National Conference of Regulatory Attorneys

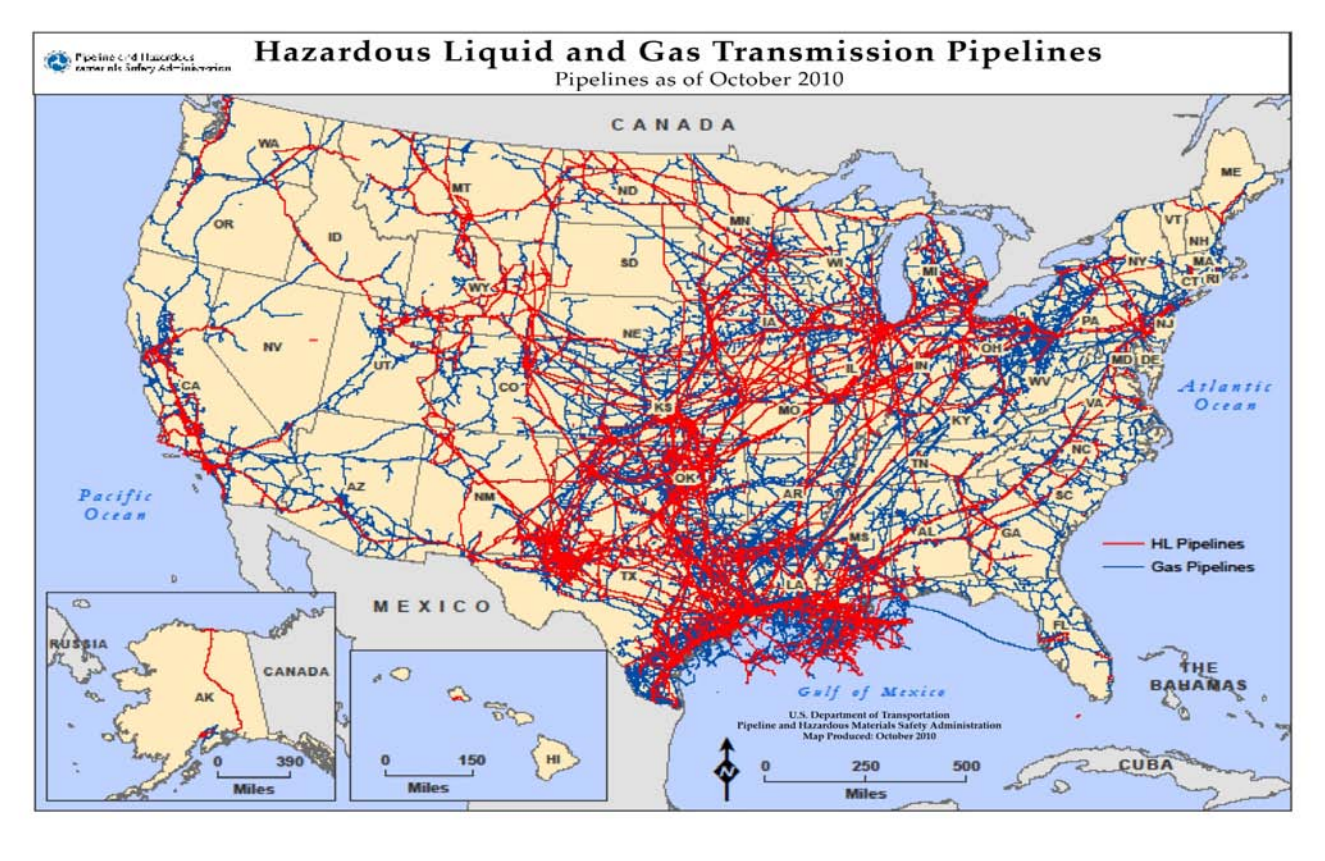
Pipeline Safety Update

May 21, 2012

Presentation Overview

- Program basics
- How did we get here?
- What's coming?
- Priorities
  - Damage prevention
  - PHMSA support of states
- Where to get more information

