

passenger vessel operators. There are few, if any, operators offering on the water navigation and maneuvering instruction. Similarly there are very few operators offering kayakers and hikers transportation for themselves and their equipment to isolated regions. A limited number of small boat operators (fewer than 12 passengers) offer nature experiences, but there are several large vessels offering this service (15 to 100+ passengers). The smaller boat will meet the needs of families and small groups seeking a more intimate experience."

(6) A statement on the impact this waiver will have on U.S. shipyards. According to the applicant: "This waiver will have no impact on U.S. Shipyards."

Dated: August 13, 2001.

By Order of the Maritime Administrator.

Joel C. Richard,

Secretary, Maritime Administration.

[FR Doc. 01-20736 Filed 8-16-01; 8:45 am]

BILLING CODE 4910-81-P

## DEPARTMENT OF TRANSPORTATION

### Research and Special Programs Administration

[Docket No. RSPA-98-4034; Notice 16]

#### Pipeline Safety: Intent To Approve Project Modifications and Environmental Assessment of Modifications for the Natural Gas; Pipeline Company of America Pipeline Risk Management Demonstration Project

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

**ACTION:** Notice of intent to approve project modification and environmental assessment of modification.

**SUMMARY:** The Office of Pipeline Safety (OPS) is conducting a Risk Management Demonstration Program with pipeline operators to determine how risk management might be used to complement and improve the existing Federal pipeline safety regulatory process. In December, 1998, OPS approved Natural Gas Pipeline Company of America (NGPL) <sup>1</sup> as a participant in the Pipeline Risk Management Demonstration Program. Since its demonstration project was approved, NGPL has identified five segments in its system where it

proposes to perform alternative risk control activities in lieu of compliance with the regulations addressing class location changes. This Notice announces OPS's intent to modify NGPL's Demonstration Project order to allow the proposed risk control alternatives (the "Alternatives"). This Notice also provides an environmental assessment of NGPL's Alternatives. Based on this environmental assessment, OPS has preliminarily concluded that this proposed project modification will not have significant environmental impacts.

This Notice explains OPS's rationale for approving NGPL's Alternatives. OPS seeks public comment on the proposed demonstration project modification so that it may consider and address these comments before modifying the order to approve the alternatives.

**ADDRESSES:** OPS requests that comments to this Notice or about this environmental assessment be submitted on or before September 17, 2001 so they can be considered before the modifications are approved. However, comments on this or any other demonstration project will be accepted in the Docket throughout the demonstration period. Written comments should be sent to the Dockets Facility, U.S. Department of Transportation, Plaza 401, 400 Seventh Street, SW., Washington, DC 20590-0001. Comments should identify the docket number RSPA-98-4034. Persons should submit the original comment document and one (1) copy. Persons wishing to receive confirmation of receipt of their comments must include a self-addressed stamped postcard. The Dockets Facility is located on the plaza level of the Nassif Building in Room 401, 400 Seventh Street, SW., Washington, DC. The Dockets Facility is open from 10 a.m. to 5 p.m., Monday through Friday, except on Federal holidays. You may also submit comments to the docket electronically. To do so, log on to the DMS Web at <http://dms.dot.gov>. Click on Help & Information to obtain instructions for filing a document electronically.

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

#### SUPPLEMENTARY INFORMATION

##### 1. Background

In December, 1998, OPS approved NGPL as a participant in the Pipeline Risk Management Demonstration

Program <sup>2, 3</sup>. Since approval, as part of its development and application of risk management, NGPL has identified five pipeline segments in its system where it proposes to conduct risk control alternatives to the class location change requirements in 49 CFR § 192.611. These alternative activities have been designed to achieve superior safety and environmental protection along these five segments. This document summarizes OPS's review of these alternatives and evaluates the safety and environmental impacts of this proposed project modification.

