

"violation rate" is equal to or greater than .5 percent but less than one percent, and it will be raised to 50 percent if the "violation rate" is one percent or greater for any one year. ("Violation rate" means the number of covered employees found during random tests given under part 654 to have an alcohol concentration of .04 or greater, plus the number of employees who refuse a random test required by part 654, divided by the total reported number of random alcohol tests conducted under part 654, plus the total number of refusals of random tests, required by part 654.)

FTA has received and analyzed the 1997 data from large and small transit employers. The "positive rate" for random drug tests was 1.21 percent and the "violation rate" for random alcohol tests was 0.14 percent; therefore, for 1999, transit employers will continue to be required to conduct random drug tests at a rate equivalent to at least 50 percent of the total number of their "safety-sensitive" employees for prohibited drugs. In 1998, the FTA lowered the random alcohol testing rate to 10 percent. Because the random alcohol violation rate was lower than .5 percent for two consecutive years (0.21 percent for 1996 and 0.19 percent for 1997), the random alcohol testing rate will remain at 10 percent for 1999.

FTA will be publishing in December a detailed report on the 1997 data collected from large and small employers. This report may be obtained from the Office of Safety and Security, Federal Transit Administration, 400 Seventh Street, SW, Room 9301, Washington, DC 20590, (202) 366-2896.

Issued: December 8, 1998.

Gordon J. Linton,
Administrator.

[FR Doc. 98-33113 Filed 12-11-98; 8:45 am]

BILLING CODE 4910-57-U

DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

[Notice 98-12]

Safety Advisory; High Pressure Composite Cylinders

AGENCY: Research and Special Programs Administration (RSPA), DOT.

ACTION: Safety advisory notice.

SUMMARY: RSPA is alerting persons who own, use or are responsible for the maintenance of composite cylinders to a hazard. Damage may occur when a composite cylinder comes in contact

with strong cleaners or other strong corrosive agents. RSPA is aware of ruptures involving two DOT-E 8059 composite cylinders made with aluminum liners and wrapped with "S glass" fibers. The probable cause of both cylinder failures was stress-corrosion cracking of the fiberglass overwraps as a result of exposure to a strong corrosive agent.

FOR FURTHER INFORMATION CONTACT: Cheryl West Freeman, Office of Hazardous Materials Technology, Research and Special Programs Administration, U.S. Department of Transportation, 400 Seventh Street, SW, 20590-0001, Telephone (202) 366-4545.

SUPPLEMENTARY INFORMATION: RSPA investigated two failures involving self-contained breathing apparatus (SCBA) cylinders manufactured by EFI Corporation under exemption, DOT E-8059. The first failure occurred in March 1996 at the Humboldt (California) Fire Protection District. The second failure occurred this year at the Hawthorne (Florida) Volunteer Fire Department. Both cylinders failed while stored in fire trucks. Exponent-Failure Analysis Associates (FaAA) in Menlo Park, California, analyzed the cylinders. In its reports, FaAA concluded that the failures were caused by stress-corrosion cracking of the fiberglass wraps resulting from exposure to a strong corrosive agent. Fiberglass composite cylinders are particularly at risk for stress-corrosion cracking because the fibers are under constant tension due to the internal pressure. When the structural integrity of the overwrap is weakened, a catastrophic failure of a cylinder can occur that may result in serious injury or death.

Persons responsible for the care of composite cylinders should take measures to ensure that they do not come in contact with strong corrosive agents, that the cylinders are washed only with a mild soap and water solution, and that all recommendations of the cylinder manufacturer or distributor in regard to maintenance, requalification and use are carefully followed.

Issued in Washington, DC on December 8, 1998.

Alan I. Roberts,
Associate Administrator for Hazardous Materials Safety.

[FR Doc. 98-33098 Filed 12-11-98; 8:45 am]

BILLING CODE 4910-60-P

DEPARTMENT OF TRANSPORTATION

Research and Special Programs Administration

[Docket No. RSPA-98-4523; Notice 1]

Pipeline Safety: Request for System Integrity Inspection Pilot Program Applications

AGENCY: Office of Pipeline Safety, DOT.

ACTION: Notice of Request for Letters of Application.

SUMMARY: The Office of Pipeline Safety (OPS) is initiating a new program with interstate pipeline operators to evaluate an approach to improve the effectiveness of the inspection process. The System Integrity Inspection Pilot Program is designed to enhance the inspection practices currently in use by focusing on a broad set of pipeline integrity issues instead of conducting inspections only from a regulatory compliance perspective. OPS invites eligible pipeline operators to submit Letters of Application expressing interest in participating in the Pilot Program. This notice begins the solicitation process by specifying a deadline and address for Letters of Application and by providing guidance for operators interested in participating.

DATES: Letters of application will be accepted until February 12, 1999.

ADDRESSES: Interstate pipeline operators interested in participating in the System Integrity Inspection Pilot Program should send their letters of application to Richard B. Felder, Associate Administrator for Pipeline Safety, Research and Special Programs Administration, Department of Transportation, Room 7128, 400 7th Street, SW, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Donald Moore (816) 426-2654 or any of the five OPS Regional Directors: William Gute (202) 366-4580, Frederick Joyner (405) 562-3530, Ivan Huntoon (816) 426-2654, Rodrick Seeley (713) 718-3746, or Christopher Hoidal (303) 231-5701.

