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STATE OF MARYLAND



PUBLIC SERVICE COMMISSION

May 2, 2014

The Honorable Thomas V. "Mike" Miller, Jr.  
President of the Senate  
State House, H-107  
Annapolis, Maryland 21401

The Honorable Michael E. Busch  
Speaker of the House of Delegates  
State House, H-101  
Annapolis, Maryland 21401

Dear President Miller and Speaker Busch:

In accordance with § 2-1246 of the State Government Article, *Annotated Code of Maryland*, and as required by Chapter 571 of 2013 (SB 863), the Public Service Commission ("Commission") has completed its evaluation of the process and criteria the U.S. Secretary of Transportation would use to review an application for certification or agreement with the U.S. Secretary of Transportation under 49 U.S.C. Chapter 601 with respect to interstate pipelines located within the State. The Commission has determined that it is in the public interest for the Commission to apply to act as an interstate agent, and has submitted an application to the U.S. Department of Transportation's Pipeline and Hazardous Materials Administration ("PHMSA").

**Becoming an Interstate Agent**

In order to become an interstate agent, the Commission must apply to PHMSA under 49 U.S.C. Chapter 601 § 60106 – State Pipeline Safety Agreement. As an agent, the Commission would be required to follow the "*Guidelines for States Participating in the Pipeline Safety Program*," and cooperate fully in the Federal evaluation of the State agency's pipeline safety program.

As an agent, the Commission would ensure<sup>1</sup> that State agency employees involved in conducting and supervising inspections do not have any financial interests in any of the pipeline operators that they inspect. Agents would need to obtain PHMSA's approval prior to assuming responsibilities under an interstate agent agreement (Attachment 1). The Commission would be required to investigate reported safety-related conditions, monitor the operator's actions to remedy such conditions, and provide status reports to PHMSA. In addition, the Commission would agree to assume responsibility for and to carry out inspections as mutually agreed upon

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<sup>1</sup> PHMSA's Administrator may waive these requirements.

with PHMSA's Eastern Region Director, follow PHMSA's guidelines on incident coordination and investigation; follow requirements and formats for reports; maintain inspection and accident records; and, in consultation with PHMSA, handle inquiries and release information.

PHMSA's Office of Pipeline Safety will consider applications for new interstate agent agreements from qualified States interested in the *Interstate Pipeline Oversight Program*.<sup>2</sup> This program allows for the State agency to perform inspections of new construction, oversight of rehabilitation projects, integrity management programs, accident investigation, and standard inspections identified in the work plan. It also provides for participation in non-regulatory program initiatives. Non-regulatory program initiatives can include damage prevention, land use guidance, community education and technical assistance, including mapping system briefings and emergency response planning support, and other special projects.

In order for a State agency to participate in the *Interstate Pipeline Oversight Program*, the agency must meet certain standards. Those standards include the following:

- Intrastate Coverage First Priority,
- No Impact on Intrastate Performance,
- Damage Prevention and Outreach Activities in Agreement, and
- Maintaining Interstate Agent Status.

A discussion of the standards and how the Commission's Pipeline Safety Program meets them is below.

#### *Interstate Coverage First Priority*

- *States must be certified and take full intrastate jurisdiction within the natural gas or hazardous liquids program, as applicable, with adequate and trained staff.*  
(The Commission is currently certified with PHMSA to inspect intrastate gas and hazardous liquids pipeline operators within Maryland.)

#### *No Impact on Infrastructure Performance*

- *PHMSA continues to stress that States should focus resources on intrastate facilities as a first priority before apportioning any resources to interstate facilities. Interstate program participation should not be adversely affected by oversight responsibilities related to interstate pipeline transportation. To qualify for interstate agency status, State programs need to meet and maintain a prerequisite minimum two-year average*

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<sup>2</sup> PHMSA uses three types of interstate agent agreements: 1-an Existing Interstate Agent Agreement; 2-New Applications for Interstate Agents; and 3-Time Defined Agreements. The Existing Interstate Agent Agreement allows for States that already have interstate agent status to continue with that status. New Applications for Interstate Agents Agreement are for states that wish to become an interstate agent. Time Defined Agreements are for states that are interested in participating in interstate pipeline oversight activities for established specific short term projects, such as new construction projects, pipeline rehabilitation projects, and incident or accident investigations.

