and found them to be appropriate. Among the terms of the waiver that were crucial to OPS's decision to consider granting the waiver were TGP's selection as a candidate for the Risk Management Demonstration Program and TGP's subsequent participation in a consultation process with OPS. In addition, OPS has found that the overall effect of the waiver is not inconsistent with pipeline safety, because TGP's proposed Activities achieve a margin of safety and environmental protection comparable to the margin achieved by compliance with current regulations. Within 90 days of OPS's adoption of new rules related to integrity management of natural gas pipelines¹, TGP will be required to re-evaluate the effects of its proposed alternative risk control activities and report to OPS on whether the terms of the waiver continue to be appropriate and whether the overall effect of the waiver remains consistent with pipeline safety. This Notice also provides an environmental assessment of TGP's Activities. Based on this environmental assessment, OPS has preliminarily concluded that this waiver will have no significant environmental impacts.

OPS seeks public comment on the proposed waiver and the environmental assessment, so that it may consider and address these comments before making a final decision on this matter.

ADDRESSES: OPS requests that comments to this Notice or about this environmental assessment be submitted on or before January 10, 2001, so they can be considered before a final determination is made whether to grant

¹ OPS is considering whether or not additional regulations to enhance pipeline integrity in high consequence areas is warranted for natural gas transmission pipelines. Additional information on integrity management rule-related activities is available on the OPS web site at <http://ops.dot.gov>.

the waiver to TGP. Written comments should be sent to the Dockets Facility, U.S. Department of Transportation, Plaza 401, 400 Seventh Street, SW., Washington, DC 20590-0001. Comments should identify the docket number RSPA-00-8453. Persons should submit the original comment document and one (1) copy. Persons wishing to receive confirmation of receipt of their comments must include a self-addressed stamped postcard. The Dockets Facility is located on the plaza level of the Nassif Building in Room 401, 400 Seventh Street, SW., Washington, DC. The Dockets Facility is open from 10 a.m. to 5 p.m., Monday through Friday, except on Federal holidays. You may also submit comments to the docket electronically. To do so, log on to the DMS Web at <http://dms.dot.gov>. Click on Help & Information to obtain instructions for filing a document electronically.

FOR FURTHER INFORMATION CONTACT: Elizabeth Callsen, OPS, (202) 366-4572, regarding the subject matter of this Notice. Contact the Dockets Unit, (202) 366-5046, for docket material. Comments may also be reviewed online at the DOT Docket Management System website at <http://dms.dot.gov/>.

SUPPLEMENTARY INFORMATION:

1. Background

The Accountable Pipeline Safety and Partnership Act of 1996 authorizes the Secretary of Transportation to establish risk management demonstration projects in partnership with operators of gas and liquid pipeline facilities, pursuant to U.S.C. 60126. In 1997, OPS announced that Tennessee Gas Pipeline Company (TGP) and eleven other pipeline companies would be candidates for participation in the Risk Management Demonstration Program.^{2,3} Following this announcement, a consultation process commenced, in which an OPS Project Review Team (PRT) and TGP held discussions on the potential participation of TGP in the Demonstration Program. The consultation process involved technical scrutiny by OPS of TGP's safety practices and pipeline integrity.

During the course of the consultation process, TGP identified four pipeline segments in its system where it proposed to conduct risk control alternative activities (the "Activities") in lieu of the class location change requirements in 49 CFR 192.611. TGP

submitted an application⁴ for a waiver of the requirements of 49 CFR 192.611 for the four segments (the "waiver segments") and implementation of the Activities in lieu of compliance. This document summarizes OPS's review of the Activities and evaluates the extent to which the terms of the waiver are appropriate and the overall effect of the waiver is not inconsistent with pipeline safety pursuant to 49 U.S.C. 60118(c).

2. OPS Evaluation of TGP's Proposed Alternative Risk Control Activities

Representatives from OPS Headquarters and Southern Region evaluated TGP's proposed Activities. OPS met with TGP to discuss the current risk assessment and risk control processes TGP uses, how these processes were used to identify and define the Activities, and the analysis of the protection achieved by the Activities compared to the protection 49 CFR 192.611 provides. The evaluation also included an environmental assessment, which is described in Appendix A of this Notice. (Appendix A is available in the Dockets Facility. See the ADDRESSES Section above).

