



SUSTAINABILITY ACCOUNTING STANDARD
INFRASTRUCTURE SECTOR

GAS UTILITIES

Sustainability Accounting Standard

Sustainable Industry Classification System™ (SICS™) #IF0102

Prepared by the
Sustainability Accounting Standards Board®

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Provisional Standard

GAS UTILITIES

Sustainability Accounting Standard

About SASB

The Sustainability Accounting Standards Board (SASB) provides sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability information for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. SASB is an independent 501(c)3 non-profit organization. Through 2016, SASB is developing standards for 79 industries in 10 sectors.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD

1045 Sansome Street, Suite 450
San Francisco, CA 94111
415.830.9220
info@sasb.org

www.sasb.org

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INTRODUCTION

Purpose & Structure

This document contains the SASB Sustainability Accounting Standard (SASB Standard) for the Gas Utilities industry.

SASB Sustainability Accounting Standards are comprised of **(1) disclosure guidance and (2) accounting standards on sustainability topics** for use by U.S. and foreign public companies in their annual filings (Form 10-K or 20-F) with the U.S. Securities and Exchange Commission (SEC). To the extent relevant, SASB Standards may also be applicable to other periodic mandatory filings with the SEC, such as the Form 10-Q, Form S-1, and Form 8-K.

SASB Standards identify sustainability topics at an industry level, which may constitute material information—depending on a company’s specific operating context—for a company within that industry. SASB Standards are intended to provide guidance to company management, which is ultimately responsible for determining which information is material and should therefore be included in its Form 10-K or 20-F and other periodic SEC filings.

SASB Standards provide companies with standardized sustainability metrics designed to communicate performance on industry level sustainability topics. When making disclosure on sustainability topics, companies can use SASB Standards to help ensure that disclosure is standardized and therefore decision-useful, relevant, comparable, and complete.

SASB Standards are intended to constitute “suitable criteria” as defined by AT 101.23-.32¹ and referenced in AT 701² as having the following attributes:

- *Objectivity*—Criteria should be free from bias.
- *Measurability*—Criteria should permit reasonably consistent measurements, qualitative or quantitative, of subject matter.
- *Completeness*—Criteria should be sufficiently complete so that those relevant factors that would alter a conclusion about subject matter are not omitted.
- *Relevance*—Criteria should be relevant to the subject matter.

Industry Description

The Gas Utilities industry is made up of gas distribution and marketing companies. Gas distribution involves operating local, low-pressure pipes to transfer natural gas from larger transmission pipes to end users. Gas marketing companies are gas brokers that aggregate natural gas into quantities that fit the needs of their different customers and then deliver it, generally through other companies’ transmission and distribution lines. A relatively smaller portion of this industry is involved in propane gas distribution, therefore this standard focuses on natural gas distribution. Both types of gas are commonly used for heating and cooking by residential, commercial, and industrial customers. In structurally regulated markets, the utility is granted a full monopoly over the distribution and sale of natural gas. A state utilities commission must approve the rates utilities charge to avoid the abuse of

¹ http://pcaobus.org/Standards/Attestation/Pages/AT101.aspx#at_101_fn7

² <http://pcaobus.org/Standards/Attestation/Pages/AT701.aspx>

their monopoly position. In deregulated markets, distribution and marketing are legally separated and customers have a choice of which company to buy their gas from. In this case, a utility is guaranteed a monopoly only over distribution and is legally required to transmit all gas equitably along its pipes for a fixed fee. While U.S.-listed gas utility companies include a few large companies based outside the U.S., the majority are U.S.-based and operate mainly in U.S. markets.

Note: The SASB Gas Utilities industry does not include gas transmission companies that transport highly pressurized natural gas over long distances from the wellhead. Gas transmission companies are included in the Oil & Gas—Midstream industry (NR0102) in the Non-Renewable Resources sector. Furthermore, this brief does not address electric utilities. Separate SASB standards are available for electric utilities (IF0101) and should be used to the extent that gas utilities also operate electric utilities.

Guidance for Disclosure of Sustainability Topics in SEC Filings

1. Industry-Level Sustainability Topics

For the Gas Utilities industry, SASB has identified the following sustainability disclosure topics:

- End-Use Efficiency
- Operational Safety, Emergency Preparedness, and Response

2. Company-Level Determination and Disclosure of Material Sustainability Topics

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of the information made available.”^{3, 4}

SASB has attempted to identify those sustainability topics that are reasonably likely to have a material effect on the financial condition or operating performance of companies within each SIC industry. SASB recognizes, however, that each company is ultimately responsible for determining what information should be disclosed within the context of Regulation S-K and other guidance.