U.S. Energy Pipeline Transportation System



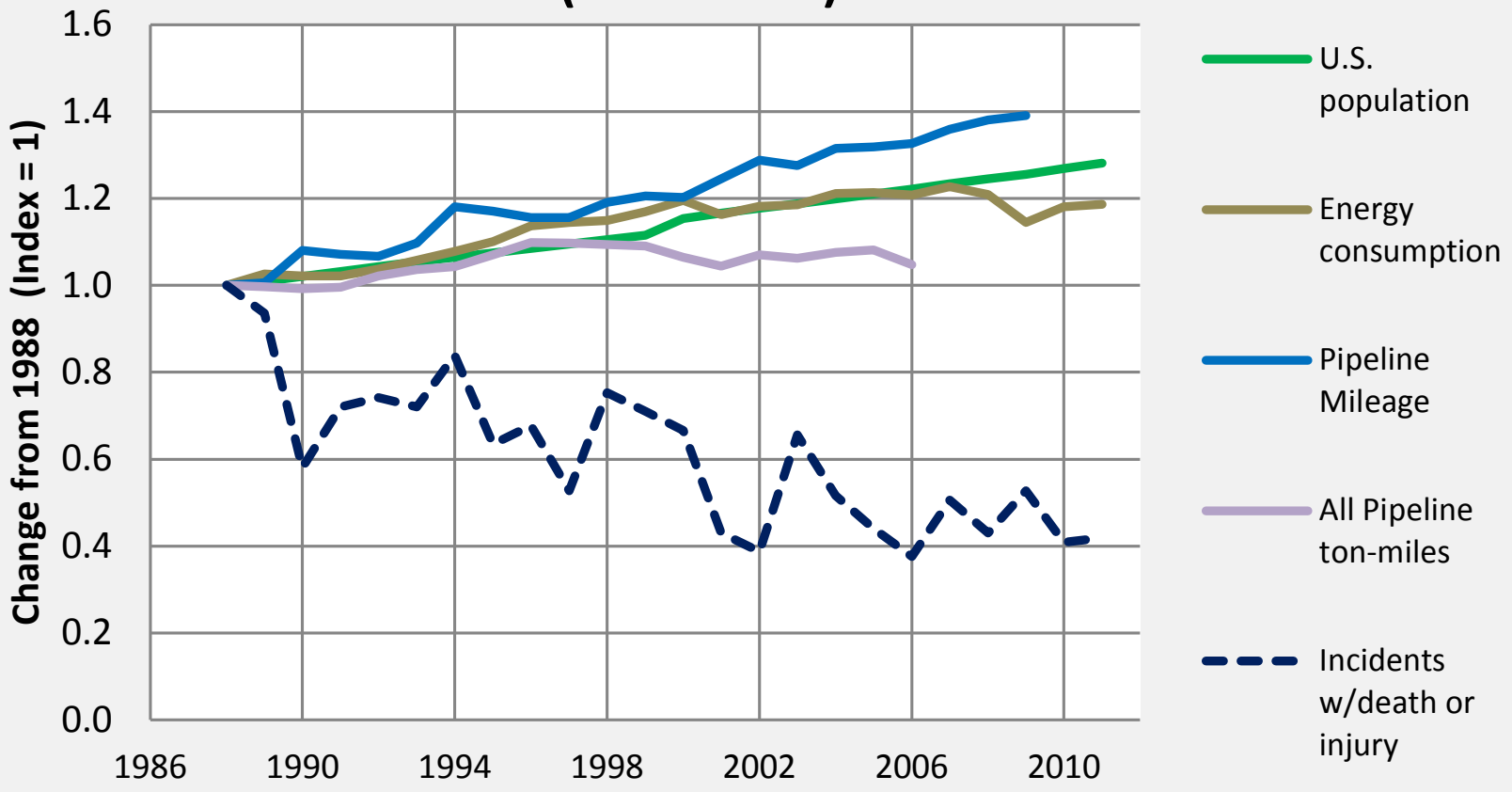
> 2.5 million miles of regulated pipeline
> 3000 pipeline operators