SUPPLEMENTARY INFORMATION:

I. Introduction

The Office of Pipeline Safety (OPS) is in the process of improving its regulatory programs to assure greater levels of safety, environmental protection, and service reliability. An important part of this effort is re-examining the approach OPS uses to conduct inspections of interstate pipeline operators and searching for more effective processes. Traditionally, OPS inspections have focused strongly

on ensuring compliance with applicable pipeline safety regulations using a checklist approach. While this resource-intensive effort provides assurance that operators are complying with all regulatory requirements, it may not be the most effective approach to improving safety.

The System Integrity Inspection (SII) Pilot Program is designed to test whether a more broad-based examination of an operator's safety and pipeline integrity programs, including many areas not currently considered during a typical inspection, will result in improved performance. Instead of OPS or state inspectors conducting comprehensive compliance-based inspections, the SII Team, composed of OPS and active interstate agents, will work cooperatively with the operator to address the most significant pipeline system integrity issues, addressing areas that may not be explicitly or completely addressed by the regulations. To ensure continued regulatory compliance with parts 191, and 192 or 195, the SII Team will require participating operators to conduct comprehensive self-audits for compliance. To accept a company into the program, the SII Team must see evidence that the company has a formal self-audit process in place; that audits are being conducted, audit findings are being documented and communicated, corrective actions are being defined and implemented, and status is being tracked and communicated. During subsequent meetings with the company, the SII Team will conduct spot checks of self-audit records and perform field verifications to ensure that the company's Self-Audit Plan is being effectively implemented. This enhancement of current inspection practices is intended to result in improved communication and information sharing between operators and government, and focus resources on the most important risks to pipeline safety.

OPS believes this approach will improve the utilization of company, OPS, and state pipeline safety agency resources in addressing the most significant and potentially high impact safety, environmental, and regulatory issues. After three years, OPS will determine whether and in what form the SII approach should be incorporated into the Federal pipeline safety program on a permanent basis.

A. Goals

The SII Pilot Program has the following goals:

1. Enhance public safety and environmental protection by concentrating the deployment of

operator and OPS inspection resources to areas of greatest safety and environmental risk, and by addressing issues of mutual concern and resolving problems under a consultative resolution process.

2. Provide OPS and active interstate agents with an enhanced understanding of the operator's entire system, including pipeline operation, maintenance, and emergency response programs. A more broad-based understanding of the operator's integrity issues enables OPS to better consider and review with the operator the range of available integrity enhancements.

3. Harmonize interpretation of regulations and safety concerns among OPS regions by utilizing an OPS team approach comprised of one inspector from each of the five OPS regions and one state representative from each involved state with an active interstate agent agreement.

4. Provide opportunity for pipeline operators to achieve a high level of recognition as industry leaders in pipeline safety.

5. Provide an opportunity for more efficient inspection planning and staff allocation for both operators and OPS, and provide operators with designated contact people for inspection coordination within OPS.

6. Assure operator compliance with parts 191, and 192 or 195 using an operator's Self-Audit Plan and OPS spot checks instead of standard OPS inspections. Early in the program, the SII Team and the company will address comprehensiveness and completeness of the company's Self-Audit Plan, and various means of monitoring and improving the Plan's effectiveness. The SII Team will periodically spot check to ensure that field data supports company records and that the Plan's implementation results in regulatory compliance.

B. Program Key Features

In order to achieve these goals, OPS has developed the SII Pilot Program described in this Notice. This new approach is based on a philosophy of open communication and mutual trust which compels OPS and the operator to move beyond the basic requirements of the regulations in a total effort to prevent pipeline accidents. Some of the key SII Pilot Program features are summarized below:

1. Participation in the SII Pilot Program is strictly voluntary. SII Pilot Program companies voluntarily enter the program to improve pipeline safety and integrity, and to share with OPS their analysis and plans for addressing the highest priority safety issues.

2. OPS will use a SII Team to manage and conduct the SII Pilot Program. The SII Team will usually be comprised of one inspector from each of the five OPS regions and one state representative from each involved state with an active interstate agent agreement. The SII Team and participating operators will work together to resolve any problems or regulatory issues that may arise during the Pilot Program.

3. OPS will provide the public the opportunity to comment on the appropriateness of companies OPS is considering for candidates for the SII program. OPS will publish a **Federal Register** notice of its intent to select an operator at least 60 days prior to issuing the operator a Letter of Acceptance. These notices will be posted on the SII Web Site to enable all interested parties to comment. OPS will also notify national organizations representing public, safety, and environmental interests of candidate companies under consideration. These national organizations would include, but not be limited to, the Environmental Defense Fund, the International Association of Fire Chiefs, the National League of Cities, the National Governors Association, and the National Association of Towns and Townships.

4. Participation in the SII Pilot Program does not diminish the operator's rights or responsibilities under the Federal Pipeline Safety Regulations. Pipeline operators participating in the SII program are still required to comply fully with all applicable regulatory requirements. Only the approach used to inspect operators will be modified.