The TGP System transports pressurized natural gas, which is lighter than air and flammable. If released as a result of a pipeline leak or rupture, natural gas can potentially ignite causing fires or explosions. Protection of the public and environment by the prevention of pipeline leaks and ruptures is the highest priority for OPS and TGP. A major review criterion for this evaluation is whether the Activities TGP has proposed will achieve a margin of safety and environmental protection comparable to that achieved through compliance with 49 CFR 192.611. It is the preliminary opinion of OPS that implementing the proposed Activities will result in a comparable margin of safety and environmental protection.

Once OPS has considered comments it receives in response to this Notice, OPS will make a final determination regarding whether to grant a waiver to TGP to allow implementation of the Activities in lieu of compliance with 49 CFR 192.611.

3. Alternative Risk Control Activity Locations

The proposed Activities focus on controlling the risks in four pipeline segments located together in Tennessee. These waiver segments are located on the four parallel Lines 800-1, 500-1, 500-2, and 500-3, approximately 11.2

miles downstream of Compressor Station 860. The waiver segments lie in both Hickman and Dickson Counties, Tennessee. The specific milepost (M.P.) locations and lengths of the four segments are:

Line 800-1: From M.P. 860-1+10.70 to M.P. 860-1+11.60 (4745 feet)
 Line 500-1: From M.P. 559-1+10.72 to M.P. 559-1+11.58 (4521 feet)
 Line 500-2: From M.P. 559-2+10.77 to M.P. 559-2+11.57 (4200 feet)
 Line 500-3: From M.P. 559-3+11.35 to M.P. 559-3+11.64 (1540 feet)

4. Description of Waiver: Alternative Risk Control Activities Designed To Provide Comparable Margin of Safety

4.1 Current Regulatory Requirements

This section describes the current regulatory requirements in 49 CFR 192.611 governing actions that must be taken by a pipeline operator when population density increases along a pipeline.

OPS categorizes all locations along natural gas pipelines according to the population densities near the pipelines (see 49 CFR 192.5). Locations with the lowest population density (10 or fewer buildings intended for human occupancy within an area that extends 220 yards on either side of the centerline of any continuous one mile length pipeline) are designated as Class 1. As the population along a pipeline increases, the class location increases. For example, Class 2 locations have more than 10 but fewer than 46 buildings intended for human occupancy. Class 3 locations have 46 or more buildings intended for human occupancy, or are areas where a pipeline lies within 100 yards of either a building or small, well-defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12 month period. Class 4 locations are any class location unit where buildings with four or more stories above ground are prevalent (e.g. large office buildings).

All four of the TGP waiver segments (identified in Section 3) have changed from Class 2 to Class 3.

Pipeline safety regulations impose more stringent design and operational requirements as the class location increases. When a class location changes to a higher class (e.g., from Class 2 to Class 3), the operator must reduce the operating pressure on the pipeline to provide an additional margin of safety. The operator may be able to avoid reducing pressure, in some cases, if a pressure test on the pipe has

² Candidates for the Pipeline Risk Management Demonstration Program (62 FR 40135, July 25, 1997).

³ Pipeline Safety: Remaining Candidates for the Pipeline Risk Management Demonstration Program (62 FR 53052, October 10, 1997).

confirmed that a prescribed safety margin exists. In these cases, if a previous pressure test has not confirmed the prescribed safety margin, then the operator must test the pipe to confirm the margin. In other cases, the operator must reduce the pressure or replace the pipe with new pipe.

TGP has stated that in order to provide reliable natural gas service to its customers, it cannot permanently reduce the operating pressure along the waiver segments. Consequently, in order to meet pipeline safety regulations, TGP would be required to conduct a requalification test or replace the pipe in the four waiver segments. In some portions of the waiver segments, current regulations would require TGP to replace the pipe. In other portions, current regulations allow TGP to conduct a requalification test (TGP has already tested these portions). By replacing the existing pipe with new pipe that has the prescribed design factor, TGP could eliminate the possibility that defects in the original materials and construction, as well as corrosion that may have occurred since installation, would result in a failure. By conducting a requalification test, TGP could verify the pipeline integrity.

4.2 TGP's Proposed Alternative Risk Control Activities

For each waiver segment, TGP proposes to perform the following alternative risk control activities, with the objective of providing a margin of safety and environmental protection comparable to pipe replacement or requalification testing:

5. Internally inspect the waiver segments using geometry and magnetic flux leakage in-line inspection tools, which are not required under current regulations. These tools reliably identify indications of wall loss (e.g. corrosion), as well as dents and gouges from initial construction damage or third party excavators working along the pipeline right-of-way. These internal inspections have been performed and the OPS Southern region has reviewed the inspection results.