Pipeline Oversight: How it works

- Inspection and Enforcement
- Incident investigation (with NTSB, state and local officials)
- Data Analysis
- Outreach/Education
- Grant Programs
- Research and Development
- Federal/State Partnership
- Program Reauthorized at four-year intervals
  - New regulations
  - New initiatives

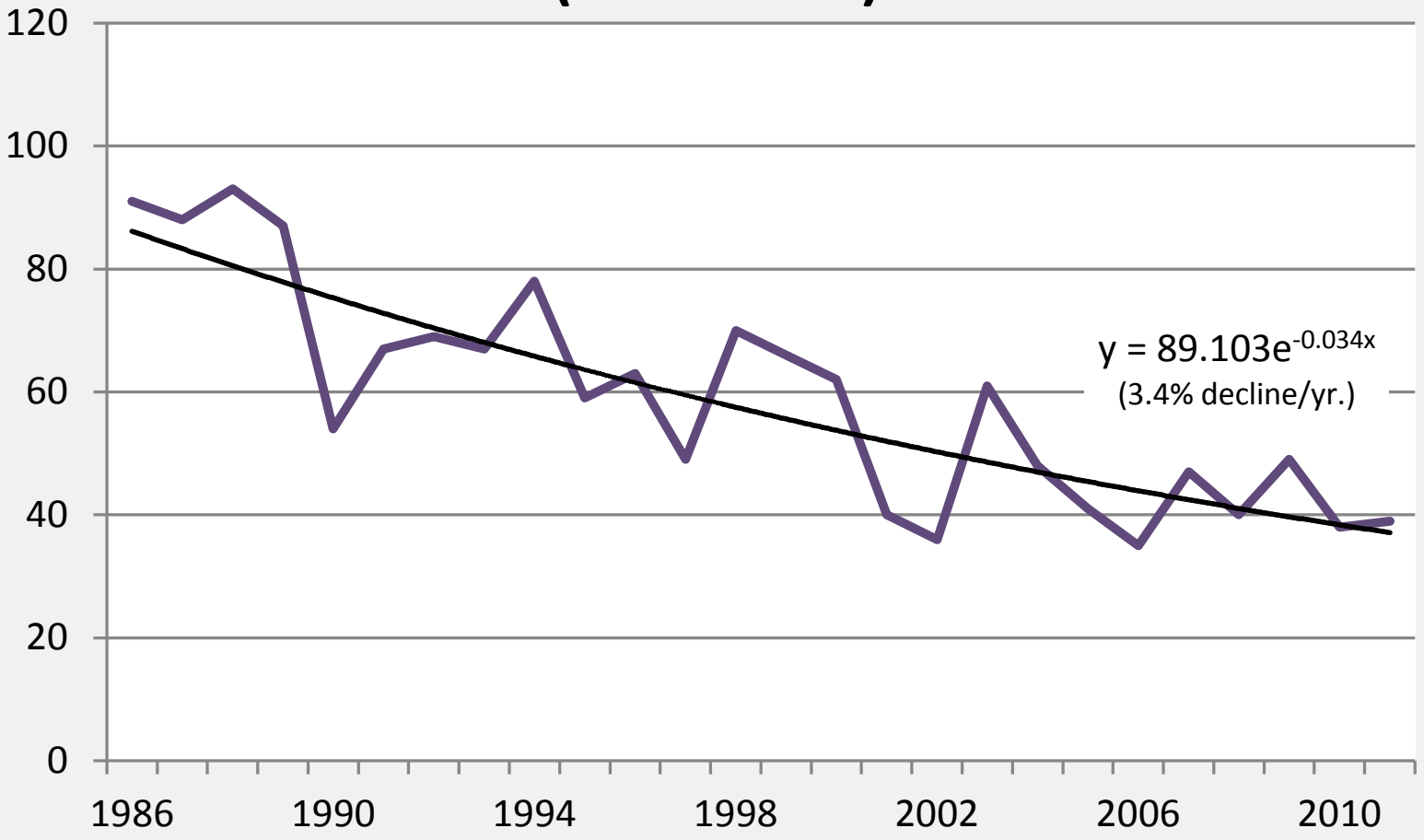
Pipeline Safety Performance Measures

Pipeline Safety: Context Measures
(1988-2011)