5. The SII approach is structured around two basic operator plans. The operator's Self-Audit Plan (described in Exhibit A) focuses on assuring operator compliance with the applicable requirements in parts 191, and 192 or 195 of the Federal Pipeline Safety Regulations. The operator's System Integrity Plan (see Exhibit B) addresses the activities and programs the operator implements to monitor, maintain, and improve the integrity of the pipeline system, over and above those actions specified in the regulations. OPS recognizes that these two aspects of maintaining system integrity may be managed within a single program by some operators. They are described separately in this Notice to differentiate the OPS approach to addressing regulatory compliance versus exceeding compliance requirements through integrity-focused discussions with SII Pilot Program participants.

6. Companies participating in the SII Pilot Program must have clear and

established records of compliance with applicable pipeline safety regulations. In making this determination, the SII Team will review its records to determine if candidate companies have historically met requirements of applicable pipeline safety regulations and have demonstrated a willing attitude to respond to any OPS concerns. Operators should have addressed all safety and environmental protection actions prescribed by existing regulations and orders, including consent orders and commitments for corrective action made to OPS. OPS will also consult with other agencies about their knowledge of the company's safety and environmental compliance record. The determination will be a joint OPS Regional, OPS Headquarters, and SII Team decision.

7. If, during the course of the SII Pilot Program, any compliance concerns are identified, SII Pilot Program participants must take actions necessary to remedy the concern as soon as possible. This would include addressing any management system issues that might be the root cause of safety problems or contributor to repetitive concerns.

OPS expects that the operator will identify such noncompliance issues and conditions in its Self-Audit report, and identify the corrective actions taken to restore compliance, or the corrective action plan to address concerns that are still open. During the spot check and validation reviews, these findings will be reviewed and discussed with the SII Team. Such issues will be dealt with in a consultative interaction with both the company and the SII Team exchanging their perspectives to understand the true safety significance of the occurrence, the extent of the problem, and the effectiveness of the corrective action plan. This interaction will provide assurance that the corrective actions are appropriate, and effectively address any significant safety concerns that might have been present.

It is expected that operators in the SII Program can resolve safety and compliance issues without civil penalties, as long as the following conditions occur:

- The Self-Audit identifies noncompliance situations and the operator corrects the problem to the SII Team's satisfaction.

- System or organizational problems that lead to noncompliances are corrected.

- The operator's program prevents repetitive violations.

Only operators with good compliance histories and a willingness to partner with OPS will be considered for the SII Program. Should uncorrected compliance issues persist, the operator would be terminated from the program.

8. OPS expects SII Program participants to be on the leading edge of risk reduction and show continuous improvement in managing overall pipeline system integrity.

9. The SII Team may need to review on-site an operator's documents that may contain business sensitive or confidential information while it conducts inspections and reviews company compliance and integrity programs. OPS will explore access to this information through other means such as the operator's Intranet.

C. Operator Benefits

OPS expects the SII approach will offer substantial benefits to the operator as well as to OPS. Some of the important operator benefits include:

1. *Improved Coordination of Inspection Activities.* Reducing the number of inspections on an operator's system to spot checks of their self-audit process and integrity program validation inspections will simplify the coordination of inspection support from the company side. Furthermore, because there will be an identified point-of-contact with OPS, the logistics of inspection planning and support should also be simplified.

2. *Focus on Important Integrity Issues.* In addition to refocusing resources, the scope of inspections will shift from a comprehensive checklist of each regulatory requirement to an emphasis on the most important integrity issues. Both OPS, interstate agents, and the operator will be investing more efforts in addressing the most important safety issues, and less time looking at low safety impact and/or administrative compliance items, while still ensuring the operator is fully compliant with parts 191, and 192 or 195.

3. *Consultative Interaction with OPS.* OPS and participating interstate agents intend to work with the company to address and resolve important integrity

issues on the operator's system. OPS believes the exchange of ideas and information on the most important integrity issues, and what can be done to address them will benefit both the operator and government. OPS will gain an improved understanding about key system integrity issues, including condition, leak history, and remedial activities. The participating companies will benefit from the broad national regulatory perspective that OPS will bring to discussions at the early stages of considering potential safety alternatives.

In the event that a noncompliance is discovered during the pilot program, OPS intends to work in a consultative fashion with the company to remedy the problem in the most effective and meaningful manner. It is expected that operators in the SII Program can resolve safety and compliance issues without civil penalties, as long as the conditions listed previously are satisfied.

4. Consistent System-wide Feedback.

By using the multi-Region SII Team in conducting inspections, the SII approach will result in more consistent interpretation of compliance requirements and feedback to the operator. It will minimize opportunities for varying interpretations of regulatory requirements among OPS Regions.