##### 2. OPS Evaluation of NGPL's Proposed Alternatives

A Project Review Team (PRT), consisting of representatives from OPS Headquarters, Central Region, and Southwestern Region; representatives of Illinois and Texas pipeline regulatory agencies; and risk management experts evaluated NGPL's proposed Alternatives. The PRT met with NGPL to discuss the current risk assessment and risk control processes NGPL uses, how these processes were used to identify and define the proposed regulatory alternatives, the analysis of the protection achieved by the proposed alternatives compared to the protection 49 CFR 192.611 provides, and proposed performance measures to ensure superior performance is being achieved. The evaluation also included an environmental assessment, which is described in Appendix A of this Notice.

The major review criterion for this evaluation was whether the risk control alternatives NGPL proposed can be expected to produce superior safety, environmental protection, and reliability of service compared to that achieved from compliance with 49 CFR 192.611.

Once OPS and NGPL consider comments received on this Notice, OPS intends to modify NGPL's risk management demonstration project order to allow the alternatives.

##### 3. Statement of Project Goals

The NGPL System transports pressurized natural gas, which is lighter than air and flammable. If released as a result of a pipeline leak or rupture, natural gas can potentially ignite causing fires or explosions. Protection of

<sup>2</sup> Pipeline Safety: Intent to Approve and Environmental Assessment for the Natural Gas Pipeline Company of America Pipeline Risk Management Demonstration Program [63 *Federal Register* 46497, September 1, 1998].

<sup>3</sup> Pipeline Safety: Natural Gas pipeline Company of America; Approved for Pipeline Risk Management Demonstration Program 964 *Federal Register* 1067, January 7, 1999].

<sup>1</sup> In 1998, NGPL was acquired by KN Energy, Inc. In October, 1999, KN Energy merged with Kinder Morgan, Inc. The merged company is named Kinder Morgan, Inc. (KMI). NGPL now operates its pipeline system as a subsidiary of KMI. The scope of the Risk Management Demonstration Project remains limited to the NGPL system.

the public and environment by the prevention of pipeline leaks and ruptures is the highest priority for OPS and NGPL. OPS and NGPL believe that by applying and refining NGPL's Risk Management Program, and by implementing the proposed Alternatives, the demonstration project will continue to provide superior protection.

#### 4. Risk Control Alternative Locations

NGPL is focusing its proposed regulatory alternatives to control the increased risk from population increases along the pipeline (see Section 5) in one location in Illinois and four locations in Texas.

- One pipe segment (4912 feet) located on the Amarillo #3 line in Will County, Illinois, within Mileposts 978–979 (just upstream of Compressor Station 113).
- Two pipe segments (1177 feet and 1116 feet) located on the Gulf Coast #1 and #2 Lines in Liberty County Texas, within Mileposts 288–289 (between Compressor Stations 302 and 303).
- Two pipe segments (both 4.4 miles) located on the Louisiana #1 and #2 Lines in Liberty County, Texas, within Mileposts 23–28 (between Compressor Stations 302 and 343).

#### 5. Description of Project Modification: Regulatory Alternatives Designed to Provide Superior Protection

NGPL has identified five short pipe segments where it believes alternatives to the regulations addressing population increase near a pipeline (49 CFR 192.611) would result in superior safety, environmental protection, and reliability (see Section 4).

##### 5.1 Current Regulatory Requirements

This section describes the current regulatory requirements in 49 CFR 192.611 that govern actions taken when population density increases along the pipeline.

OPS categorizes all locations along a gas pipeline according to the population near the pipeline (see 49 CFR 192.5). Locations with the smallest population (10 or fewer buildings intended for human occupancy within an area that extends 220 yards on either side of the centerline of any continuous one mile length of pipeline) are designated as Class 1. As the population along the pipeline increases, the class location increases. For example, Class 2 locations have more than 10 but fewer than 46 buildings intended for human occupancy. Class 3 locations have 46 or more buildings intended for human occupancy, or are areas where the pipeline lies within 100 yards of either

a building or small, well-defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12 month period. Class 4 locations are any class location unit where buildings with four or more stories above ground are prevalent (e.g. large office buildings).