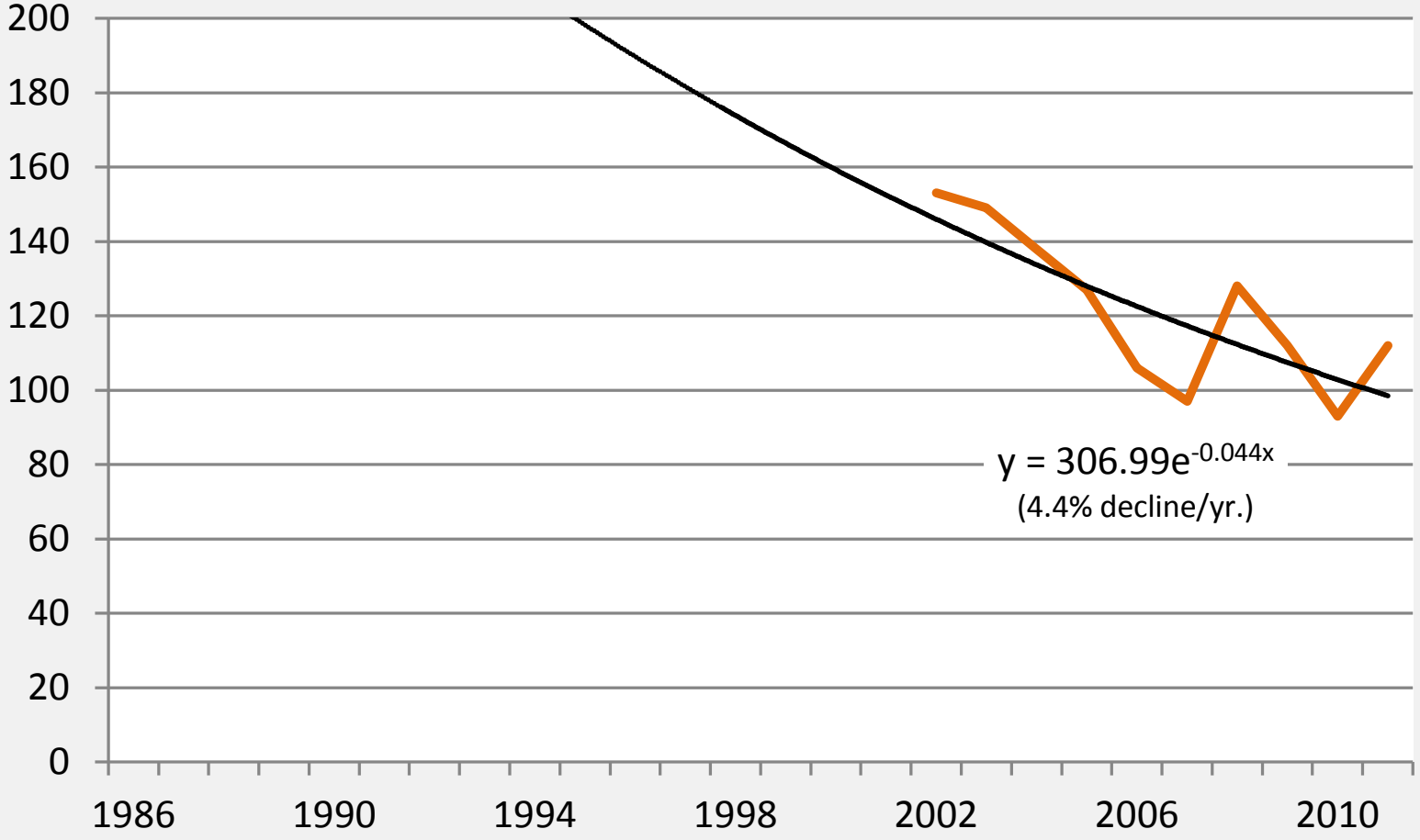
Data Sources: Census Bureau, Energy Information Administration, PHMSA Annual Report Data, BTS ton-mile estimates, PHMSA Incident Data - as of Jan. 18, 2012

