



THE INGAA FOUNDATION, INC.

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September 8, 2015

Via [www.regulations.gov](http://www.regulations.gov) and email

Mr. Jeff Wiese  
Pipeline and Hazardous Materials Safety Administration  
U.S. Department of Transportation  
1200 New Jersey Avenue, S.E.  
Washington, D.C. 20590

Re: Pipeline Safety: Operator Qualification, Cost Recovery, Accident and Incident Notification, and Other Pipeline Safety Proposed Changes; Proposed Rule, Docket No. PHMSA-2013-0163.

Dear Jeff:

The Foundation respectfully submits these comments in response to the Pipeline and Hazardous Materials Safety Administration (PHMSA)'s Notice of Proposed Rulemaking entitled "Operator Qualification, Cost Recovery, Accident and Incident Notification, and Other Pipeline Safety Proposed Changes (the Notice).

The INGAA Foundation, formed in 1990 by the Interstate Natural Gas Association of America (INGAA), advances the use of natural gas for the benefit of the environment and the consuming public. Members of the Foundation represent all facets of the natural gas transmission value chain, including operators, engineering, environmental and construction firms, legal and finance. The Foundation works to facilitate the efficient construction and safe, reliable operation of the North American natural gas pipeline system, and promotes natural gas infrastructure development worldwide. Specifically, the Foundation is commenting on the proposed changes to operator qualification. The Foundation appreciates your consideration of these comments.

### **Operator Qualification Requirements.**

The Foundation supports PHMSA's inclusion of new construction tasks in the operator qualification requirements. Some of our members have firsthand experience in applying operator qualification for new construction working with PHMSA under Alternative Maximum Allowable Operating Pressure (AMAOP) Special Permits while other have elected to do so on their own to gain experience and evaluate the benefits. The Foundation has undertaken multiple initiatives to improve the quality of construction and our members embrace the value of operator qualification as one element of a broader, more comprehensive construction quality management system. The Foundation makes several suggestions to ease implementation and administration as well as reducing the anticipated costs while still addressing the agency's concerns.

#### *PHMSA Should Consider Incorporating Portions of ASME B31Q*

The Foundation supports INGAA comments regarding incorporation of portions of ASME B31Q. The Foundation recommends that PHMSA incorporate by reference the new construction-related task list included in the Non-Mandatory Appendix 5A (Integrated Task Lists: Definitions) of ASME B31Q.

Foundation members have increased their reliance on ASME B31Q as a model to develop operator qualification procedures. The use of its common task list simplifies administration of the program. Use of the standardized list will also facilitate strengthening OQ program evaluation, a point that PHMSA has highlighted in the Notice. Use of this portion of the ASME B31Q standard will aid PHMSA in meeting its goals and yet reduce the anticipated costs of PHMSA's proposal by using a standard familiar to industry.

### *Generalized Qualification*

PHMSA should consider a generalized qualification process to serve as the platform upon which to demonstrate qualification for each new construction work site. A person entering the new construction work force would be given training related to specific tasks for which they are to be qualified. After completing training, the person would go through an evaluation to demonstrate proficiency. A record of the training, evaluation and qualification would be maintained as other OQ records are currently maintained.

For example, a person to be qualified for applying field coatings would be trained and evaluated on surface preparation, anchor pattern testing, storage and mixing of coating compounds, pre-heating, application methods, measurements of coating quality, among other specific steps. Upon completion of training and subsequent evaluation, a record of the person's qualification would be maintained, including a card, which the person would hold.

### *Job-Specific Qualification*

The Foundation recommends that a generalized qualification be enhanced at a specific job site. Specifically, when persons arrive at a new construction job, they would be briefed on company specific procedures for each task. Drawing upon the example above of a coating applicator, persons seeking to be qualified as a coating applicator, would undergo a briefing on the specifics of the company's coating procedure. The review would track the steps used in generalized training and enable a person to understand what is to be done using the procedures and why. The briefing, a subsequent evaluation and the resulting qualification would be documented to apply for the person for those specific procedures.

### *Portability Is Critical*

The Foundation believes that portability is critical to effective implementation for new construction. It is also critical in managing the administrative costs of operator qualification for new construction. Portability is important in two contexts, first, a qualified person must be able to move from new construction for one owner/operator to a construction job for another owner and carry their generalized qualification with them. Second, personnel must be able to take their generalized qualification from one construction contractor to another.

The alternative, a system without portability, would require qualification each time a person was selected for a new construction project. Conceivably this would require training each time to achieve the general qualification, as well as project specific – project-specific procedure training, followed by evaluation. This would not yield any benefit in terms of knowledge, skills and abilities and the costs would be astronomical. Of equal importance, it would keep personnel off the right-of-way and conducting their qualified tasks as they went through the extended training with no perceivable benefit to quality.

In supporting portability, the Foundation does so knowing that qualification alone is not the sole ingredient to quality construction. The Foundation, in concert with API and CEPA, is developing a construction inspection certification program. The Foundation is undertaking this to enable its members to have certified construction inspectors on projects. The program design entails a general certification for all construction inspectors, with additional specialized certifications offered for particular elements of construction such as welding and coating, among others. Inspection is a critical part of a quality management system for construction, ensuring that qualified persons are implementing procedures and using materials properly.

### *Definition of Covered Task*

The Foundation supports the comments provided by INGAA regarding the definition of a covered task. The Foundation agrees with INGAA's proposed revisions to the definition of a covered task:

Covered task means an activity identified by the operator that is an operations, maintenance, construction or emergency response task and affects the safety or integrity of the pipeline facility.

The Foundation recommends these changes for clarity purposes and to ensure that any changes to Subpart N of the pipeline safety regulations (Qualification of Pipeline Personnel) ultimately focus on the safety and integrity of the pipeline.

#### *Time Horizon for Implementation*

The time provided for in the final rule should recognize that while many of the new construction tasks are similar to operations, maintenance and integrity tasks, development of the administrative infrastructure to support new construction tasks will be more significant than implementation of the original rule. Modifying current systems to administer the two types of portability will be significant. In addition, there are large numbers of people that will require qualification for new construction. Additional implementation time such as five years should be allowed.

#### *PHMSA Has Underestimated the Cost of Implementation*

PHMSA significantly underestimates the costs and number of individuals affected by this proposal. The costs involved to comply with changes proposed to operator qualification for new construction alone could easily exceed \$ 322 million, as detailed below. INGAA Foundation believes the number of affected contractors for new construction alone could exceed 60,000. The costs basis presumes that new construction, including inspection, is done by contractors and not pipeline operator employees.

PHMSA included several changes to the operator qualification requirements but failed to include the impacts of these changes in its analysis of costs. For instance, PHMSA did not include the number of contractors affected by these changes, the costs involved with updating each operator qualification program, or the new training requirements. PHMSA also modified its definition of 'qualified' which now includes a demonstration of knowledge of the variations in procedures due to equipment, new operations, and conditions. All of these proposed changes would dramatically affect the true costs of this proposal. PHMSA should make the following modifications to reduce the anticipated costs and yet still address the agency's concerns.

INGAA Foundation members estimate approximately 60,000 merit shop personnel and an equal number of open shop personnel totaling 120,000 people will be engaged in new construction in 2016. Experience in recent years indicates that approximately half of these people are already qualified under tasks designed to cover both new and existing construction. This yields 60,000 personnel that will need to newly qualified for new construction. Recent experience also indicates that there is approximately a 15% turnover rate of personnel, which increases the number of individuals that will require qualification to 69,000. The amount of time involved and therefore the associated costs will depend on the number of tasks the person is undergoing the qualification process. Based on project specific training conducted as part of applying OQ for new construction on alternate MAOP projects, three days on average will be required. This yields approximately \$224 million for the initial general qualification and evaluation of these personnel.

Pipeline operators will need to provide project specific training each time a person is hired to work on a specific project. Recent experience indicates that most contractor personnel work on three different projects within any

calendar year. INGAA Foundation members estimate approximately one day of project specific training for each person. The amount will depend on the number of tasks the person is being qualified for but based on project specific training conducted as part of applying OQ for new construction on Alternate MAOP projects, one day on average will be required. As such the cost of project specific training for new construction will be approximately \$69 million.

In addition, there will be incremental costs for administration of these new tasks. This is generally done by a third party contractor and will be essential for new construction to enable portability. The estimated incremental cost for administration for the additional personnel is \$28.9 million.

In summary, the cost of operator qualification for new construction alone could easily exceed \$322 million.

## *The Role of Quality Management Systems*

Implementing a quality management system (QMS) on pipeline construction projects improves material and construction quality by providing a structured approach to quality management. The Foundation has worked to clarify and improve application of QMS. Through effective QMS, pipeline construction project sponsors can improve their conformance to project specifications and standards and their regulatory compliance. All industry sectors (operators, contractors and suppliers) need to work together to embrace higher standards of quality through the application of QMS principles. The INGAA Foundation has and will continue to sponsor workshops aimed at achieving a consistent and uniform level of quality management across the pipeline construction industry.

The INGAA Foundation has proven to be an effective forum to tackle these challenges because all key industry sectors are represented. In 2012, The Foundation produced a white paper entitled, “Overview of Quality Management Systems – Principles and Practices for Pipeline Construction”, <http://www.ingaa.org/Foundation/18011.aspx>, to assist members in understanding the fundamentals and benefits of a QMS. Members expressed the need for guidance in implementing and improving a QMS, and in July 2014, the Foundation published Guidelines for Practical Implementation of a Construction Quality Management System. <http://www.ingaa.org/Foundation/Foundation-Reports/constructionqualityreport.aspx>

The INGAA Foundation has successfully addressed similar challenges in other areas, including environmental construction requirements promulgated by the Federal Energy Regulatory Commission, project permitting and pipe quality. The INGAA Foundation published four white papers related to QMS, each addressing different elements of improved construction practices. These INGAA Foundation white papers are:

- Training Guidance for Construction Workers and Inspectors for Welding and Coating
- Field Applied Coatings Best Practices
- Best Practices in Applying API 1104, Appendix A
- Standards for Procurement and Installation of Field Segmented Bends

### **Conclusion**

We request that PHMSA revise its proposed regulations to incorporate the ASME B31Q task list, to endorse use of a generalized qualification platform that can be enhanced at specific job sites, and that builds portability into the regulations. The proposed rule should account for significant implementation timeframes and PHMSA should recognize and account for the fact that its cost estimate significantly underestimates the true cost of this program’s implementation.

Sincerely,

/s/

Richard Hoffmann

Executive Director

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