Pipeline Safety Trust
Pipeline Safety Index
A Proposal by Metrix Matrix Inc.

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1. Introduction

1.1. Purpose

The purpose of this proposal is to lay out a strategy for the establishment of the *Pipeline Safety Index* co-sponsored by the Pipeline Safety Trust and Metrix Matrix Inc. This index is to become the de facto non-partisan baseline by which all other pipeline awareness effectiveness studies are to be compared.

In addition to identifying the strategy, this proposal will also outline a proposed product line and revenue stream.

1.2. Assumptions

This document presented with the assumption that the reader is familiar with 49 CFR Parts 192 and 195 *Pipeline Safety: Pipeline Operator Public Awareness Program*.

1.3. Contact Information

The primary contact for information regarding this proposal is:

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2. Background

2.1. Current Status

At the 2010 Pipeline Safety Trust conference in New Orleans the pipeline industry and the Trust were painting slightly different views of the state of pipeline safety and awareness. The industry also made overtures to trying to lighten its regulatory obligation to measure the effectiveness of awareness efforts.

The flaw in the current arrangement is that the Pipeline Safety Trust (As well as PHMSA) is almost entirely dependent upon the data and studies performed by the gas and petroleum interests. PHMSA at least has the authority/responsibility to audit the programs, though as of this writing it is unknown if any formal audit procedure in place though they should have started in June 2010.

The current regulations encourage a peak and valley cycle of awareness every four years not only among the intended audiences, but also the pipeline operators and the regulators. However, pipeline incidents are not limited to four year cycles.

Many operators have timed awareness studies on the heels of a concerted awareness effort, which does not represent the steady state of awareness, but rather an inflated state that tends to diminish over time. The Pipeline Safety Trust in conjunction with Metrix Matrix Inc. is in a unique position to break this artificial cycle.

The Pipeline Safety Trust possesses a unique relationship with regulators and pipeline operators as well as a steadfast commitment to education and advocacy.

Metrix Matrix possesses the proven experience to provide the opinion research component of the Pipeline Safety Index, having performed two rounds of operator effectiveness measures in 2006 and 2010 for multiple operators.

2.2. Proposed Status

The Pipeline Safety Trust needs its own independent and continuous research results to present at its annual summit as well as any other related conference or information exchange at which the availability of this data would be in the public interest.

The results of a sound and objective 3rd party study... will not be ignored by the media in times of heightened interest.

Minimally, the Pipeline Trust should be releasing its own results regarding the Affected Public and Excavators... annually. Ideally, all four populations should be measured annually. The industry should be responding to the Pipeline Safety Index. PHMSA should be considering these results with at least equal weight to those of the industry. The results of a sound and objective 3rd party study cannot be ignored and generally will not be ignored by the media in times of heightened interest.

Keeping in mind that most operators will not perform another required study for 3-4 years, Our Pipeline Safety Index will have three years to gather history and get as entrenched as the standard.
2.3. Index Design & Rollout

The design of the survey instruments should be a collaborative effort in order to ensure credibility, objectivity and compliance with regulatory standards. In addition to the Pipeline Safety Trust and Metrix Matrix, other contributors should include PHMSA and any Gas & Petroleum associations as well as safety minded associations.

For the sake of expediency of the first round it may only be possible to work with PHMSA and some of the contributing associations to the original RP1162.

Roll Out
The following is a proposed roll-out plan for the Pipeline Safety Index study component

Stage 1
500-1000 Surveys per target audience\(^1\) nationwide

Stage 2
500-1000 surveys per target audience per each of 4 census regions

Stage 3
500-1000 surveys per target audience per division of 9 census divisions\(^2\) or perhaps a different grouping of states or regions based on pipeline densities.

Stage 4
500 surveys per target audience per state

Stage 6
Pipeline Operators use the Pipeline Safety Index study format for their own compliance requirements.

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\(^1\) As defined by RP1162

\(^2\) If 1000 surveys are completed per Region in Stage 2, most divisional results will be completed.
2.4. Potential Alliances

There are a number of interested parties for each pipeline safety Index population; interest either in the actual results or the opportunity for exposure. Leveraging these interests will provide the foundation for dissemination and financial support. With a sufficient level of commercial support or grants, the publicly available portions of the Index can be self-supporting.

Associations are always in search of new and relevant information, both will be provided by the Pipeline Safety index. These also have some of the most up to date contact information necessary for this research. The following is a sample of possible alliances including associations and sponsors.