Pipeline Incidents w/Death or Injury (1986-2011)



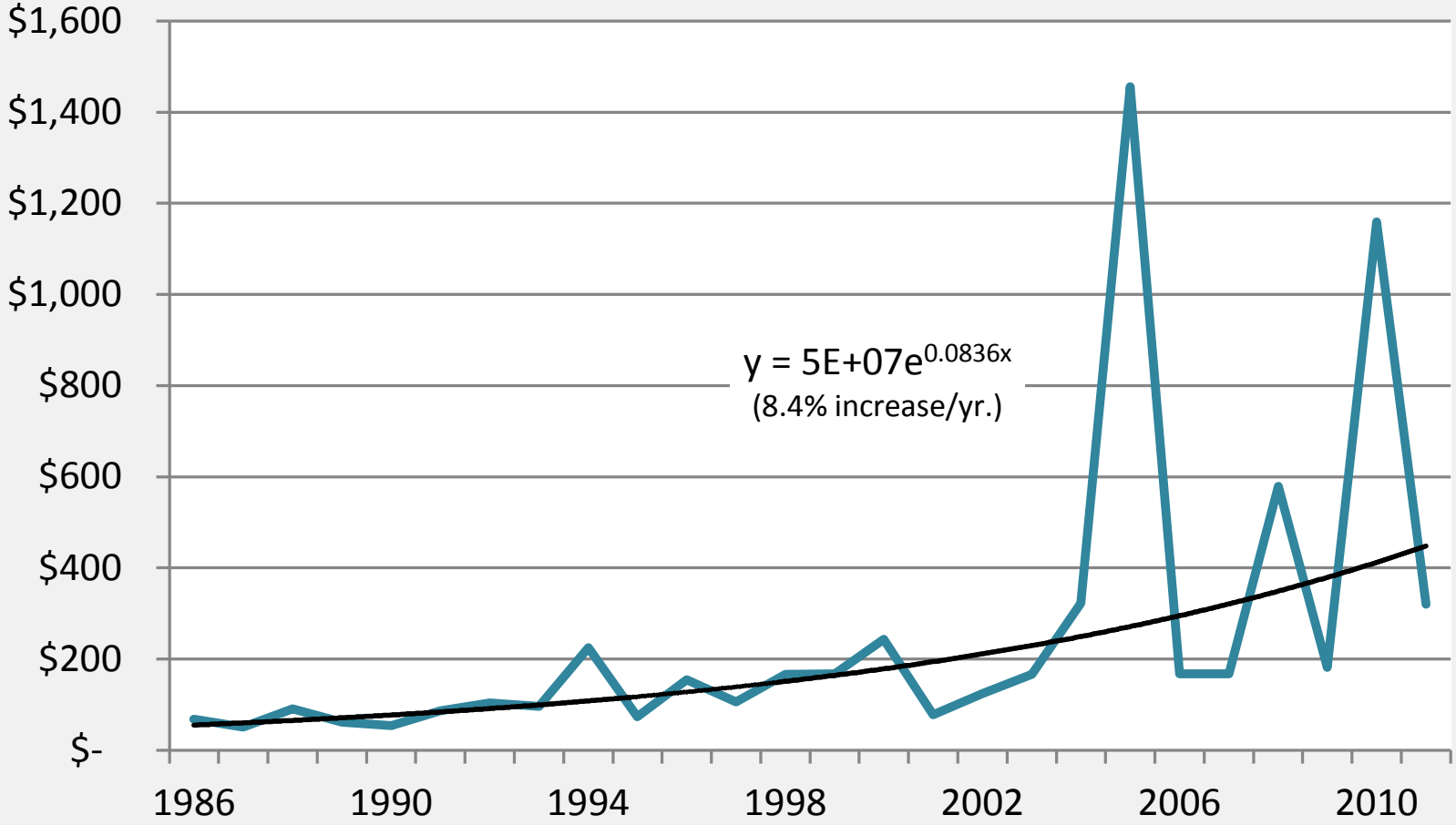
Data source: DOT-PHMSA Incident data (as of Jan. 18, 2012)

