



**Statement of the Marcellus Shale Coalition  
Before the  
House Consumer Affairs Committee  
Regarding  
House Bill 344-Pipeline Safety  
February 24, 2011**

The Marcellus Shale Coalition (MSC) is a multi-state organization, founded in 2008 to advance the responsible development of natural gas from the Marcellus Shale geological formation that underlies a number of states, including Pennsylvania, New York, Ohio, West Virginia, and Maryland. Working with state and federal regulators, elected officials and the general public, the MSC seeks to educate, engage and promote natural gas as a clean, job-creating resource with tremendous economic and environmental benefits. The members of the coalition are dedicated to developing this resource safely and efficiently.

The natural gas industry is bringing huge investment in terms of capital and the associated job creation to Pennsylvania. The Marcellus presents a very special opportunity for all of us in the Commonwealth and we must take care to foster this development with modernized statutes and a competitive regulatory framework. We must also continue to keep public safety and environmental protection as the cornerstone of how we conduct business in Pennsylvania.

Core guiding principles of the MSC recognize the critical role of protecting public safety and the environment. Operators take numerous actions in designing, constructing and maintaining their pipelines to ensure the integrity of their systems.

Pipeline safety is a federal and state coordinated effort. In 1968, Congress established a national pipeline safety effort that was designed to provide standards with enforcement of those standards primarily residing in qualified state agencies. The pipeline safety laws

allow individual states to adopt safety standards, but those standards must be consistent with federal standards. This structure has produced an exemplary safety record in the pipeline industry as federal and state officials have worked with pipeline operators and the public to achieve continuously improving results.

Under the federal and state cooperative arrangement established by Congress, the Pipeline and Hazardous Materials Safety Administration (PHMSA) has been granted authority to regulate all pipelines for the purposes of safety with the additional authority to delegate that power to qualified state programs. The Pennsylvania Public Utility Commission operates a pipeline safety program that is considered qualified by PHMSA to oversee local distribution systems and intrastate natural gas transmission pipelines.

PHMSA regulates natural gas gathering lines by establishing different categories based on the risk to the public. Multiple natural gas wells feed into gathering pipelines. Gathering lines can be of any size, but typically range from 4" to 24" in diameter, depending on anticipated volumes. The lines operate at varying pressures depending on where they are located in relation to gas compression facilities.

PHMSA has determined that gathering lines operating in densely populated areas and operating at higher pressures and stresses must follow the vast majority of the requirements applicable to transmission pipelines. Those gathering lines operating at lower pressures and stresses in densely populated areas are required to meet certain construction standards, including cathodic protection, to participate in one-call damage prevention programs, to be marked and to conduct public education efforts with key stakeholders. Operators often go beyond these requirements during the design, construction and daily operational activities conducted to maintain the integrity of their systems.

The MSC believes that gathering pipelines are regulated appropriately for safety by PHMSA. Furthermore, we believe that they are regulated sufficiently to address the development of the Marcellus safely and efficiently. Accordingly, we support House Bill 344 because it would grant the Public Utility Commission (PUC) the authority to regulate additional pipelines in Pennsylvania consistent with and no more stringent than federal pipeline safety laws and regulations. We also support the measure because it makes it clear that the regulation of these pipelines for safety purposes does not in any way impose public utility status on any natural gas pipeline that falls under the Commission's jurisdiction for safety. This is an important factor that acts to preserve open markets, allows private operators to support the natural gas industry and further encourages the development of the Marcellus Shale.

The MSC and its members are dedicated to pipeline safety and transporting energy resources in the safest, most efficient and economical manner possible. Again, we support House Bill 344 as an effective means to extend the safety oversight of the PUC in a manner that maintains absolute consistency with federal pipeline safety laws and regulations.

Thank you for the opportunity to present these comments.