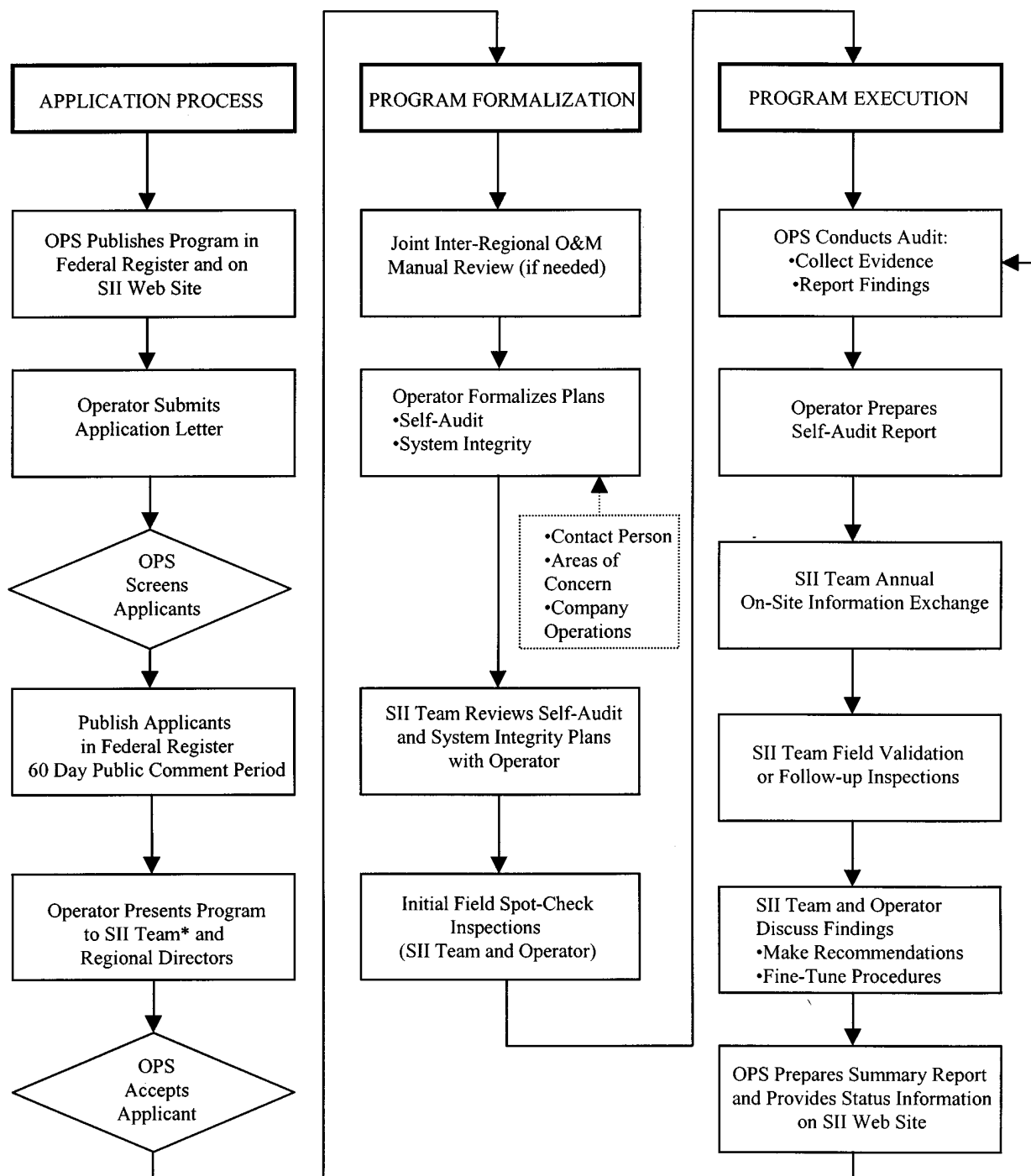
5. *Support Improvements to Inspection Process.* By participating in the SII Pilot Program, companies will be afforded the opportunity to provide input to OPS in developing and refining an improved SII process. Participating operators will be directly involved in developing integrity-based inspection approaches that cost-effectively reduce risk.

II. SII Pilot Program Process

Through interactions with industry, its state pipeline safety representative partners, and its technical advisory committees, OPS has established a process to implement the SII Pilot Program. Through the steps shown in the accompanying figure, OPS seeks to produce the results that will demonstrate achievement of the program goals. Each of these steps is discussed in detail in subsequent sections of this Notice.

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SII Pilot Program Process



* SII Team is typically comprised of one inspector from each of the five OPS Regions and one state pipeline safety representative from each involved state with an active interstate agent agreement.

III. Application Process

A. Criteria for Participation

OPS has established the several criteria that will be used to govern operator eligibility to participate in the SII Pilot Program. Operators interested in participating should have a:

- Clear and established compliance record as evidenced by a history of meeting regulatory requirements and responding to safety concerns raised by OPS;
- Existing, continuing, system-wide evaluation process directed towards safety and operational reliability;
- Commitment to information sharing to support decisions concerning system integrity;
- Defined organizational structure to resolve safety, environmental, and compliance issues;
- Management that emphasizes comprehensive two-way internal communications;
- History of cooperation and open communication with OPS; and
- Centralized record keeping location (preferred).

The pipeline system proposed for the SII Pilot Program must be an Interstate pipeline which falls under the requirements of 49 CFR part 191, and 49 CFR part 192 or 195. The operator must also propose a comprehensive well-defined pipeline system and provide a description of the system's elements and characteristics, including products shipped, size, and geographic location.