Liquid Pipeline Spills w/Envir. Consquences (1986-2011)



Data source: DOT-PHMSA Incident data (as of Jan. 18, 2012)

Dollar Damage from Pipeline Incidents (1986-2011), in 2010 Dollars



Data source: DOT-PHMSA Incident data (as of Jan. 18, 2012)

Significant Accident Breakdown Total by Type (Fatalities)

	Total for All Types[1]	Hazardous Liquid	Gas Transmission	Gas Distribution
2010	255 (19)	120 (1)	75 (10)	54 (8)
2011[2]	222 (16)	99 (1)	62 (0)	57 (15)
3 Year Average (2008-2010)	269 (14)	116 (2)	74 (3)	68 (8)
5 Year Average (2006-2010)	266 (15)	112 (2)	75 (3)	68 (10)
10 Year Average (2001-2010)	277 (14)	119 (2)	72 (2)	76 (10)

[1] Does not include gathering lines - totals may not add – excludes “fire first” incidents;
[2] data as of 12/13.2011

Reauthorization – how it evolved

- Flashback to January 2010
  - The “window” was open, but progress had been good
- What happened next
  - Deep Water Horizon and fallout from a spate of tragic accidents in 2010:
    - Marshal, MI
    - San Bruno, CA
    - GA, TX, ND
  - Another spate of tragic accidents in 2011: Allentown, Philadelphia, Yellowstone, etc.
- 15 Congressional hearings

Four More Years!

- Pipeline Safety Laws Reauthorized January 3, 2012
- What Congress is Calling For (this list is not all-inclusive):
  - Excavation damage study on exemptions, grant funding contingent on no exemptions for state or local governments
  - Gathering Lines: report to Congress on existing regs, applying regs across all lines not presently regulated
  - MAOP Verification: records verification, regulations for reporting of pipeline w/o sufficient records MAOP exceedence, regs to ensure safety of pipelines w/o records to confirm MAOP, regulations for tests to confirm material strength of previously untested pipe in HCAs

Reauthorization Cont.

- IMP Expansion/Class location: Study and issue regs if appropriate
- Automatic and Remote Control Valves: Study and issue regs if appropriate
- National Pipeline Mapping System: Update and implement program to raise awareness
- Cast Iron replacement progress survey
- Issue regs for CO2 transport
- Increased (doubled)civil penalty levels
- …a bunch of other stuff