All of the NGPL class location change pipe segments identified in Section 4 are changing from Class 2 to Class 3.

Pipeline safety regulations impose more stringent design and operational requirements as the class location increases. When a pipe segment changes to a higher class (e.g., from class 2 to class 3), the operator must lower operating pressure to provide an additional margin of safety, unless a pressure test on the pipe has confirmed that a prescribed safety margin exists. If a previous pressure test has not confirmed the prescribed safety margin, then the operator must test the pipe to confirm the margin. In situations where it is not possible to confirm through testing, the operator must replace the pipe with new pipe that has the prescribed design factor, unless the operator wants to reduce operating pressure.

Because of the importance of providing reliable natural gas service to its customers, NGPL is not considering permanent operating pressure reduction as a realistic alternative since this would decrease the quantity of gas that the company could deliver. To comply with pipeline safety regulations, NGPL would have to replace pipe in these five segments. Replacing existing pipe with new pipe that has the prescribed design factor eliminates the possibility that defects from the original materials and construction, as well as corrosion that may have occurred since installation, will result in a failure.

##### 5.2 NGPL's Risk Control Alternatives

For each class location change area described in Section 4, NGPL has performed risk analyses to understand and characterize the existing risks to the pipeline and defined specific alternatives to replacing pipe for controlling these risks. NGPL identified outside force damage and corrosion as the principal risks to the pipeline in the class location segments and the surrounding sections and defined the following risk control alternatives (also summarized in Table 1):

- Internally inspecting class location change segments using geometry and magnetic flux leakage in-line inspection tools. Gas pipeline safety regulations do

not currently require internal inspection. These tools will identify indications of wall loss (e.g. corrosion), as well as dents and gouges from initial construction damage or third party excavators working along the pipeline right-of-way. OPS reviews results of these internal inspections as they are completed.

- Internally inspecting an extended length of pipe bordering each class change segment to further extend the benefits of the better integrity analysis. NGPL has already internally inspected approximately 310 miles of pipe.

• Repairing indications of corrosion or existing construction and outside force damage identified by the internal inspection. NGPL is using conservative investigation and repair criteria in the class location change sites and in an additional length of pipe bordering those sites. The criteria call for investigation and repairs of small dents and anomalies that are well below the size at which a challenge to pipeline integrity might be expected.

- Performing close-interval surveys on the five class location segments and an extended length of pipe bordering each class location segment, as an added measure to detect possible pipeline corrosion. NGPL has surveyed approximately 257 miles of pipe.

• Pressure testing the five class location change segments, an extended length of pipe that encompasses each class location segment, and additional segments on the same pipelines. NGPL has pressure tested approximately 60 miles of pipe.

• Enhancing damage prevention activities in the class location change segments and an additional length of pipe bordering each class location segment. Damage caused by excavators near the pipeline represents one of the highest risks to the five class location change areas. This multi-faceted damage prevention program includes:

- Annual verification of one-call system database information to ensure accuracy of pipeline data;
- Increasing contact with local contractors that may be working near the pipeline to provide information on safe practices when planning and performing work near pipelines;
- Having more frequent face-to-face contact with landowners and residents near the pipeline to provide information on safe practices and prevent potential damage to the pipeline;
- Expanding distribution of information on pipeline awareness and potential hazards to nearby residents;
- Regularly verifying the depth of cover over the pipeline to protect it from the risk of excavation damage;

- Increasing the number of pipeline markers along the segment to alert potential excavators of the line's presence; and
- Increasing local patrolling frequency.
- Increasing contacts with local emergency planners and emergency responders to ensure preparation for

more effective and coordinated response to emergencies.

- Conducting public education on the subject of pipeline safety; part of this education program will be specifically developed for students in schools in the immediate vicinity of the Gulf Coast line class location segments.