*performance score of 95 in their intrastate program. Staffing level and inspection person-days available for the intrastate program should not be adversely affected. (MD Gas Program Performance Scores for 2011 and 2012 were 95.9 and 94.7, respectively)*

#### *Damage Prevention and Outreach Activities in Agreement*

- *Participation in the Interstate Program may require a commitment to projects beyond standard compliance areas. These include damage prevention and continued efforts to improve communication with local authorities. Additionally, States should have elements in their current programs that promote preparedness and risk prevention activities for communities to live safely with pipelines.*

#### *Maintaining Interstate Agent Status*

- *Participating State agencies must meet the terms of the agreement, follow standard operating procedures and maintain their performance on the intrastate program. PHMSA will notify the State agency if it does not comply with any of these requirements. A State agency will have an opportunity to correct deficiencies and will be provided advance notification commensurate with the level of effort required for correction. If a deficiency still remains uncorrected, the State agency will be notified, at least 30 days in advance, of PHMSA's intent to terminate, or to decline to renew, an agreement. The State agency will also have the opportunity for hearing prior to termination or a decision not to renew. The hearings may be held before a PHMSA region office, the Office of Pipeline Safety Associate Administrator or the PHMSA Administrator.*

PHMSA's Office of Pipeline Safety also has requirements for how State agencies administer the program. The Office of Pipeline Safety will work to accommodate State interests in development of standard operating procedures for each type of inspection, associated activities, and reporting and record keeping requirements. The procedures will address the use of the Office of Pipeline Safety's inspection forms, reports, and other guidance material as appropriate, and generally would be consistent with current practices. The requirements for how State agencies have to administer their programs are enclosed as Attachment 2.

#### *PHMSA's Perspective on New Interstate Agents*

When the Federal Pipeline Safety regulations were adopted in 1972, PHMSA's resources and personnel were very limited. Therefore, Congress created an Interstate Agent Agreement allowing PHMSA to supplement their inspection force with states as interstate agents. The states functioned as PHMSA's eyes and ears on certain inspections and also attended when PHMSA conducted headquarter-type inspections.

For a state to become an interstate agent, PHMSA first would have to identify a need for a state to conduct its work. Over time, however, PHMSA's budget and inspection staff has increased and reduced its need from assistance from the states. PHMSA has indicated at numerous regional meetings and through various communications that, with its current staffing

levels, it does not anticipate new interstate agents. In March of 2010, the Public Utilities Commission of Nevada applied to become an interstate agent with PHMSA for gas and hazardous liquids pipelines. In January of 2011, PHMSA replied back to the Public Utilities Commission of Nevada denying its application (Attachment No. 3). In its response to Nevada, PHMSA indicated that its goal was to have States focus on their intrastate programs and only enter into interstate agent agreements where PHMSA needs additional support.

### **The Commission's Pipeline Safety Group**

The Commission's Pipeline Safety Group currently has five members -- including a Program Manager and four Public Service Engineers. The group is charged with ensuring that the intrastate gas and hazardous liquids pipeline operators comply with Federal and State pipeline safety regulations. The Commission currently has jurisdiction over eighty-one gas pipeline operators and one hazardous liquids pipeline operator.

In the early 2000's, when the Commission became an intrastate hazardous liquids agent, the Commission's Pipeline Safety Group's staff grew from three engineers to four. At that time, the Commission conducted 26 different types of inspections with its jurisdictional operators. That equated to a total of 313 inspections. Since that time, the Pipeline Safety Group's workload has increased as a result of State and Federal mandates.<sup>3</sup> As a result, an additional 242 inspections are now required. The existence of seven operators of gathering lines in the western part of the state has also resulted in another 112 inspections that must be completed. Most inspections are on a two or a three-year rotation, which averages out to be approximately 118 additional inspections per year  $((242 + 112)/3)$ . A vast majority of these inspections require multiple days to complete.