Affected Public
- Pipeline Safety Trust
- Metrix Matrix Inc.
- NAPSR
- Home & Garden Retailer

Excavators
- Pipeline Safety Trust
- Metrix Matrix Inc.
- Underground Alliance
- Excavation Equipment Manufacturer

Emergency Responders
- Pipeline Safety Trust
- Metrix Matrix Inc.
- NASFM
- Emergency Equipment Manufacturer

Local Government Officials
- Pipeline Safety Trust
- Metrix Matrix Inc.
- Center for Governmental Research
- Conference of Mayors
2.5. Costs & Constraints

Probably the largest challenge to this initiative is the initial costs of setting up the Index. Fully recognizing the Pipeline Safety Trust is a not for profit established in the public interest and that Metrix Matrix is a privately held for-profit company, a certain balance must be struck in the interest of both parties.

**Costs**

A complete effectiveness study for a large pipeline operator across the four target audiences retails for at least $25K. This includes the acquisition of contact records, survey design, survey execution, statistical analysis and final reporting and presentation. This is the equivalent of Stage 1 with 500 surveys per target audience.

Estimated Study Cost to Pipeline Safety Trust:

<table>
<thead>
<tr>
<th>Number Audiences</th>
<th>Volume</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Audience</td>
<td>500</td>
<td>$3000</td>
</tr>
<tr>
<td>4 Audiences³</td>
<td>500/ea</td>
<td>$12000</td>
</tr>
<tr>
<td>1 Audiences</td>
<td>1000</td>
<td>$6000</td>
</tr>
<tr>
<td>4 Audiences</td>
<td>1000/ea</td>
<td>$24000</td>
</tr>
</tbody>
</table>

The above pricing table would provide accurate results down to the Census Region level.

**Constraints**

In an effort to balance the goals of both the Pipeline Safety Trust and Metrix Matrix, either party may make results publically available down to the Regional Level, without the inclusion of individual operator or individual statewide results.

Any results more detailed than the regional level will be made available for a market rate charge to interested parties including the Pipeline Safety Trust, state agencies, associations or operators. The intent is for Operators or state agencies to contract their own studies for the purposes of comparing against the Master Pipeline Safety Index.

These costs and constraints are preliminary and are subject to change based upon the final details of the index launch.

³ Most desirable for Year 1
3. Pipeline Awareness and Metrix Matrix

Metrix Matrix is a privately held company founded in 1997 in Rochester, NY as a transaction-based satisfaction survey company providing real time, on-line feedback to its clients. The client list includes Paychex, Gartner, National Fuel, UGI, Thomson Reuters and The Center for Governmental Research, to name a few.

In 1999 Metrix Matrix began working with its first utility, National Fuel, providing customer satisfaction surveys as required by the New York State Public Utilities Commission.

This relationship eventually led to Metrix Matrix becoming the reporter of record to the Pennsylvania PUC for the eight largest gas and eight largest electric utilities in the state, where the contract has been renewed for its 10th year via the Energy Association of Pennsylvania (EAP).

The relationship with the natural gas providers within the EAP led to Metrix Matrix being selected to perform the baseline evaluations required by RP1162 section 8.

General Experience

The company has had expansive experience in the utility sector with approximately 30% of the client base representing gas, electric and water companies.

- National Fuel Gas
- UGI
- Columbia Fuel Gas
- Dig Tess
- Excelon
- Orlando Utilities Commission
- Lakeland Electric
- Indianapolis Power & Light
- Philadelphia Gas Works
- Connexus Energy
- Oklahoma Municipal Power Authority
- First Energy
- St. Lawrence Gas
- Energy Association of Pennsylvania
- Central Vermont Public Service

All tools and reports provided by Metrix Matrix have been designed and reviewed by experienced market researchers and statisticians. Many of these tools and reports have become operational imperatives for some of our most successful client organizations.

API RP 1162 Experience

Metrix Matrix has been an early participant in the public awareness program, having been the only research firm to comment on the regulation [CFR Citation: 49 CRF Parts 192 and 195] during the public comment period in 2005. *(See Below)*

Other experience specific to this regulation:

- In 2006 Metrix Matrix obtained OPS acceptance of its Pipeline Awareness Methodology.
- Metrix Matrix completed over 20,000 surveys in 2006 and 2010 across all four target populations for eight operators across ten states.
- Metrix Matrix designed the survey used by Dig Tess in 30 over states.
II. Comment Discussion

In response to the NPRM, PHMSA received written comments from: Pipeline operator companies (21); pipeline industry trade associations (6); the Gas Pipeline Technical Committee (GPTC); thirdparty vendors to the pipeline industry (2); members of the public (7); and the Washington Utilities and Transportation Commission, a state pipeline safety regulatory agency.