- Continuing the NGPL current investigation, analysis, and mitigation

program for Stress Corrosion Cracking (SCC). This company program, initiated in response to recent experience on the NGPL system, involves integration of data regarding soil, coating, and pipe characteristics to identify areas of probable susceptibility to SCC. These areas are then investigated further to determine if SCC is present; any detected SCC is mitigated.

TABLE 1.—ALTERNATIVE ACTIVITIES

Project site	49 CFR 192.611 requirements	Alternative activities
<b>Amarillo #3 Line (106 miles)</b>		
1. Will County, IL, Class 2 to 3, 4912 feet, Milepost 978–979, Highest risk: 3rd party damage, corrosion.	Pipe replacement .....	Run both metal loss & geometry in-line inspection tools.  Repair anomalies within 106 mile segment (at exemption site, use more stringent investigation and repair criteria than standard company practice). Close-Interval Survey 53 miles. Hydrostatic test 4912 feet. Enhanced damage prevention. Work w/local Emergency Mngmt. Depts.
<b>Gulf Coast #1 Line (32 Miles)</b>		
2. Liberty County, TX, Class 2 to 3, 1177 feet, Milepost 288–289, Highest risk: 3rd party damage, corrosion.	Pipe replacement .....	Run both metal loss & geometry in-line inspection tools.  Repair anomalies within 32 mile segment (at exemption site, use more stringent investigation and repair criteria than standard industry practice). Close Interval Survey 32 miles. Hydrostatic test 15 miles. Enhanced damage prevention. Work w/local Emergency Mngmt. Depts. Public Education Program for Schools.
<b>Gulf Coast #2 Line (82 miles)</b>		
3. Liberty County, TX, Class 2 to 3; 1116 feet, Milepost 288–289; Highest risk: 3rd party damage, corrosion	Pipe replacement .....	Run both wall loss & geometry in-line inspection tools.  Repair anomalies within 82 mile segment (at exemption site, use more stringent investigation and repair criteria than standard industry practice). Close Interval Survey 82 miles. Hydrostatic test 15 miles. Enhanced damage prevention. Work w/local Emergency Mngmt. Depts. Public Education Program for Schools.
<b>Louisiana #1 Line (45 miles)</b>		
4. Liberty County, TX, Class 2 to 3, 4.4 miles, Milepost 23–28, Highest risk: corrosion, 3rd party damage.	Pipe replacement .....	Run both wall loss & geometry in-line inspection tools.  Repair anomalies within 45 mile segment (at exemption site, use more stringent investigation and repair criteria than standard company practice). Close Interval Survey 45 miles. Hydrostatic test 14.4 miles. Enhanced damage prevention. Work w/local Emergency Mngmt. Depts.

TABLE 1.—ALTERNATIVE ACTIVITIES—Continued

Project site	49 CFR 192.611 requirements	Alternative activities
<b>Louisiana #2 Line (45 miles)</b>		
6. Liberty County, TX, Class 2 to 3, 4.4 miles, Milepost 23–28, Highest risk: corrosion, 3rd party damage.	Pipe replacement .....	Run both wall loss & geometry in-line inspection tools.  Repair anomalies within 45 mile segment (at exemption site, use more stringent investigation and repair criteria than standard company practice). Close Interval Survey 45 miles. Hydrostatic test 14.4 miles. Enhanced damage prevention. Work w/local Emergency Mngmt. Depts.

As part of the company's risk evaluation, NGPL has compared the risk reduction produced by these alternatives to that achieved by the current regulations. OPS has reviewed this evaluation in detail and concluded that the alternative risk control activities can be expected to reduce safety and environmental risk below that which would be achieved by compliance with 49 CFR 192.611. Furthermore, because of the resources saved by not having to replace pipe in these five locations, NGPL is able to conduct internal inspections and pressure tests on additional portions of its system.