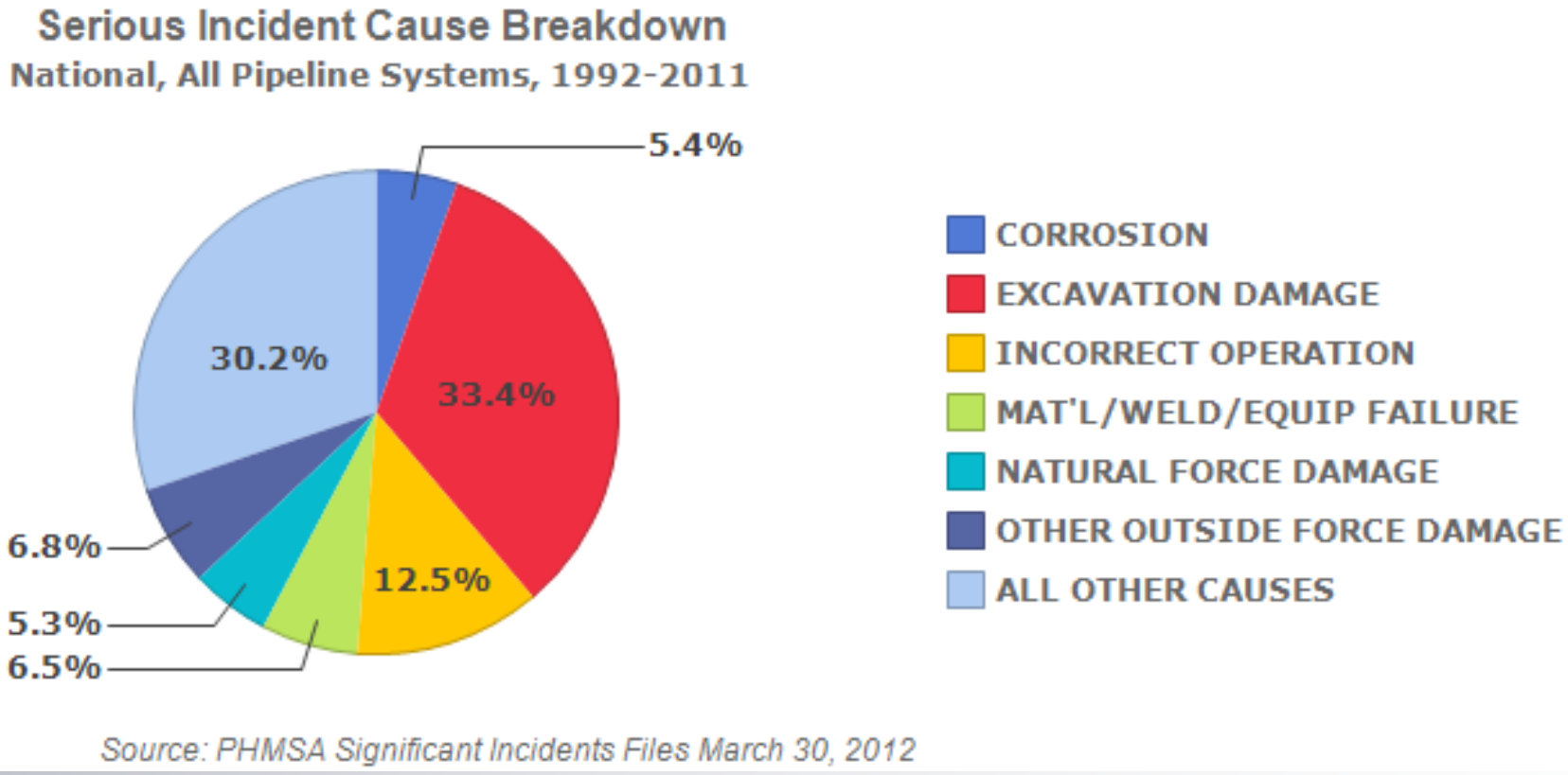
Other Activity Drivers

- NTSB Recommendations
  - San Bruno: 13 recommendations
  - Marshall, MI: report expected by summer
- IG Audits
  - Oversight of State Programs
- GAO Recommendations