Regulation S-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K “any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change

³ TSC Industries v. Northway, Inc., 426 U.S. 438 (1976).

⁴ C.F.R. 229.303(Item 303)(a)(3)(ii).

in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.”

Furthermore, instructions to Item 303 state that the MD&A “shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.”²

The SEC has provided guidance for companies to use in determining whether a trend or uncertainty should be disclosed. The two-part assessment prescribed by the SEC, based on probability and magnitude, can be applied to the topics included within this standard:

- First, a company is not required to make disclosure about a known trend or uncertainty if its management determines that such trend or uncertainty is not reasonably likely to occur.
- Second, if a company’s management cannot make a reasonable determination of the likelihood of an event or uncertainty, then disclosure is required unless management determines that a material effect on the registrant’s financial condition or results of operation is not reasonably likely to occur.

3. Sustainability Accounting Standard Disclosures in Form 10-K

a. Management’s Discussion and Analysis

For purposes of comparability and usability, companies should consider making disclosure on sustainability topics in the MD&A, in a sub-section titled “**Sustainability Accounting Standards Disclosures**.”⁵

b. Other Relevant Sections of Form 10-K

In addition to the MD&A section, it may be relevant for companies to disclose sustainability information in other sections of Form 10-K, including, but not limited to:

- **Description of business**—Item 101 of Regulation S-K requires a company to provide a description of its business and its subsidiaries. Item 101(c)(1)(xii) expressly requires disclosure regarding certain costs of complying with environmental laws:

Appropriate disclosure also shall be made as to the material effects that compliance with Federal, State and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries.

- **Legal proceedings**—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations that target

⁵ [SEC \[Release Nos. 33-8056; 34-45321; FR-61\] Commission Statement about Management’s Discussion and Analysis of Financial Condition and Results of Operations](#): “We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing.”

discharge of materials into the environment or that are primarily for the purpose of protecting the environment.

- **Risk factors**—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filing company.

c. Rule 12b-20

Securities Act Rule 408 and Exchange Act Rule 12b-20 require a registrant to disclose, in addition to the information expressly required by law or regulation, “such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.”

More detailed guidance on disclosure of material sustainability topics can be found in the **SASB Conceptual Framework**, available for download via <http://www.sasb.org/approach/conceptual-framework/>.

Guidance on Accounting for Sustainability Topics

For each sustainability topic included in the Gas Utilities industry Sustainability Accounting Standard, SASB identifies accounting metrics.

SASB recommends that each company consider using these sustainability accounting metrics when preparing disclosures on the sustainability topics identified herein.

As appropriate—and consistent with Rule 12b-20⁶—when disclosing a sustainability topic identified by this Standard, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:

- The registrant’s **strategic approach** to managing performance on material sustainability issues;
- The registrant’s **relative performance** with respect to its peers;
- The **degree of control** the registrant has;
- Any **measures the registrant has undertaken** or **plans to undertake** to improve performance; and
- Data for the registrant’s **last three completed fiscal years** (when available).

SASB recommends that registrants use SASB Standards specific to their primary industry as identified in the [Sustainable Industry Classification System \(SICSTM\)](#). If a registrant generates significant revenue from multiple

⁶ SEC Rule 12b-20: “In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.”

industries, SASB recommends that it also consider sustainability topics that SASB has identified for those industries and disclose the associated SASB accounting metrics.

In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.

Users of the SASB Standards

The SASB Standards are intended to provide guidance for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the Securities Exchange Act of 1934 (the Exchange Act),⁷ for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Scope of Disclosure

Unless otherwise specified, SASB recommends:

- That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings;⁸
- That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and
- That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand the effect of sustainability topics on the company's financial condition or operating performance (typically, this disclosure would be limited to risks and opportunities associated with these entities).

Reporting Format

Use of Financial Data

In instances where accounting metrics, activity metrics, and technical protocols in this standard incorporate financial data (e.g., revenues, cost of sales, expenses recorded and disclosed for fines, etc.), such financial data shall be prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP") and be consistent with the corresponding financial data reported within the registrant's SEC filings. Should accounting metrics, activity metrics and technical protocols in this standard incorporate disclosure of financial data

⁷ Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange such as the New York Stock Exchange, the NYSE Amex, and the NASDAQ Stock Market or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than \$10 million in assets.