Based on the PRT's evaluation of the these alternatives, OPS intends to exempt NGPL from the pressure confirmation requirements of 49 CFR 192.611. In lieu of compliance with this requirement, NGPL will implement the Alternatives and, along with OPS, monitor their effectiveness.

## 6. Regulatory Perspective

### *Why Is OPS Considering This Project Modification?*

OPS believes that the proposed risk control alternatives will improve protection for the environment and the communities in the vicinity of NGPL's pipelines. OPS believes NGPL's risk-based justification of the alternatives to the class change regulations is technically sound. OPS also believes that this modification to the NGPL demonstration project will help OPS further the overall goals of the Risk Management Demonstration Program. In particular, as a result of this modification there will be an increased sharing of information between the company and government about potential pipeline risks and activities to address those risks, as OPS reviews the results of the inspection and testing activities that are part of the Alternatives. This sharing will increase OPS's knowledge and awareness about

potential pipeline threats, and thereby support a more effective regulatory role in improving safety and environmental protection.

### *How Will OPS Oversee the Alternatives?*

After approving the proposed modifications, the PRT will monitor the implementation and results of the Alternatives, as part of its continued monitoring of the Demonstration Project. The PRT is a more comprehensive oversight process that draws maximum technical experience and perspective from all affected OPS regional and headquarters offices, and from any affected state agencies that would not normally provide oversight on interstate transmission projects.

OPS retains its authority to enforce NGPL's compliance with the pipeline safety regulations. OPS plans to exempt compliance from 49 CFR 192.611 at those five segments where NGPL has demonstrated that its proposed risk alternatives should provide superior protection. Should the demonstration project performance measures or other information subsequently indicate that superior protection has not been achieved or is unlikely to continue to be achieved, then OPS can require NGPL to again comply with 49 CFR 192.611.

### *Information Provided to the Public*

(1) NGPL "Application and Work Plan for DOT-OPS Risk Management Demonstration Program", available in Docket No. RSPA-98-3893 at the Dockets Facility, U.S. Department of Transportation, Plaza 401, 400 Seventh Street, SW., Washington, DC 20590-0001, (202) 366-5046.

(2) Pipeline Safety: Intent to Approve and Environmental Assessment for the Natural Gas Pipeline Company of America Pipeline Risk Management Demonstration Project, [63 FR 46497, September 1, 1998].

(3) Pipeline Safety: Natural Gas Pipeline Company of America;

Approved for Pipeline Risk Management Demonstration Program (includes Finding of No Significant Impact) [64 FR 1067, January 7, 1999].

(4) "Risk Management Demonstration Project Order," Reference No. RMD 98-4, December 31, 1998.

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

This Notice is OPS's final request for public comment before OPS intends to approve the described modification of NGPL's Risk Management Demonstration Project.

Issued in Washington, DC, on August 10, 2001.

**Stacey L. Gerard,**

*Associate Administrator for Pipeline Safety.*

[FR Doc. 01-20721 Filed 8-16-01; 8:45 am]

**BILLING CODE 4910-60-P**

## DEPARTMENT OF TRANSPORTATION

### Surface Transportation Board

[STB Finance Docket No. 34073]

**Henry G. Hohorst, Bruce Hohorst, and Anthony M. Linn and The West Tennessee Railroad, LLC—Corporate Family Transaction Exemption**

Henry G. Hohorst, Bruce Hohorst, and Anthony M. Linn, individuals (applicants), have filed a verified notice of exemption to continue in control of The West Tennessee Railroad, LLC (WTNN), a New Jersey limited liability company, upon its succeeding to the operating rights and responsibilities of West Tennessee Railroad Corp. (WTRC) and its leasing a line of railroad from Norfolk Southern Railway Company (NSR).

The transaction was scheduled to be consummated on or after August 1, 2001.

This transaction is related to STB Finance Docket No. 34039, *The West*