Industry comments were received from: American Gas Association (AGA); American Petroleum Institute (API); American Association of Oil Pipelines (AAOP); American Public Gas Association (APGA); Atmos Energy; Burnton, KS; Municipal Gas Association (Jan Roberts); Columbus Gas Transmission Corporation; Duke Energy Field Services; Dynegy Midstream Services L.P.; El Paso Corporation; Enbridge Energy Company, Inc.; Gas Pipeline Technology Committee (GPTC); KeySpan Energy; Kinder Morgan Inc.; Michigan Consolidated Gas Company (MichCon); Nicor Gas; NuSource Energy Service Company; Palata Pipeline (Southwest Gas Corporation); PECO; Peoples Gas Light and Coke Company; Pipeline Association for Public Awareness; PSEG Services Corporation; Southern California Gas Company and San Diego Gas and Electric; Southern Union Co.; Southwest Gas Corporation; Sunoco Logistics Partners, L.P.; Texas Oil and Gas Association (TXOGA); Interstate Natural Gas Association of America (INGAA); Texas Pipeline Association; and Xcel Energy.

Thirdparty vendors to the pipeline industry submitting comments include Oleksa & Associates and Metrix Matrix Inc.,

Organizations and individuals representative of the public who submitted comments include: The Pipeline Safety Trust; the Washington State Citizens Committee on Pipeline Safety; and five individuals.

Commenters overall were supportive of the need for pipeline operators to conduct and manage effective public awareness/education programs, acknowledging that such programs were vital to the safe operation of oil and gas pipelines. Commenters were generally supportive of the proposal to incorporate API RP 1162 by reference into rule. However, some commenters opposed the proposed approach of incorporating API RP 1162 in toto as a regulatory requirement, as described in the NPRM. These along with many others offered particular comments or suggested alternatives. Some commenters considered that the proposed rule does not go far enough in requiring operators to provide specific other information that is outside the current scope of the proposed rule, or did not require a broad enough outreach to the general public.
August 6, 2004

U.S. Department of Transportation

SUBJECT: Comments on Docket No. RSPA-03-15852, Notice 1 RIN 2137-AD96 Pipeline Safety: Public Education Programs for Hazardous Liquid and Gas Pipeline Operators

Metrix Matrix is a national research firm specializing in market campaign effectiveness measurements as well as customer and employee satisfaction measurements. Metrix Matrix currently serves a number of utility companies, some of which have approached us regarding API RP 1162. The comments expressed here are those of Metrix Matrix and not necessarily those of our clients.

Consider the Following:

1. **API RP 1162** outlines operational requirements, without clearly identifying a specific required result except perhaps in **Section 8.1**: The Purpose and Scope of the evaluation is primarily to “Assess whether the current program is effective in achieving the objectives for operator Public Awareness programs as defined in **Section 2.1** of this RFP” and “Provide the Operator information on implementing improvements in its Public Awareness Program effectiveness based on finding from the evaluations(9).”

2. **API RP 1162 Section 2.1**: The stated goal is “enhance public environmental and safety property protection through increased public awareness and knowledge”.

3. According to the **Pipeline Operator Public Education Programs: Report on the Results of Operator Self-Assessments Required in Response to the Pipeline Safety Improvement Act of 2002** dated May 7, 2004, “a significantly small percentage of operator programs require a periodic assessment of the program’s effectiveness. Also “a very small percentage of operators use audience surveys to measure program effectiveness.”

4. The Self Assessment provided an accurate operational benchmark of what processes and procedures are in place. However, due to the lack of Operator evaluations it does not accurately depict a benchmark of results.

5. **API RP 1162** Places the current evaluation portion of the recommendation at the end of the document, **Section 8.** Although it contains references to baseline measures.
If the purpose of this recommended practice is to “enhance” property protection and “increase” public awareness then there clearly exists the need for a quantifiable baseline to determine if after the process is in place, protection has been enhanced or awareness has increased.

However, even if this baseline is established, an Operator needs to know if their results are above or below the norm. If their results are significantly above the norm, isn’t it possible that they have already achieved the intended results of API RP 1162, thereby negating the requirement and the remainder of its associated costs?

Consider the following Proposals:

1. In order for an Operator to understand the effectiveness of what is already in place and which parts of their current awareness programs need to be improved, require an initial round of evaluations according to API RP 1162 Section 8 before spending public and private funds to fix a process that may not be broken.

2. Allow Operators that score in the top quartile within their state or region to continue with their current public awareness plans until the next required evaluation period. To that end, a core set of questions will be required for benchmarking purposes. The possibility of saving on further expenditures resulting from a high benchmark score will provide incentive for the operators to adhere to a core set of measures.

3. Recommend that if an outside firm is used for and Operator’s evaluation purposes, it should not be the same firm responsible for the implementation of the Public Awareness Program itself.

Please feel free to contact me if I may be of further assistance in this matter.

Respectfully Submitted,

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