⁸ See US GAAP consolidation rules (Section 810).

that is not prepared in accordance with US GAAP, the registrant shall disclose such information in accordance with the SEC Regulation G.

Activity Metrics and Normalization

SASB recognizes that normalizing accounting metrics is important for the analysis of SASB disclosures.

SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K (e.g., revenue, EBITDA, etc.).

Such data—termed “activity metrics”—may include high-level business data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions (e.g., for Internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Activity metrics disclosed should:

- Convey contextual information that would not otherwise be apparent from SASB accounting metrics.
- Be deemed generally useful for an investor relying on SASB accounting metrics in performing their own calculations and creating their own ratios.
- Be explained and consistently disclosed from period to period to the extent they continue to be relevant. However, a decision to make a voluntary disclosure in one period does not obligate a continuation of that disclosure if it is no longer relevant or if a better metric becomes available.⁹

Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of (1) residential and (2) commercial customers served ¹⁰	Quantitative	Number	IF0102-A
Amount of natural gas delivered, percentage delivered to (1) residential customers, (2) commercial customers, (3) industrial customers, and (4) transferred to a third-party	Quantitative	Million British Thermal Units (MMBtu), Percentage (%)	IF0102-B
Length of distribution pipelines ¹¹	Quantitative	Kilometers (km)	IF0102-C

⁹ *Improving Business Reporting: Insights into Enhancing Voluntary Disclosures*, FASB Business Reporting Research Project, January 29, 2001.

¹⁰ Note to **IF0102-A**—The number of customers served for each category shall be considered as the number of meters billed for both residential and commercial customers.

¹¹ Note to **IF0102-C**—The scope of this metric is limited to distribution pipelines. Transportation activities should be considered for disclosure in NR0102: Oil & Gas Midstream. A distribution pipeline is defined according to 49 CFR 192.3 as a pipeline other than a gathering or transmission line.

Units of Measure

Unless specified, disclosures should be reported in International System of Units (SI units).

Uncertainty

SASB recognizes that there may be inherent uncertainty when disclosing certain sustainability data and information. This may be related to variables such as the reliance on data from third-party reporting systems and technologies, or the unpredictable nature of climate events. Where uncertainty around a particular disclosure exists, SASB recommends that the registrant should consider discussing its nature and likelihood.

Estimates

SASB recognizes that scientifically based estimates, such as the reliance on certain conversion factors or the exclusion of *de minimis* values, may occur for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis.

Timing

Unless otherwise specified, disclosure shall be for the registrant's fiscal year.

Limitations

There is no guarantee that SASB Standards address all sustainability impacts or opportunities associated with a sector, industry, or company, and therefore, a company must determine for itself the topics—sustainability-related or otherwise—that warrant discussion in its SEC filings.

Disclosure under SASB Standards is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations. Where such laws or regulations address legal or regulatory topics, disclosure under SASB Standards is not meant to supersede those requirements. Disclosure according to SASB Standards shall not be construed as demonstration of compliance with any law, regulation, or other requirement.

SASB Standards are intended to be aligned with the principles of materiality enforced by the SEC. However, SASB is not affiliated with or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Forward-Looking Statements

Disclosures on sustainability topics can involve discussion of future trends and uncertainties related to the registrant's operations and financial condition, including those influenced by external variables (e.g., environmental, social, regulatory, and political). Companies making such disclosures should familiarize themselves with the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Exchange Act, which preclude civil liability for material misstatements or omissions in such statements if the registrant takes certain steps, including,

among other things, identifying the disclosure as “forward-looking” and accompanying such disclosure with “meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements.”

The following sections contain the disclosure guidance associated with each accounting metric such as guidance on definitions, scope, accounting, compilation, and presentation.

The term “shall” is used throughout this document to indicate those elements that reflect requirements of the Standard. The terms “should” and “may” are used to indicate guidance, which, although not required, provides a recommended means of disclosure.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
End-Use Efficiency	Customer gas savings from efficiency measures by market ¹²	Quantitative	Million British Thermal Units (MMBtu)	IF0102-01
Operational Safety, Emergency Preparedness, and Response	Number of (1) reportable pipeline incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NOPV) ¹³	Quantitative	Number	IF0102-02
	Average response time for gas emergencies	Quantitative	Minutes	IF0102-03
	Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel	Quantitative	Percentage (%) by kilometers (km)	IF0102-04
	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout project lifecycles	Discussion and Analysis	n/a	IF0102-05

¹² Note to **IF0102-01**—The registrant shall discuss customer efficiency measures that are required by regulations for each of its relevant markets.

¹³ Note to **IF0102-02**—The registrant shall discuss notable incidents such as those that affected a significant number of customers, created extended disruptions to service, or resulted in serious injury or death.

End-Use Efficiency

Description

Natural gas produces fewer Greenhouse Gas (GHG) emissions than other fossil fuels. Its expanded use in the economy is therefore a key strategy for many governments and regulators striving to reduce GHG emissions. Despite the relatively lower emissions, however, the natural gas value chain still produces meaningful levels of GHGs overall. As policymakers and regulators look to address climate change, efficient consumption of natural gas will be an important theme over the long term. There is a wide-range of activity that utilities can partake in to promote energy efficiency among their customers, including offering rebates for energy-efficient appliances, weatherizing customers' homes, and educating customers on energy saving methods. How a gas utility stands to gain or lose from the trend toward GHG mitigation is significantly predicated on its regulatory environment. Traditional rate structures generally do not give gas utilities an incentive for energy efficiency and, further, they may economically suffer from reductions in customer demand. This is increasingly driving gas utilities, and their regulators and customers, to pursue alternative ratemaking. Such alternative rate design often "decouples" utility revenues from customer consumption and may also build in explicit incentives for successful utility performance in terms of end-use efficiency and demand reductions. Overall, companies whose strategic plan includes efficiency initiatives that strive to reduce downside risks from demand fluctuations, gain returns on needed investments, and lower costs are more likely to be well positioned to earn stronger risk-adjusted returns over the long term.

Accounting Metrics

IF0102-01. Customer gas savings from efficiency measures by market

- .01 The registrant shall disclose the total amount of gas savings delivered to customers, in million British thermal units (MMBtu) from energy efficiency measures during the fiscal year by each of its markets, where:
- Markets are defined as those operations that are subject to distinct public utility regulatory oversight.
- .02 Gas savings shall be defined according to the gross savings approach as the changes in energy consumption and/or demand that results from program-related actions taken by participants in an efficiency program, regardless of why they participated.
- The registrant should list those markets where it reports gas savings on a net savings basis and thus may be different from the figures disclosed here, where:
 - Net gas savings are defined as changes in consumption that are specifically attributable to an energy efficiency program, that would not otherwise have happened in the absence of the program
- .03 Gas savings shall be calculated on a gross basis but consistent with the methodology set forth in state or local evaluation, measurement, and verification (EM&V) regulations where such savings occur, where examples of state regulations include, but are not limited to:
- California Public Utility Commission (CPUC) [Decision 09-09-047](#)

- New York [Case 07-M-0458](#)
 - Minnesota [Statutes 216B.241](#)
- .04 Where state or local regulations do not exist, the registrant shall calculate gas savings consistent with the measurement and verification methods outlined by the Department of Energy's (DOE) Federal Energy Management Program (FEMP) [M&V Guidelines: Measurement and Verification for Federal Energy Projects, Version 4.0](#).
- .05 The registrant shall consider the FEMP M&V Guidelines and state regulations as normative references, thus any updates made year-on-year shall be considered updates to this guidance.
- .06 The scope of gas savings from efficiency measures includes savings delivered directly by the registrant and, where regulations provide, savings substantiated by purchases of efficiency savings credits.
- For any savings from efficiency measures delivered directly by the registrant, any efficiency savings credits must be retained (i.e., not sold) and retired on behalf of the registrant in order for the registrant to claim them as delivered gas savings.
 - For efficiency savings credits that are purchased, the agreement must explicitly include and convey that credits be retained and retired on behalf of the registrant in order for the registrant to claim them.
- .07 Relevant regulations governing efficiency savings credits include:
- Nevada [Regulation of Public Utilities Chapter 704](#)
 - Connecticut [House Bill 7432](#)
- .08 The registrant shall consider guidance on regulations as a normative reference, thus any updates made year-on-year shall be considered updates to this guidance.