6. Internally inspect an extended length of pipe (the "extended segments") bordering each waiver segment to further extend the benefits of the integrity analysis. The extended segments cover the distance between Compressor Station 860 and mainline valves 861-1, 560-1, 560-2, and 560-3, a distance of approximately 18.2 miles on each pipeline.

7. Repair indications of corrosion, existing construction damage, and existing outside force damage identified by the internal inspection. TGP used

more conservative investigation and repair criteria in the waiver segments and extended segments than is currently required by the regulations. The criteria call for investigation and repairs of small dents and anomalies that are well below the threshold where pipeline integrity might be compromised.

8. Perform close-interval surveys on the waiver segments and extended segments, as an additional method to detect possible pipeline corrosion. Close-interval surveys are not required on these segments under current regulations. TGP has performed close-interval surveys on approximately 18.2 miles of pipe on each line.

OPS has compared the expected risk reduction produced by the Activities to that which would be achieved by compliance with current regulations and concluded that the Activities will likely achieve a margin of safety and environmental protection comparable to the margin which would be achieved through compliance with 49 CFR 192.611. Furthermore, because of the resources saved by not having to replace pipe in the waiver segments, TGP will be able to assess the integrity of additional portions of its system, which reduces the overall risks along the TGP pipeline system.

5. OPS's Proposed Action

Based on OPS's evaluation of TGP's proposed Activities, OPS is considering granting TGP a waiver from the pressure confirmation and pipe replacement requirements of 49 CFR 192.611.

This waiver accepts TGP's implementation of the Activities in lieu of compliance with this requirement. In addition, TGP along with OPS, would be required to monitor the Activities' effectiveness.

No more than 90 days after OPS adopts new rules related to integrity management of natural gas pipelines, TGP will be required to re-evaluate the terms and effects of this waiver and report to OPS on whether the terms of the waiver continue to be appropriate and whether the overall effect of the waiver remains consistent with pipeline safety. If, after reviewing the TGP evaluation and report, OPS determines that the terms of the waiver are no longer appropriate or that the overall effect of the waiver is inconsistent with pipeline safety, OPS will revoke the waiver and require TGP to comply with 49 CFR 192.611 and all other applicable regulations.

6. Regulatory Perspective

Why Is OPS Considering This Waiver?

OPS has determined that the terms of the waiver are appropriate and that the

overall effect of the waiver is not inconsistent with pipeline safety. The following factors were considered when making this determination:

1. The proposed activities will provide comparable margin of safety and protection for the environment and the communities in the vicinity of TGP's pipelines;

2. The four waiver segments have a good integrity history, with no leaks recorded during operation or hydrostatic testing.

3. TGP has internally inspected and conducted close-interval surveys on a total of 72.8 miles of pipe, including the waiver segments. These activities add protection against pipeline failures from corrosion, manufacturing and construction defects, and outside third-party damage along this full 72.8 mile length. Compliance with 49 CFR 192.611 would require replacement of pipe or requalification tests within the waiver segments only (less than 3 miles of pipe), with no added protection for the extended segments (approximately 69 miles of pipe). The TGP Activities provide added protection by including the extended segments.

4. TGP was selected as a candidate for the Risk Management Demonstration Program and has participated in a consultation process with OPS, which included an enhanced sharing with OPS of information related to the integrity of TGP's pipeline.

How Will OPS Oversee the Activities?

OPS retains its authority to enforce TGP's compliance with the pipeline safety regulations. OPS is only considering whether to grant a waiver from compliance with 49 CFR 192.611 at those four segments where TGP has demonstrated that its proposed Activities achieve a comparable margin of safety and environmental protection. Should any information subsequently indicate that the terms of the waiver are no longer appropriate or that the overall effect of the waiver is inconsistent with pipeline safety, then OPS retains its authority to revoke the waiver and require TGP to again comply with 49 CFR 192.611 and all other applicable regulations.

This Notice is OPS's final request for public comment before OPS makes a final decision on whether to grant the waiver to TGP.

Issued in Washington, DC, on December 5, 2000.

Stacey L. Gerard,

Associate Administrator for Pipeline Safety.

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