If the Commission were accepted as an interstate agent, it would carry out some of the smaller inspections itself, and would be a partner in the larger inspections. The Commission estimates that it would have to dedicate two of its senior engineers from its Pipeline Safety Group to the interstate program in order fulfill its agreement with PHMSA if it were to become an interstate agent.<sup>4</sup> In order for the Commission to maintain its current intrastate pipeline inspection program and execute its duties as an agent, it would need to hire two additional engineers. It could take as many as two years for the two new engineers to become fully

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<sup>3</sup> The following inspections have been added: Operator Qualification; Gas Transmission Integrity Management; Hazardous Liquids Integrity Management; Distribution Integrity Management; Public Awareness; and Control Room Management.

<sup>4</sup> The states that answered the survey indicated that they spend an average of 14.5 inspection days per operator that they inspect. Within Maryland, there are four interstate gas pipeline operators that the Commission would be responsible for inspecting. That equates to approximately 58 inspection days per year. The Commission's Pipeline Safety Group has averaged 458 inspection days per year for the last five years. If the Commission was to become an interstate agent and the Pipeline Safety Group remained at its current size, the additional workload would result in approximately a 12.7% decrease in inspection days per year in its intrastate pipeline safety program.

qualified to conduct inspections. In order to avoid a decrease in the number of inspections during the timeframe that the new engineers would be training, the effective date of the Commission's new interstate agent responsibilities would need to be flexible.

### **State Agent Survey**

Eight states act as an interstate agent for PHMSA with respect to the inspection of interstate gas pipelines. Those states include Arizona, Connecticut, Iowa, Michigan, Minnesota, New York, Washington and West Virginia. Each state was sent a survey containing six questions and was asked to complete the survey and send it back. Seven states responded, and a summary of their answers is enclosed as Attachment 4.

Overall, states gave positive responses to their interstate agent experiences, as several indicated that they would recommend that a state agency become an interstate agent. Although the States cited concerns about interstate agency's impact on intrastate activities, they also cited shorter incident response times, local knowledge at inspection, additional education/on-the-job training for the inspectors involved, greater transparency and public trust, familiarity with interstate pipeline systems, and better oversight of construction projects as benefits. Other benefits included the ability to deal with issues that concern interstate operators, including right-of-ways and 3<sup>rd</sup> party excavation, and the ability to answer questions based on first-hand knowledge.

### **Public Interest**

In determining whether it is in the public interest to apply for interstate agency, the Commission must take note of the essential duties assigned to it by the Maryland General Assembly. A core duty of the Commission is to ensure safe and reliable infrastructure throughout the State. To this end, the Commission has approved and will continue to approve appropriate cost recovery for prudently incurred reliability and safety infrastructure costs. The Commission would also be remiss if it did not take note that the General Assembly's decision in the 2013 Session to codify a framework intended to improve public safety and "accelerate gas infrastructure improvements within the State."

Inasmuch as the Commission has been encouraged to and will continue to bolster the safety of gas distribution, the Commission should also, where possible, ensure that gas transmission remains as safe as possible within State borders. Interstate agency would afford the Commission a greater role in ensuring the safety of the State's citizens, and is therefore in the public interest.

The potential benefits of interstate status are clear: enhanced emergency response performance; better oversight; greater transparency; a larger, better-trained State staff; and a more comprehensive understanding of gas pipelines throughout the State. The Commission further finds it significant that agent status provides for participation in non-regulatory program initiatives. Although agency status does not necessarily guarantee State input receives a heightened level of consideration, it should provide an additional opportunity for dialogue on matters that are critical to the safety and well-being of Maryland's citizens.

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Moreover, the Commission is applying to PHMSA with the expectation that most of its inspection activities will be covered by federal funds. The Commission will then exercise the authority given to it under Chapter 571 and assess interstate pipeline operators for the portion of activities that are not reimbursed.