Focus on Damage Prevention: What we know

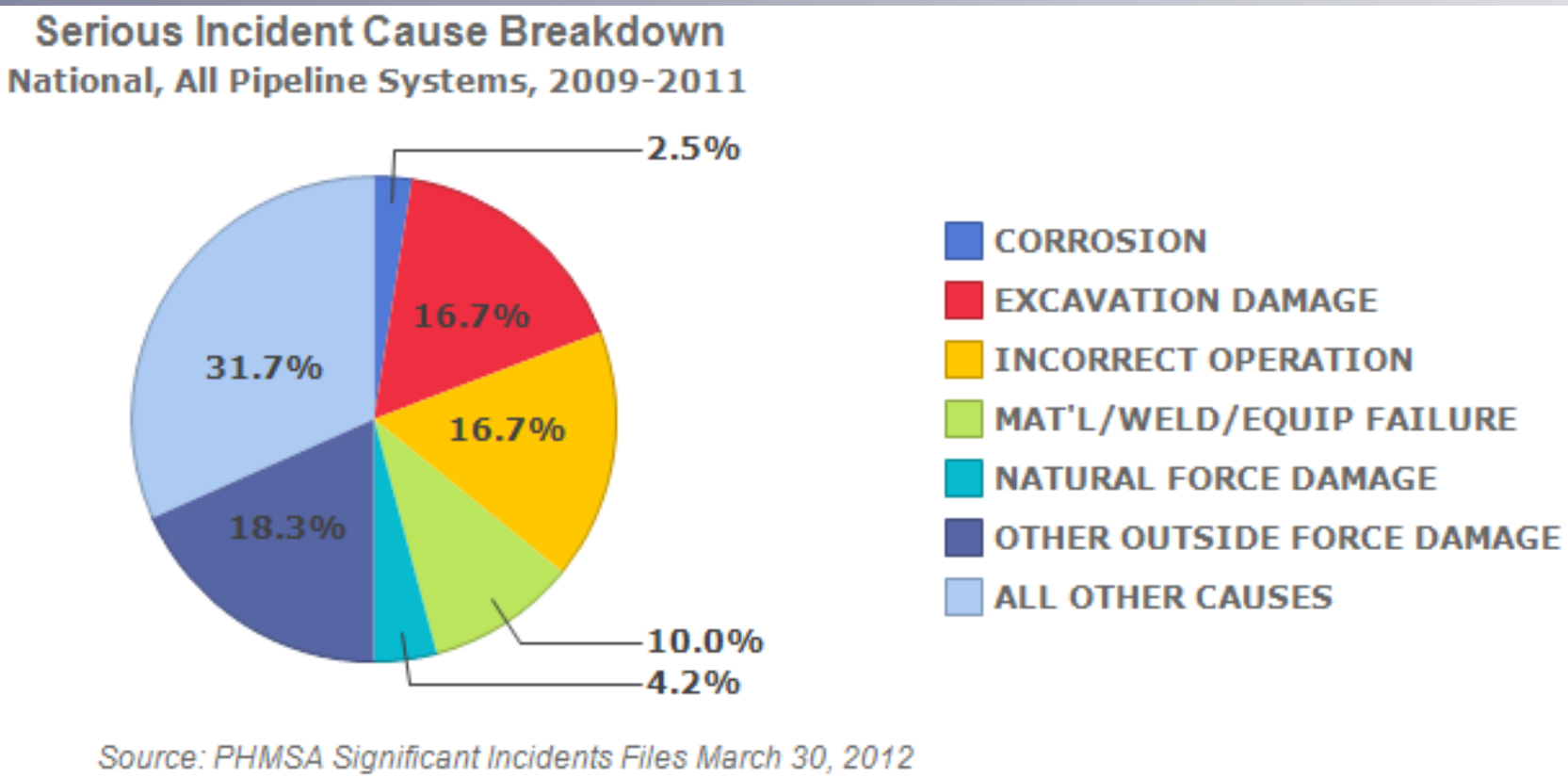
- Excavation damage is a serious threat to public safety and pipeline integrity
- Data indicates overall decrease in incidents caused by excavation damage, but still a serious threat
- Excavation damage is largely preventable
- All states have one call laws, one call centers, but state laws and programs vary considerably
- More work to do, more support needed

20-Year Serious Incidents*



* Serious Incidents: Pipeline Release and fatality or injury

Three-year Serious Incidents



Source: PHMSA Significant Incidents Files March 30, 2012

General trends by sector: Excavation damage still a leading cause for GD. For GT and HL, corrosion, material/weld/equipment failure are leading causes

Damage Prevention: What we're doing

- Providing Tools to build knowledge across the country
  - