



February 8, 2017

The Honorable Elaine Chao
United States Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

Dear Secretary Chao,

GPA Midstream Association would like to congratulate you on your recent confirmation as Secretary of Transportation. We believe that you are uniquely qualified to lead the Department and look forward to working with you to advance the new administration's efforts to improve the safety, reliability, and efficiency of the nation's infrastructure. President Trump and his administration have indicated an intent to eliminate and control excessive regulations while simultaneously investing in and expanding our critical energy infrastructure. GPA Midstream shares the administration's interest in growing our economy and energy security by promoting the continued development of natural gas as a cost-effective source of energy and raw materials derived from it which are used for manufacturing the products we use in our daily lives. GPA Midstream feels it is important to bring to your attention our concerns with a proposed rule that the Pipeline and Hazardous Materials Safety Administration (PHMSA) is currently working on entitled "Pipeline Safety: Safety of Gas Transmission and Gathering Pipelines." 81 Fed. Reg. 29,830 (May 13, 2016). The rule as proposed will expand the regulation of onshore gas gathering lines to impose new reporting requirements on rural gathering pipelines. The proposed rule also proposes to extend the definition of regulated gathering to include gathering that has been exempted since passage of the original Pipeline Safety Act of 1968.

We would like to request that PHMSA reevaluate the proposed rule and identify with greater detail the costs that the proposed rule would impose upon gathering lines.¹ In its current form, the proposed rule fails to account for or detail the costs that would be passed onto gathering lines. As currently drafted, the proposed rule will adversely impact GPA Midstream members by passing on excessive costs to our members and running the risk of negatively impacting midstream infrastructure that our members own and operate. GPA Midstream members represent critical infrastructure that is essential to providing our country with clean, reliable, and cost-effective energy. We also respectfully request that the gathering sector be provided representation at the next Gas Pipeline Advisory Committee (GPAC) meeting since the gathering sector is scheduled to be on the agenda and be allocated the next vacant industry seat on the Committee since midstream operators currently have no representation. The GPAC reviews

¹ Gathering lines are natural gas pipelines that transport unprocessed natural gas from production wells to natural gas treatment plants where the unprocessed natural gas is converted into pipeline quality natural gas and other useful products that can then be used by consumers.

PHMSA's proposed regulatory initiatives to assure the technical feasibility, reasonableness, cost-effectiveness and practicability of each proposal. The GPAC also evaluates the cost-benefit analysis and risk assessment information of the proposals.

GPA Midstream's members represent close to 90 % of the owners and operators of gathering lines in the United States. GPA Midstream has served the U.S. energy industry since 1921 as an incorporated non-profit trade association. GPA Midstream is composed of nearly 100 corporate members that are engaged in the gathering and processing of natural gas into merchantable pipeline gas, commonly referred to in the industry as "midstream activities." Such processing includes the removal of impurities from the raw gas stream produced at the wellhead, as well as the extraction for sale of natural gas liquid products (NGLs) such as ethane, propane, butane and natural gasoline. GPA Midstream members account for more than 90 percent of the NGLs produced in the United States from natural gas processing.

We have been working cooperatively with PHMSA and appreciate the hard work and effort that PHMSA staff has put into the proposed rule. However, we have serious concerns with the lack of gathering line representation among the fifteen stakeholders participating in the GPAC. Over half of costs that would be imposed by the proposed rule would be borne by owners and operators of gathering lines. Having no gathering line representation and essentially no gathering line stakeholders involved in the GPAC discussions at the committee level is very problematic because it prevents the GPAC from fully understanding and responding to concerns that are unique to the gathering sector. Moreover, it fails to treat the gathering sector in a fair and consistent manner in comparison to other constituent groups that have representation on the GPAC. To put this in perspective, the proposed rule conservatively covers 300,000 miles of transmission lines and more than 300,000 miles of gathering lines. PHMSA has appointed five GPAC members who represent transmission lines which cover at most, half the total mileage of pipelines covered by the proposed rule, yet it has no representation from the gathering line industry which represents more than half of the pipelines that would be regulated.

GPA Midstream's chief concern with the proposed rule is that it fails to fully account for the impact it will have on gathering lines. In comments filed in response to the proposed rule and made during PHMSA's webinars on this rule, as well as in private conversations with PHMSA, GPA Midstream and its members have explained that PHMSA's cost benefit analysis does not account for costs that would be imposed on gathering lines. These costs will be significant to GPA Midstream's members who will ultimately be responsible for them. GPA Midstream is confident the actual total cost of the proposal far exceeds the \$47 million per year in compliance costs projected by PHMSA. Since the gathering sector represents at least half of the total mileage that the proposed rule covers, we feel that PHMSA is not accounting for at least half of the total costs of the proposal (i.e. the portion of the costs that would be borne by the gathering sector).

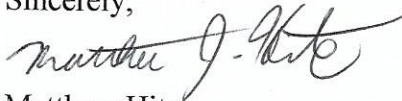
PHMSA recently postponed a previously scheduled GPAC meeting for February 28 to March, 2017 but, GPA Midstream understands that the agency intends to convene another meeting in the spring. We respectfully request that this meeting also be postponed until representatives from the gathering line sector can be appointed to represent our interests with respect to the proposed rule. We are concerned that without proper representation during the GPAC process our

concerns will not be given equal consideration with those from other segments of the industry that are currently represented on GPAC.

We also feel that the January 20, 2017 Memorandum for the Heads of Executive Departments and Agencies from White House Chief of Staff Reince Priebus putting in place a regulatory freeze to ensure that President Trump's appointees have the opportunity to review any new or pending regulations is applicable in this situation. Since the next GPAC meeting is part of the process that will ultimately lead to PHMSA's promulgation of a final rule, we believe that PHMSA's GPAC meeting would be covered by the regulatory freeze and we would respectfully request that PHMSA postpone this meeting until it can address the lack of cost benefit information for gathering lines and provide gathering lines representation on the GPAC.

GPA Midstream appreciates the opportunity to share our concerns with you. If you have any questions or we can of any help please contact me at (202)279-1664 or by email at mhite@GPAglobal.org.

Sincerely,



Matthew Hite

Vice President of Government Affairs
GPA Midstream Association