Note to **IF0102-01**

- .09 The registrant shall discuss customer efficiency measures that are required by regulations for each of its relevant markets, including a discussion of:
- The amount or percentage of gas savings from efficiency measures required by regulations for each market.
 - Instances of noncompliance with gas savings obligations.
 - In such instances the registrant shall disclose the difference between the gas savings delivered and the amount required by the regulation.

- Gas savings delivered that exceed those required by regulations and that resulted in the registrant receiving energy efficiency performance incentives, including the U.S. dollar value of any such incentives.

.10 Relevant regulations include, but are not limited to:

- Massachusetts Department of Public Utilities [Three Year Energy Efficiency Plan 15-160 to 15-169](#)
- CPUC [Decision 14-10-046](#)
- Minnesota [Statutes 216B.241](#)
- Illinois [Public Act 096-0033](#)

.11 The registrant shall discuss the policy mechanisms in place for each market that allows for or incentivizes energy efficiency, including a discussion of the benefits, challenges, and financial impacts associated with such mechanisms.

.12 Relevant policy mechanisms to discuss include, but are not limited to:

- Deferral decoupling
- Current period decoupling
- Single fixed variable rates
- Lost revenue adjustments
- Energy efficiency feebates

.13 The registrant should discuss incentives it has developed for its customers that promote end-use efficiency, including, but not limited to, energy efficiency rebates and other measures to subsidize customer energy efficiency.

Operational Safety, Emergency Preparedness, and Response

Description

Operating a vast network of pipelines requires a complex, structured approach to inspections and maintenance to prevent emergency situations like accidents or leaks. Without proper inspection, maintenance, and retrofitting, having an aging or otherwise neglected pipeline infrastructure increases the likelihood of incidents such as combustion, resulting in fires or explosions. Unprotected steel and cast iron pipelines are more susceptible to leaks than newer lined steel or plastic piping. In many parts of the country, concerns about aging infrastructure have caused companies in the industry to look for ways to expedite the replacement approval process, especially in cases where pipelines are located near densely populated areas. Accidents, particularly fatal accidents, can result in claims of negligence against companies, leading to costly court battles and fines. Employee training and promoting a culture of safety, alongside investments in sophisticated technology that allows for the cost-effective monitoring of leaks, are vital resources in helping companies manage the risk of escaping natural gas igniting and causing bodily harm and infrastructure and property damage.

Accounting Metrics

IF0102-02. Number of (1) reportable pipeline incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NOPV)

.14 The registrant shall disclose the number of U.S. Department of Transportation (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) reportable pipeline incidents, where:

- Reportable incidents are defined as events that involve a release of gas from a pipeline and that result in one or more of the following consequences: a death or personal injury necessitating in-patient hospitalization; estimated property damage of \$50,000 or more, including losses to the operator, losses to others, or both, but excluding the cost of gas lost; an unintentional estimated gas loss of three million cubic feet or more; or an event that is significant in the judgment of the operator, consistent with the definition provided in 49 CFR 191.

.15 The registrant shall disclose the number of PHMSA Corrective Action Orders (CAO) received, where:

- A CAO is issued when a particular pipeline facility is found to be hazardous to life, property, or the environment. A corrective action may include suspended or restricted use of the facility, physical inspection, testing, repair, replacement, or other appropriate action, consistent with the definition provided by 49 CFR 190.233.

.16 The registrant shall disclose the number of Notices of Probable Violation (NOPV) received, where:

- An NOPV is defined as the beginning of an enforcement proceeding that contains a statement of the provisions of the laws, regulations, or orders that the respondent is alleged to have violated and a statement of the evidence upon which the allegations are based, consistent with the definition provided in 49 CFR 190.207.

Note to **IF0102-02**

.17 The registrant shall discuss notable incidents such as those that affected a significant number of customers, created extended disruptions to service, or resulted in a PHMSA “serious incident,” where:

- PHMSA serious incidents are defined as incidents that resulted in a fatality or an injury requiring in-patient hospitalization.

.18 For such incidents, the registrant should provide:

- A description and cause of the incident;
- The total population affected by the incident;
- The costs (in U.S. dollars) associated with the incident;
- Actions taken to mitigate the potential for future service interruptions; and
- Any other significant outcomes (e.g., legal proceedings, serious injuries, and/or fatalities).

IF0102-03. Average response time for gas emergencies

.19 The registrant shall disclose the average response time (in minutes) to gas emergencies, where:

- Gas emergencies shall be defined, consistent with 49 CFR 192.615, as instances in which gas is detected inside or near a building, a fire is located near or directly involving a pipeline facility, an explosion occurs near or directly involving a pipeline facility, a natural disaster occurs, or any other instance that the registrant or regulators deem to require immediate response.

.20 The average response time is calculated as the total sum of time taken to appropriately respond to gas emergencies divided by the number of emergencies, where:

- Appropriate responses to gas emergencies are defined by the registrant’s emergency plans, developed in accordance with 49 CFR 192.615.

.21 The registrant may choose to discuss its gas emergency response plans, the influence of regulations and service-area geographies on such plans, and the resulting implications for its average response time to gas emergencies.

IF0102-04. Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel

.22 The registrant shall disclose the percentage, by length (in kilometers), of its natural gas pipelines that are (1) cast and/or wrought iron and (2) unprotected steel, where:

- A distribution pipeline is defined according to 49 CFR 192.3 as a pipeline other than a gathering or transmission line, where:
 - A gathering line is defined as a pipeline that transports gas from a current production facility to a transmission line or main; and
 - A transmission line is defined as a pipeline, other than a gathering line, that (1) transports gas from a gathering line or storage facility to a distribution center, storage facility, or large-volume customer that is not downstream from a distribution center; (2) operates at a hoop stress of 20 percent or more of the specified minimum yield strength (SMYS); or (3) transports gas within a storage field.
- Cast and/or wrought iron is defined as iron that is heated to its melting point and poured into molds and cannot be molded or screwed.
- Unprotected steel is defined as steel with no form of corrosion protection.

.23 The percentage of cast and/or wrought iron distribution pipelines shall be calculated as the total length (in kilometers) of cast and/or wrought iron pipelines that the registrant owns or operates divided by the total length (in kilometers) of distribution pipelines that the registrant owns or operates.

.24 The percentage of unprotected steel distribution pipelines shall be calculated as the total length (in kilometers) of unprotected steel pipelines that the registrant owns or operates divided by the total length (in kilometers) of distribution pipelines that the registrant owns or operates.

.25 The registrant may choose to discuss its pipeline replacement rates, its use of polyethylene pipes, or other efforts to reduce fugitive emissions and leaks and improve the safety of its distribution pipelines.

IF0102-05. Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout project lifecycles

.26 The registrant shall discuss the management systems it has used to integrate a culture of safety and emergency preparedness throughout project lifecycles.

.27 Discussion shall include how the registrant integrates a culture of safety and emergency preparedness throughout its project lifecycles, such as through training, oversight of workforce, rules and guidelines for communicating risks, and use of technology.

.28 The registrant shall discuss its approach to assuring and maintaining its pipeline operators are qualified or supervised when performing a covered task, including ongoing reviews of operator qualifications, assurance that unqualified workers are properly supervised, and efforts to maintain a sufficient number of qualified pipeline operators, where:

- Pipeline operators are defined as those people who engage in the transportation of gas, consistent with 49 CFR 192.3.
- A pipeline operator is considered qualified to perform covered tasks when the individual has been evaluated, can perform the assigned covered task, and can recognize and react to abnormal operating conditions, consistent with the definition provided by 49 CFR 192.803.
 - A covered task is defined, consistent with 49 CFR 192.801, as an activity, identified by the operator, that is performed on a pipeline facility, is an operations or maintenance task, is performed as a requirement of maintaining Minimum Federal Safety Standards, and affects the operation or integrity of a pipeline.

.29 The registrant shall include efforts to mitigate risks and promote emergency preparedness, such as coordinating with third parties (e.g., sewer line and buried power line developers), performing timely pipeline inspections, repairing aging infrastructure, and maintaining current pipeline operator certifications.

.30 Disclosure may focus broadly on safety and emergency management systems, but shall specifically address operations in High Consequence Areas and the systems to avoid and manage emergencies, accidents, and incidents that could have catastrophic impacts on human health, the local community, and the environment.

.31 The project lifecycle includes, at a minimum, pipeline construction, operations, and maintenance.

Additional References

National Association of Pipeline Safety Representatives: [Compendium of State Pipeline Safety Requirements & Initiatives Providing Increased Public Safety Levels compared to Code of Federal Regulations.](#)

SUSTAINABILITY ACCOUNTING STANDARDS BOARD®

1045 Sansome Street, Suite 450

San Francisco, CA 94111

415.830.9220

info@sasb.org

www.sasb.org