**Determination**

The Commission has applied to become an agent, and will keep you informed of its progress. If its application is approved, the Commission will initiate a rule making to assess interstate pipeline operators for the cost of training and paying additional pipeline inspection staff for interstate inspection activities that are not covered by federal funds.

Please feel free to contact me with any questions or if the Commission may be of further assistance.

Sincerely,

*/s/ W. Kevin Hughes*

W. Kevin Hughes  
Chairman

Attachments

**U.S. DEPARTMENT OF TRANSPORTATION**

**GAS PIPELINE SAFETY PROGRAM**

**INTERSTATE AGENT AGREEMENT**

**2013**

This agreement, entered into by and between the Department of Transportation (DOT), Pipeline and Hazardous Materials Safety Administration (PHMSA) Associate Administrator (Administrator), and the:

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(Name of State Agent)

WHEREAS Section 60102 of Title 49 of the United States Code (49 U.S.C.), authorizes the Secretary of Transportation (the Secretary) to prescribe safety standards for the transportation of natural and other gas by pipeline;

WHEREAS, the Administrator, acting pursuant to delegations from the Secretary, has established minimum Federal safety standards, applicable to the pipeline transportation of gas, found in 49 CFR Parts 191, 192, 193, and 199;

WHEREAS, Section 60120 of 49 U.S.C., authorizes the Administrator to enforce pipeline safety standards;

WHEREAS, in order to assure public safety regarding the pipeline transportation of gas, the Administrator seeks to ensure compliance with the prescribed Federal safety standards;

WHEREAS, Section 60117(c) of 49 U.S.C. authorizes the Administrator to grant officers, employees, or agents of the Administrator the authority to conduct inspections of pipeline operators and facilities for the purpose of ensuring compliance with the Federal safety standards;

WHEREAS, the Administrator seeks to confer upon the State Agent the authority to participate in the interstate pipeline safety program as an agent for PHMSA, to ensure compliance with the Federal safety standards;

WHEREAS, the State Agent has obtained and is exercising

jurisdiction, under Section 60105(a) of 49 U.S.C. over all intrastate operators subject to the Act;

WHEREAS, the State Agent has demonstrated, to the satisfaction of PHMSA, that it is performing all duties and responsibilities assigned under its Section 60105(a) certification; and

WHEREAS, the State Agent seeks to promote pipeline safety, as demonstrated by its participation in Section 60105(a) Certification, and is willing to act as an Interstate Agent for the purposes of ensuring compliance with the Federal safety standards;

THEREFORE, it is mutually agreed as follows:

I. The Administrator, acting through PHMSA, shall:

A. Cooperate with and assist the State in carrying out an interstate pipeline safety program;

B. Provide technical assistance to the State Agent;

C. Act on cases referred by the State Agent for enforcement within 60 days of the referral and inform the State Agent of the status of enforcement actions. This includes initiation of an enforcement action, seeking additional information from the State Agent, notifying the State Agent of any delay in initiation, or declining to initiate action;

D. Provide training to the State Agent for the purpose of meeting the conditions of this agreement.

E. Develop annual inspection and work plans for the State Agent.

II. The State Agent shall:

A. Follow the practices and procedures published in the current edition of Guidelines for States Participating in the Pipeline Safety Program (Guidelines) and any future additions or modifications which PHMSA may adopt;

B. Cooperate fully in the Federal evaluation of the State's pipeline safety program, to enable the Administrator to assess the State's compliance with the terms of this agreement;

C. Meet the training requirements for State inspection personnel as outlined in Chapter 4 of the Guidelines;

D. Assure that, unless waived by the Administrator, State employees involved in the interstate pipeline safety program, including its supervision, do not have financial interests (including employment or contractual relations, but not including retirement programs) in any interstate or intrastate pipeline facility subject to the jurisdiction of Section 60102 of 49 U.S.C.;

E. Comply with PHMSA requests for work performance beyond general business hours, including overtime, 24-hour coverage, or overnight travel;

F. Obtain PHMSA approval prior to contracting out any portion of the responsibilities assumed under this agreement;

H. Agree to assume responsibility for and carry out, on behalf of the Administrator, some or all of the following actions as they relate to interstate pipeline transportation:

1. INSPECTIONS:

- a. The PHMSA Region Director and the State Agent will establish an annual plan for conducting and documenting inspections on interstate pipeline facilities. This plan shall include procedures for gathering evidence of probable violations in accordance with the Federal procedures, thereby enabling PHMSA to pursue successful enforcement actions. This annual plan shall also include procedures for setting priorities, by risk, for interstate inspection activities. The plan is subject to the annual approval of the appropriate PHMSA Region Director.
- b. Coordinate inspection efforts with the PHMSA Region Director of any interstate operator that may be participating in the PHMSA Inspection

Integration, Integrity Management Program, Public Awareness, Control Room Management, Operator Qualification, Drug and Alcohol inspections, and other system wide inspections or special projects.

- c. Perform the required number of inspections according to the inspection plan, as a means to determine if the interstate operators within the State are complying with the DOT's pipeline safety standards.
- d. Conduct inspections in such a manner so as to determine noncompliance with applicable provisions of the DOT's pipeline safety standards.
- e. Conduct an exit interview, inform the interstate pipeline operator of any probable violations detected during the inspection, and indicate that probable violations will be referred to PHMSA for possible enforcement action.
- f. Immediately report conditions to the PHMSA Region Director which may pose an imminent safety hazard to the public or to the environment. This report shall contain sufficient factual support to enable the PHMSA Region Director to determine if the reported condition does in fact pose an imminent safety hazard. Provide additional information as requested by the PHMSA Region Director.
- g. Utilize inspection and violation report formats approved by the PHMSA Region Director.
- h. Submit to the appropriate PHMSA Region Director, within 60 days of completing an inspection of an interstate operator, a summary report of the inspection. The PHMSA Region Director shall specify the summary report's format. Any request for extension beyond 60 days should be sent in writing to the PHMSA Region Director explaining the need for additional time.

- i. Submit to the appropriate PHMSA Region Director as soon as practicable, but in any case within 60 days of determination, any evidence of probable violations along with any supporting documentation, to assist any possible Federal enforcement action. Any request for extension beyond 60 days should be sent in writing to the PHMSA Region Director explaining the need for additional time.
- j. Maintain inspection and incident records in the State office.
- k. Submit with annual 60105 Certification the type and number of interstate operator inspections conducted, number of incident investigations carried out, and type and number of cases referred to DOT.
- l. Utilize the Inspection Assistant (IA) software for documenting inspections.

2. ACCIDENT RESPONSE/INVESTIGATIONS:

- a. Follow PHMSA guidance on incident coordination procedures.
- b. Follow additional specific requirements for participating in the investigation of an incident as described in the Guidelines, Appendix E: "Federal/State Accident Coordination Procedures." These procedures provide clarification, information, and guidance as to how PHMSA and the State Agent shall perform their respective roles. However, PHMSA holds final authority for defining those respective roles.

3. SAFETY RELATED CONDITION REPORT/CONTINUOUS MONITORING:

- a. Investigate reported safety-related conditions, monitor operator actions to remedy conditions, and provide status reports to PHMSA.

4. CONSUMER/LOCAL GOVERNMENTAL COMPLAINTS:
  - a. Coordinate complaints and related inquiries with the Region Director.
  - b. Defer to PHMSA on the release of incident reports and any other enforcement materials involving interstate pipelines inspected under the authority of this agreement for the purpose of ensuring enforcement of the pipeline safety laws.
5. PIPELINE CONSTRUCTION INSPECTIONS (NEW AND REMEDIAL)
6. OPERATIONS AND MAINTENANCE TEAM INSPECTION
7. INTEGRITY MANAGEMENT PROGRAM INSPECTION
8. OPERATOR QUALIFICATION INSPECTION
9. INSPECTION INTEGRATION INSPECTION
10. CONTROL ROOM MANGEMENT INSPECTION
11. PUBLIC AWARENESS INSPECTION
12. DRUG AND ALCOHOL INSPECTION
13. SPECIAL PROJECTS/SPECIALIZED INSPECTION

III. It is mutually agreed:

A. The terms "interstate pipeline transportation," "pipeline facilities," and "State" as used in this agreement have the meaning prescribed in Section 60101 of 49 U.S.C.

B. If a State Agent does not follow the procedures and practices of the Guidelines, or the requirements of this agreement, the Administrator may terminate the agreement. Before issuing a written notice of termination, the Administrator shall provide an opportunity for the State Agent to correct any failure to comply with any provision of this agreement. If the State Agent still does not comply, the Administrator shall provide a written notice at least 30 days

prior to terminating this agreement and shall further provide an opportunity for a hearing.

C. The above paragraph may also apply if a State Agent does not meet the minimum program performance score or if staffing levels and inspection person-days are adversely affected.

D. The State Agent shall give the Administrator at least 30 days notice of its intention to terminate this agreement.

E. The provisions of this Agreement are subject to change pending any new PHMSA reauthorization.

F. PHMSA and the State Agent will coordinate inspection plans in advance as specified in Appendix B of the Guidelines.

In witness whereof, the signature of the State Agent is hereby affixed on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, and of the Administrator is hereby affixed on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
(Name of State Agent)

BY:

\_\_\_\_\_  
(State Official Signature)

Pipeline and Hazardous Materials Safety  
Administration, Office of Pipeline Safety

BY: \_\_\_\_\_  
Jeff Wiese  
Associate Administrator, Pipeline  
Safety  
Pipeline and Hazardous Materials  
Safety Administration, DOT

## Attachment 2

### Administration Requirements for Interstate Agents

#### Record Keeping

- States are requested to separate costs incurred for their interstate program activities from those of their intrastate program for improved accountability reporting. One approach is to prorate efforts on interstate program activities, such as with inspection days, and use as an average for the State's base interstate work. This method would allow for a variance in effort levels from year to year.

#### Negotiated Work Plans

- In addition to a signed interstate agreement, each interstate agent will also have an annual work plan. The Regional Director will work with the State on an annual basis to establish the work plans to support the various functions authorized under the particular agreement, such as new construction, major rehabilitation, accident investigations, integrity management plan reviews, damage prevention projects, and standard inspections as necessary. For new pipeline construction, the State could be requested to monitor the construction and report non-compliance to the Office of Pipeline Safety. For accident/incident investigations, the State could provide onsite evaluations and witness testing and remedial work. The State could review an operator's integrity management plan, and participate in response planning activities. The State agency may be needed to join in damage prevention projects and outreach activities, such as conducting seminars independently or in conjunction with major pipeline operators. Other actions include the participation in Federal inspections of company operations and maintenance practices and the monitoring of safety-related condition reports.

To the extent practicable, workload planning will seek to make maximum use of Federal and State resources and avoid duplicate efforts. Estimates of time and effort for each inspection assignment should be agreed upon. Once the inspection year has started, the State agency will need to consult with the Office of Pipeline Safety for any modification to the work plan due to emergency or unanticipated conditions.

#### Advance Scheduling

- The Office of Pipeline Safety and State agencies need to be flexible to accommodate the evolving planning process to the extent practicable. The following scheduling time line results from agreements by the Office of Pipeline Safety and State agencies in planning meetings:
  - Guidance from the Office of Pipeline Safety on policy, areas of emphasis, operator names, and other information are due by September 15<sup>th</sup> of each year.
  - State agency requests for any interstate program are due back to the Regional Directors by October 15.

- The Office of Pipeline Safety and State discussions on the requested activities should be completed by November 1.
- The final plan for State discussions on the requested activities should be completed by January 31.

### **Need for Systems Inspections and Sharing of Resources**

- The Office of Pipeline Safety has revised its inspection approach to include a combination of unit based and a broader reaching system based inspection. Certain aspects of oversight lend themselves to a systematic inspection basis. Other areas should be field validated on a unit basis. After reviewing and comparing the State agency's request with our regional plans, the Office of Pipeline Safety will draft work plans for state participation in scheduled inspections. Consideration will be given to the level of effort needed from Federal and State resources in programming inspection assignments. Once identified, the Office of Pipeline Safety will assign a coordinator for each interstate operator inspection. The Team Coordinator will harmonize and schedule the inspection activities for greater efficiency and, with input from the State agency, determine the focus of inspections and estimate the time needed to carry out the inspections assigned.

### **Hours of Service**

- State inspectors assigned to interstate activities need to be able to participate in inspection activities in accordance with work requirements. On the job site, particularly during construction and repair activities, may require working outside of standard business hours. If the subject inspections warrant working overtime, 24 hour coverage or overnight travel, the interstate agent will be expected to support such requirements.

### **Training**

- Inspectors are required to complete PHMSA Training & Qualification training for the area of emphasis of the inspection performed.



U.S. Department  
of Transportation

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1200 New Jersey Ave., SE  
Washington, DC 20590

Pipeline and Hazardous  
Materials Safety Administration

January 10, 2011

**OVERNIGHT EXPRESS MAIL**

Mr. Paul Maguire  
Manager, Engineering Division  
State of Nevada  
Public Utilities Commission  
1150 East William Street  
Carson City, Nevada 89701-3109

Dear Mr. Maguire:

We are in receipt of your letter dated March 2, 2010, requesting gas and hazardous liquid interstate agent status for the State of Nevada for CY 2011. I apologize for the delay in responding formally to your request.

Thank you for your interest in becoming an interstate agent for pipeline safety; however, at this time we must respectfully deny the request. The Pipeline and Hazardous Materials Safety Administration (PHMSA) will consider entering into a temporary interstate agent agreement with Nevada for inspecting interstate activities where we both deem it mutually beneficial - such as long term construction projects. It is PHMSA's goal to have States focus on intrastate pipeline facilities and only enter into interstate agent agreements where we need additional support for our inspection efforts within a State. I appreciate your continued support for the pipeline safety program.

Sincerely,

Zach Barrett  
Director State Programs  
Office of Pipeline Safety

## Attachment 4: Summary of State Agent Survey

1. *On a yearly basis, how many inspection days are devoted to your interstate inspection program?*

On average, PHMSA's interstate gas agents spent 14.5 inspection days per interstate pipeline operator that they inspected.

2. *As part of your program, is there any out-of-state travel involved?*

All seven states replied with a yes. They indicated that the vast majority of out of state inspections were "headquarters" oriented and included Operations & Maintenance, Control Room Management, Integrity Management, and Integrated inspections. Some states indicated that some of the inspections could last as long as four weeks. A few states indicated that their operating budgets did not allow for out-of-state travel.

3. *Would you recommend applying for interstate agent status to other programs? If so, why?*

Several states indicated that they would recommend that a state agency become an interstate agent. They felt that being an interstate agent allowed for shorter incident response times, local knowledge at inspection, additional education/on-the-job training for the inspectors involved, public trust, and better oversight of construction projects.

4. *Who schedules the inspections?*

Although the State Program Guidelines say it is by mutual agreement, PHMSA dictates what is inspected and how often it is inspected. For joint Federal/State inspections, PHMSA determines the date, time, and place for the inspection. The inspections that are performed by the State agency alone are scheduled by that agency. One state indicated that since PHMSA has gone to a risk based inspection schedule, and that some inspection intervals could be between five to seven years.

5. *In your opinion, what do you think are the benefits for the people of your State as a result of your office being an interstate agent?*

The overall response to this question indicated that the benefits to the people include greater transparency, a higher degree of public confidence, better oversight, and familiarity with interstate pipeline systems. Another benefit that was expressed was the ability to be able to deal with issues that concern the interstate operators such as right-of-ways, 3<sup>rd</sup> party excavation, and the ability to

answer questions from the public based on first-hand knowledge acquired from the inspections.

6. *Are there any negatives to the program?*

States cited concerns about interstate agency's impact on intrastate activities. Interstate activities added a significant amount of work load to state inspection programs as a whole, and required a different documentation system than intrastate programs.