



National Fuel

Lee E. Hartz
Assistant Vice President

December 20, 2013

VIA E-MAIL & NEXT-DAY UPS

Mr. Byron Coy, P.E.
Director, PHMSA Eastern Division
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
Byron.coy@dot.gov

RE: November 26, 2013 Warning Letter (CPF 1-2013-1027W) to National Fuel Gas Supply Corporation

Dear Director Coy:

This letter responds, to PHMSA's November 26, 2013 WARNING LETTER(the "Warning Letter") to National Fuel Gas Company and its subsidiaries, including National Fuel Gas Supply Corporation (collectively, "National Fuel"). While National Fuel understand a formal response is not necessary for the concerns expressed in the Warning Letter, National Fuel believes further explanation will only aid future understandings and inspections. Accordingly, each issue is addressed below.

As a preliminary matter, National Fuel would point out that due to the evolving and organic nature of pipeline awareness programs as a whole and National Fuel's specific program, it is difficult to respond to findings from an audit that occurred over two years ago. To that end, National Fuel took immediate and ongoing action based upon the limited feedback provided by the PHMSA Inspector during the audit in July 2011. In addition, National Fuel has made several changes and improvements to its program since that time.

1. Management Statement for National Fuel Gas Midstream Corporation

The Warning Letter notes that National Fuel's *Public Awareness and Education Program for Gas Distribution, Gathering and Transmission Pipelines, Version I, July 11, 2011* (the "Program") did not include a management statement for National Fuel Gas Midstream Corporation ("Midstream") as required by the American Petroleum Institute's ("API") Recommended Practice (RP) 1162, Sections 2.5 and 2.7.

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RESPONSE:

At the time of inspection, the senior executive responsible for Midstream's program development and implementation differed from the senior executive who signed the management statement.

To correct this issue, National Fuel has since amended its program by including a revised statement of management support for its program. National Fuel's plan was amended by re-stating Management support for the program. James D. Ramsdell was named Corporate Senior Vice President for Safety for all National Fuel affiliates. Revised statements of Management support reflecting this change were added to the plan on April 18, 2012 in Appendix A. Additionally, a separate Statement of Support for National Fuel Midstream was added on April 12, 2012.

2. National Fuel's Brochure

The Warning Letter also stated that National Fuel failed to develop a written continuing public education program that followed the guidance provided in Section 4.2 of API RP 1162. Specifically, National Fuel's brochure did not contain sufficient procedures that addressed the hazards and prevention measures it takes and how to provide that information to stakeholders.

RESPONSE:

Since the July, 2011 PHMSA inspection, National Fuel has revised its stakeholder mailings such that each of the 4 audiences now receives information specific to their needs. The revised brochure expands on the hazards and prevention measures National Fuel takes and how certain information can be obtained by stakeholders. Specifically, the revised Emergency Responder brochure explains what actions National Fuel will take in the event of a pipeline emergency. Moreover, as stated during the audit, National Fuel's brochure has never been the sole source of information provided to each of the 4 stakeholder groups. Providing direct, detailed information to each of the stakeholder groups, including through collaborative meetings with Excavators, Operating location site specific meetings with Emergency Responders, and Free training to Emergency Responders has consistently been an integral part of National Fuel's overall Public Awareness initiatives. Information regarding these additional measures is, and has been, detailed in National Fuel's written plan.

3. Access to Emergency Response Plan

The Warning Letter further noted that National Fuel did not have a process or procedures in place that addressed how emergency officials can access its emergency response plan and how to provide that information to emergency officials per Section 4.4.3 of API RP 1162.

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RESPONSE:

Pursuant to its discussion with PHMSA's Inspector, National Fuel has included language in its revised brochure inviting Emergency Responders and Public Officials to contact National Fuel if additional information is needed, including "information regarding any aspect of our operations, our Integrity Management Plan, our Emergency Response Plans ..." During the July, 2011 inspection, this issue was discussed along with PHMSA's Advisory Bulletin, (ADB-10-08), published in the Federal Register on November 3, 2010 concerning the practicality of having Emergency Response plans placed in all emergency vehicles within its operating jurisdictions and the proprietary nature of some of the information contained in the Emergency Response Plan. In addition, National Fuel has a program for inviting local emergency responders to its operating locations in order to discuss the specifics of an informed emergency response. At the time, the PHMSA inspector stressed a need to quantify and qualify this outreach through development of a program agenda and thorough documentation of actual outreach. Immediately following the July, 2011 inspection, National Fuel developed a meeting agenda and sign-in procedure to document this customized outreach with Emergency Responders throughout its operating locations. This information is now contained in Appendix F of National Fuel's Program.

4. Information Regarding High Consequence Areas and an Integrity Management Program

The Warning Letter next stated that National Fuel did not provide sufficient information about whether it has High Consequence Areas (HCAs) and/or an Integrity Management Program (IMP) to the affected public, emergency officials, and public officials. PHMSA did not feel that the brochure National Fuel mailed to public officials in 2010 contained all necessary information to meet the requirements outlined under Section 4.7 of API RP 1162.

RESPONSE:

As stated above, National Fuel revised its brochures to include language inviting Emergency Responders and Public Officials to contact National Fuel if additional information is needed, including "information regarding any aspect of our operations, our Integrity Management Plan or our Emergency Response Plans". National Fuel will also revise future mail outs to the 4 stakeholder audiences to include specific reference to HCAs. At the time of the PHMSA inspection, the material being distributed to Emergency Responders included general information regarding the measures required of all Emergency Responders regardless of whether the pipeline incident occurred in an HCA. National Fuel-sponsored emergency responder training addresses HCAs and appropriate responses in HCAs during an emergency. Since the Inspection, separate from the general mail outs to each of the 4 stakeholder groups, National Fuel also sends letters and maps via certified mail, to the Emergency Management Agency in each of the counties in which

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National Fuel operates Part 192, Subpart O facilities. National Fuel includes integrity maps for that County with the letter and asks County officials to assist in identifying any HCAs not identified on the current version by to returning the maps with any changes.

5. Documentation regarding Effectiveness of Public Awareness Program

The Warning Letter states that National Fuel did not determine whether its written public awareness program was effective. According to your letter, National Fuel was not able to produce documentation that showed it determined whether its written public awareness program was effective or needed improvement during the inspection.

RESPONSE:

National Fuel disagrees with this assessment. During the July, 2011 Inspection, National Fuel produced Appendix B of its plan to the Inspector. Among other things, Appendix B lists periodic and ongoing attempts at Continuous Improvement and Program Evaluation. In fact, National Fuel lists the efforts it makes to continually evaluate the effectiveness of the program and identifies ways in which continuous improvement can be made throughout the Appendix. We feel this adequately addresses the requirements of Section 8.4 of API's RP 1162.

6. Target Survey Methods

The last issue contained in the "Warning Letter" addressed National Fuel's apparent failure to follow the general program recommendations, including baseline and supplemental requirements, in Section 8.4.2 of API RP 1162. Specifically, your letter referenced National Fuel's participation in a trade-association survey utilizing a zip code identification method. Under the zip code method, you felt National Fuel could not adequately demonstrate that the survey was targeted to its stakeholder audience as prescribed in Section 8.4.2 of API RP 1162.

RESPONSE:

Again, we disagree. National Fuel would like to clarify an apparent misunderstanding regarding its evaluation of the effectiveness of its Pipeline Public Awareness Program. While National Fuel did participate in a 2006 regional assessment conducted by the Northeast Gas Association for those assets covered under the plan and operated in New York, National Fuel also conducted a stand-alone assessment of its program effectiveness for those assets covered under its plan and operated in Pennsylvania. National Fuel believed these *benchmark* assessments would only serve as a basis for determining its program effectiveness when the 2010 surveys were completed. Both sets of surveys were thoroughly reviewed by the PHMSA inspector during the July, 2011 inspection. In

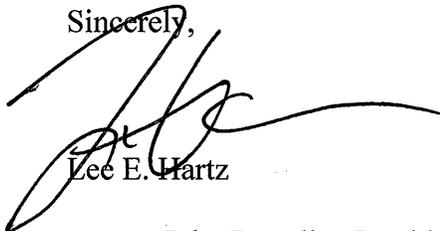
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addition to the PHMSA inspection, the 2010 Effectiveness Evaluation was also reviewed by the PA PUC in its October, 2013 inspection.

Moreover, National Fuel contends the zip code method more accurately reflects its aggregate stakeholder group in this instance, because its operating system is not limited solely to transmission pipeline corridors. In fact, National Fuel's operating system also includes members of the Affected Public who are gas distribution customers. As such, National Fuel's consultant, The Center for Research, felt a broader cross section of all 4 stakeholder audiences was reached using the zip code method considering that 50% of the respondents in the New York survey and 100% of the respondents in the Pennsylvania survey fell within National Fuel's operating territory. At the time of the inspection, National Fuel also offered to have its consultant available to further articulate the survey results if necessary.

We trust that the above explanations will address each of the concerns noted in your warning letter. At the very least, National Fuel hopes that these responses will aid future discussions of each matter. We are, of course, available for any additional questions or comments relating to the issues in your Warning Letter. Please do not hesitate to contact me directly.

Sincerely,



Lee E. Hartz

cc: John Pustalka, President, National Fuel Gas Supply Corporation
James D. Ramsdell, Senior Vice President – Safety, National Fuel Gas Company