B. The Application

An operator will submit an Application Letter indicating its intent to participate in the SII Pilot Program. The Application Letter must include a statement signed by the president or senior company official attesting to their willingness to enter into a partnership with OPS and active interstate agents to meet the terms of the program.

The following information, at a minimum, shall be included in the application in order for the SII Team and OPS management staff to begin the screening process:

1. General Information:
 - Operator Name, Address, Contact Person (including title), Phone Number.
 - Pipeline System Description: Brief overall description; Total number of pipeline miles; States traversed; Commodity transported (Natural Gas, Refined Products, etc.).

2. Brief explanation of management commitment to pipeline system integrity.

3. Operator's commitment and willingness to share integrity program information such as described in Exhibit B and cooperate with OPS.

4. Brief Explanation of the operator's Self-Audit and System Integrity Programs (see Exhibits A and B).

The Application Letter shall be mailed to: Richard B. Felder, Associate Administrator for Pipeline Safety, Research and Special Programs Administration, Department of Transportation, Room 7128, 400 7th Street, SW., Washington, DC 20590.

C. Screening Process

After receiving the Application Letters from interested companies, OPS will screen the companies to identify potential candidates for the SII Pilot Program. As part of the screening process, OPS will look for companies with a demonstrated commitment to system integrity. A company must present documentation of an existing system integrity process and evidence that it is willing to work with OPS in defining a program that achieves superior performance. Company openness and a willingness to work in partnership with OPS are important qualities in this regard. OPS will favor operators that have or intend to have a strong integrity management program as indicated by:

- A method of thorough assessment of system integrity so that improved safety is being achieved;
- A good opportunity to evaluate the SII approach as an inspection program alternative; and
- Distinguishing features, such as risk-based engineering evaluations, innovative and unique maintenance or replacement projects, or the use of new technologies for integrity monitoring that benefit the operator, OPS, industry and enhance public safety.

OPS will screen Application Letters to identify no more than five operators for selection into the SII Pilot Program. Five is the maximum number OPS can reasonably expect to evaluate and, if selected, to monitor.

The candidates who offer the best opportunity to test the SII Pilot Program under a broad range of conditions will be selected. A notice of the selection will be published in the **Federal Register** and on the web. OPS will receive comments on the selection for consideration during the presentation review process. In addition to the factors listed previously, several other considerations will go into evaluating the relative merit of operator proposals. OPS desires to include both gas and liquid pipeline systems in different geographical regions. In addition, OPS is looking for diversity in the system integrity program scope, tools, and processes from the operators selected to participate. OPS is also looking for

operators that want to expand the scope of their integrity efforts over the three-year period. Expanding projects will add to the information base necessary to evaluate the SII Pilot Program. The need for diversity in the Pilot Program and the limit of five operators may result in some operators with good system integrity programs not being accepted into the SII Pilot Program.

D. Operator's Presentation

Operators that pass through the screening step will be invited to give more detailed presentations of their approach to the SII Team and OPS Regional Directors. This presentation will give the operator a chance to describe in more detail various aspects of its program, and allow OPS to better understand features that may be important to SII Program success. The presentation should:

- Discuss the historical performance of the company from a safety, environment, and regulatory perspective.
- Identify how maintenance and replacement projects are prioritized and factored into annual and long term plans;
- Describe the engineering evaluations conducted as part of the company's integrity program, including input sources used, documentation, and the relationship of any research activities to the company's program;
- Provide examples demonstrating the company's historical pro-active approach to safety (public and environmental), operational reliability and training; and
- Describe the company's current self-auditing program to ensure compliance with the pipeline safety regulations.

The presentation should adequately reflect and build upon the operator's Application Letter. The presentation should reflect the spirit of openness and mutual trust that is essential for success of the SII approach, and reinforce the operator's intent to become a full partner with the SII Team for the duration of the pilot program.

The operator can address these salient features by making an all-inclusive presentation that is attended by key company personnel from the engineering, operations, and maintenance departments. This will best exhibit the company's commitment to system integrity and to working with SII Team in the Pilot Program.

E. OPS Letter of Acceptance

OPS will consider information in the operator's presentation, as well as any public comment received, before

approving the operator for participation in the SII Pilot Program. The Associate Administrator of OPS will issue a Letter of Acceptance to the official whose signature appears on the Application Letter. It is possible that OPS will employ a phased approach to the evaluation and acceptance of SII Pilot Program participants, resulting in operators entering into the Pilot Program at different times.

IV. Program Formalization and Execution

For the three-year duration of the pilot program, "standard OPS inspections" will be replaced with spot-checks and validation inspections. The duration, extent and comprehensiveness of these inspections will depend on the operator's performance in the past year. It is expected that OPS and the operator will work collaboratively to establish an inspection process that is appropriate and tailored for the operator's specific pipeline system and integrity program. The basic steps leading to this point are summarized below.

A. Program Formalization

Prior to beginning the SII Pilot Program with an operator, the SII Team will check to see if a Joint Inter-Regional Operations and Maintenance (O&M) Manual review has been recently performed. If an O&M Manual review has not been completed, then one will be scheduled, or performed as part of the SII Pilot Program Process.

As currently required, the operator must document all O&M Manual revisions and additions whenever they occur. These revisions and additions may be reviewed during the spot checks and validation reviews. A primary purpose of these annual validation reviews is to address and share information on new and significant safety and compliance issues. Hence, it is expected that how the operator complies with important, new regulatory requirements, particularly those where interpretations might vary, will be addressed during these sessions.

Upon conclusion of the O&M Manual inspection (if needed), the first SII Team/operator meeting will be conducted. During this session the SII Team and the operator will:

- Establish points of contact and protocols for communication and information sharing during the pilot project.

Note: Any construction inspections, response to local government or public complaints, and accident investigations would continue to be conducted in the routine manner with results shared with the SII Team.

- Discuss safety and integrity issues of concern to both the operator and OPS. These might include:

- Current areas of emphasis in operator's integrity program;
- OPS concerns from prior inspections;
- Operator accident and leak history;
- Appropriate data from the Federal Emergency Management Agency on natural disaster history that may affect the pipeline;
- Oil Pollution Act Spill Response Plans and related issues for hazardous liquid operators;
- Current industry-wide integrity issues and initiatives.

- Review company operations, system and local maps, and procedures, policies, or guidelines currently used to assure compliance with Federal Pipeline Safety Regulations.

- Discuss the company's record keeping system and interest in exploring other avenues for sharing information and records without compromising the confidentiality of sensitive, proprietary information. Establish protocols for information exchange.

- Review of Self-Audit Plan (see Exhibit A) and System Integrity Program (see Exhibit B).

- Establish how the self-audit spot checks and integrity program validation reviews will be conducted, including how any deficiencies or issues will be resolved.

- Identify all new construction or major rehabilitation projects planned for the upcoming year. While the SII Pilot Program scope includes construction activities, new construction inspections will be performed by the OPS Region. They will determine the appropriate level of inspection for the new construction projects. The OPS Regions will keep the SII Team and the company apprised of any issues they identify when inspecting new construction.

- Agree on a plan of action and time line for initiating the SII Pilot Program.

Either at this initial session or shortly thereafter, the SII Team will conduct the initial field spot check to validate and enhance the operator's System Integrity and Self-Audit Plans. In this review, emphasis will be placed on the operator's engineering evaluations and correlation with operating data and field observations. As part of this review process, the SII Team will review and discuss the effectiveness of the operator's assessment of integrity issues identified on the pipeline system.

B. Program Execution

This phase of the program will be conducted one year after the formalization and implementation of the Self-Audit and System Integrity Plans.

The SII Team will conduct annual on-site sessions with each company to discuss program progress and integrity issues. During this visit, it is expected that information shared will be integrity-based and will go beyond the scope of the "minimum" Pipeline Safety Regulations. This session will include a review of the company's implementation and results of their Self-Audit and System Integrity Plans. Any mutually agreed adjustments to the Plans will also be reviewed.

SII team members will also perform spot checks in the field to verify compliance with the regulations and validate implementation of the operator's integrity program. A field validation plan will be jointly developed with the operator. The areas selected for the spot checks will be based on a number of factors including the operator's self-audit results, prior OPS inspection results, incident and leak information, and other system performance information. Other areas to be reviewed include locations on the system where integrity is especially crucial to the protection of the public and the environment, and to service reliability. The field inspections will also include examining any areas of concern identified by the SII Team, following up on any corrective actions that may have been defined to address compliance or integrity problems, and examining any new technological applications.

The SII Team will produce an annual Summary Report that summarizes the on-site information exchange meetings and field validation reviews. This report will include a synopsis of the key integrity issues and improvements discussed, performance measures, new or proposed program enhancements, lessons learned, and the status of compliance with the Self-Audit Plan. Any noncompliance conditions that have a significant safety impact or require long term corrective actions will be discussed in the Summary Report. OPS will make a general summary report, as well as periodic updates on each pilot, available to the public via the System Integrity web page at <http://ops.dot.gov>.

All compliance concerns will be discussed directly with the operator during the annual visit. As noted earlier, it is expected that the operator will have identified and corrected these items as a result of implementing its Self-Audit Plan. In the event new compliance issues are discovered by the SII Team during its spot check, or the SII Team has concerns with how the operator has addressed any compliance problem, every attempt will be made to resolve

any outstanding issues in a consultative fashion.

Following resolution, compliance actions will be documented as follows:

1. All issues found as a result of the Operator's Self-Audit Plan will be reviewed with the operator. Significant safety implications and their corrective actions will be incorporated into the SII Team Summary Report.
2. Issues found as a result of the SII Team spot check inspections will also be reviewed with the operator and will be included in the Summary Report.
3. Concerns that have no safety implications will be monitored by OPS to assure issues are resolved and that information is distributed to appropriate personnel throughout the company to prevent recurrence.

As noted previously, it is expected that participants in the SII Pilot Program will be in a civil penalty-free environment as long as the following conditions are met:

- Operator's Self-Audit identifies noncompliance situations and the operator corrects the problem to the SII Team's satisfaction;
- System or organizational problems that lead to noncompliances are corrected; and
- Operator's program prevents repetitive noncompliance situations.

If these conditions are not satisfied, OPS will attempt to resolve the outstanding issues through a consultative interaction with the operator. If an issue that has significant safety implications cannot be resolved to the SII Team's and operator's satisfaction, the operator may appeal to the Associate Administrator for OPS. If the issue can not be mutually resolved at that point, the operator and/or OPS can terminate participation in the SII Pilot Program.

OPS reserves the right to issue a Corrective Action Order if the Associate Administrator for Pipeline Safety determines that a particular pipeline facility is hazardous to life, property, or the environment. (For example, after an accident, where a Corrective Action Order is issued requiring an inspection and/or testing program to assure pipeline integrity and to restore public confidence.)

V. Performance Measurement of the SII Program

The SII Team will evaluate the individual pilot projects annually, and will document the results in its post-inspection Summary Report to ascertain the effectiveness of the SII approach. In measuring performance of the Pilot Program, the following factors will be examined:

- Understanding of pipeline system-wide condition, including identifying potential risks and risk reduction opportunities to address the most significant risks;
- Familiarity with approaches, technologies, research activities, and processes available to identify and remedy potential safety problems;
- Use of safety approaches (e.g., risk assessment processes), and risk control and reduction activities commensurate with the level of risk;
- Integration and communication of system integrity-related information and improved practices throughout the company (e.g., systematically institutionalizing good ideas);
- Effectiveness of the Self-Audit Plan and its implementation in assuring compliance with the Federal Pipeline Safety Regulations (i.e., regulatory compliance is achieved and maintained; and newly identified noncompliance conditions are corrected and not repeated);
- Performance assessment, feedback, and results orientation of operators and OPS; and
- Visibility of company management commitment to safety.

At the conclusion of the three-year SII Pilot Program, OPS and participating operators hope to be able to answer the following questions through the performance measurement process:

1. What measures best capture the expected outcomes?
 - How has the organization demonstrated increased safety and environmental protection?
2. Are the selected system integrity activities having the intended effects?
 - Does actual experience confirm predictions?
3. How can the overall system integrity process be improved?
 - Given actual experience, does the organization need to change its decisions?
 - How should the risk assessment and risk control processes be updated to reflect new experience?
 - What modifications need to be done to improve the effectiveness and efficiency of the SII Pilot Program?
4. Do OPS and affected state agencies know more about the integrity of the pipeline system than it did when the operator entered the SII Pilot Program?
 - Has mutual confidence between OPS, the interstate agents, and the operators increased on system integrity issues?
5. Is the usage of Self-Audit Plans effective in assuring compliance with the Pipeline Safety Regulations?
 - Is regulatory compliance being achieved and maintained?

6. Has the SII approach enhanced the inspection process?

7. Have state and Federal resources been optimized to improve efficiency and consistency, and enhance protection of the public and the environment?

Exhibit A—Operator's Self-Audit Plan

Purpose

An operator participating in the SII Pilot Program must have a Self-Audit Plan. A participant's self-audit should establish the following:

- Baseline measurement to demonstrate compliance with CFR Parts 191 and 192 or 195.
- Target areas for corrective action.
- Corrective action follow-up.

The operator must implement the plan to assure the success of the SII Pilot Program. As described previously, the operator will perform and report the results of its self-audit annually. These results will be reviewed by the SII Team. This process will enable both the operator and the SII Team, to identify strengths and weaknesses of the company's Self-Audit Plan. It will also ensure that all operational, maintenance, inspection, etc., programs required to maintain compliance with the regulations are in compliance and operating satisfactorily. This review will also ensure that the program elements of the Self-Audit Plan are operating as initially agreed upon, and procedures are in place for a thorough follow-up of any accidents/incidents.

Features

The key parts of an effective Self-Audit Plan are Implementation and Operation, Checking and Corrective Action, and Management Review. The operator will use its existing Self-Audit Plan, or develop a plan that satisfactorily addresses the intent of the features identified below. The SII Team will accept the Self-Audit Plan at the Pilot Program inception, and whenever new regulations or other factors require modification of the Plan.

Implementation and Operation

- Structure and Responsibility:
- Roles, responsibilities and authorities must be defined, documented and communicated.
- Resources essential to its implementation must be provided. Specific resources are human and technology.
- A company officer must appoint a management representative to: Ensure the Self-Audit Plan requirements previously established are implemented and maintained; and report on the performance of the Self-Audit Plan to management.
- Training, Awareness and Competence:
 - The organization must:
 - Identify training needs for personnel executing the self-audit to ensure delivery of uniform results; and
 - Establish procedures to ensure employees are aware of: The importance of conformance with the SII Program; the significant actual or potential impacts of their activities; and the potential consequences of departures from the procedures.

Checking and Corrective Action

The organization must:

- Establish documented procedures to monitor and measure characteristics of its facilities that can have an impact on its operations and compliance;
- Prepare a procedure to periodically evaluate compliance with the regulations;
- Establish procedures for defining responsibility and authority for handling, investigating and taking actions on nonconformance which must be reported to the SII Team as agreed upon;
- Record and implement changes resulting from corrective and preventive actions; and
- Schedule audits based on the importance of the activity and the result of previous audits.

Management Review

Management must:

- Periodically review the self-audit procedures and documentation to ensure continuing suitability, adequacy and effectiveness;
- Evaluate the need for changes to policy, objectives and other elements as it relates to continuing progress to the plan; and
- Appraise the need for additional training and communications to remain in conformance and plan for personnel changes.

Documentation

The Self-Audit Plan must be conducted by implementing a structured process for documentation. The organization must establish and maintain information, in paper or electronic form, the description of core elements of the Self-Audit Plan.

Audit Cycle

In summary, the SII Pilot Program self-audit process is expected to proceed as follows:

1. Operator conducts the self-audit, collecting evidence and reporting findings;
2. Operator prepares the self-audit report;
3. Operator and SII Team discuss self-audit results during annual site information exchange;
4. SII Team conducts spot-inspection to validate the report;
5. SII Team evaluates self-audit, discusses findings with operator and makes recommendations for improvements. Operator fine tunes Self-Audit Plan as necessary;
6. Operator addresses recommendations and corrects mutually agreed on deficiencies; and
7. Operator begins next cycle.

Exhibit B—Operator's System Integrity Plan

The System Integrity Plan shall address key elements of pipeline system integrity issues that are not explicitly or completely addressed in the current pipeline safety regulations. This plan will enable both the operator and SII Team to cooperate and share information on strengths and weaknesses of the operator's pipeline system in a partnering, problem-solving, and consultative environment. Input to the System Integrity Plan typically includes data and information about the design and age of the pipe, external factors, operational and maintenance

practices, operating history, test history, inspection findings, and the proximity and distribution of population, third party construction activities, environmentally sensitive areas, and unusually sensitive areas. The operator's System Integrity Plan should include the following:

- An ongoing system-wide engineering analysis,
 - Feedback to management,
 - Implementation of activities to address the most significant threats to integrity, and
 - Continuous improvement.
- Diligently applied, this plan should result in:
- A benchmark for evaluating the SII Program effectiveness,
 - Evidence of a documented system integrity system,
 - Documented and implemented integrity improvement ideas,
 - Enhanced employee involvement, and
 - Targeted training resulting in a better informed workforce.

Some examples of an operator's system integrity program key elements that may be included in the Plan are listed below:

A. SCADA

- Design parameters and limitations.
- Operational logistics.

B. Corrosion Control

- External.
- Internal.
- Atmospheric.

C. Operational Integrity

- Hydrostatic testing, close interval surveys, internal inspection, or other integrity assessments:

—How does the Operator determine where and when to apply these tools which are above the minimum Federal regulations?
 —What determines the choice of a method?
 —What determines the interval or frequency?
 —Who reviews the summary?
 —Are the reports used for long-term planning? How?

D. Pipeline Incidents and Accidents

- All leak/spill history (Reportable and Non-reportable).
- Repair reports.
- Operator errors.
- Equipment failure/malfunction.
- Natural causes (landslide, earthquake, flood, etc.).
- Third party damage.
- Near miss reporting.
- Abnormal operations.

Exhibit C—Spot Checks for Validation of Operator Self-Audit Plans

Some key areas will be randomly selected for field inspection by the SII Team at various points along the system considering operator self-audit exception data, system performance data, and accident/incident information. Other portions in the system that are crucial for public and environmental safety and operational reliability may also be reviewed. Some of the areas that could be covered in the validation check include the following:

- Pipe in, across, or over bridges, streams, national parks, wild and scenic rivers,

cultural areas, populated areas, unusually sensitive areas (proposed USA's), large reservoirs and aquifers with water for human consumption, high hazard and high consequence areas (as identified in FEMA reports);

- Pipe at supports;
- Marginal cathodic potential readings;
- Patrolling records/ROW issues;
- SCADA system;
- Ongoing operation/maintenance activities;
- Pressure settings on regulator or relief valves;
- Internal inspection device operations and results;
- Close interval surveys;
- Rehabilitation projects, condition of rehabilitated pipe and coatings;
- Class location changes;
- Overpressure device settings;
- Maintenance Repair practices (lowering in-service lines, reduction in MAOP or MOP due to anomalies); and
- Pipe replacement practices.

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Richard B. Felder,

Associate Administrator, Office of Pipeline Safety.

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DEPARTMENT OF VETERANS AFFAIRS

Advisory Committee on Minority Veterans, Notice of Meeting

The Department of Veterans Affairs (VA), in accordance with Public Law 103-446, gives notice that a meeting of the Advisory Committee on Minority Veterans will be held from Monday, January 25 through Wednesday, January 27, 1999, in Washington, DC. The purpose of the Advisory Committee on Minority Veterans is to advise the Secretary of Veterans Affairs on the administration of VA benefits and services for minority veterans, to assess the needs of minority veterans and to evaluate whether VA compensation, medical and rehabilitation services, outreach, and other programs are meeting those needs. The Committee will make recommendations to the Secretary regarding such activities.

The meeting will convene in room 230, VA Central Office (VACO) Building, 810 Vermont Avenue, NW, Washington, DC, from 8:00 A.M. to 5:00 P.M. On Monday, January 25, the Committee will focus on implementation of the recommendations contained in its two previous annual reports. The Committee will also review reports of the four subcommittees. On Tuesday, January 26, the Committee will review the status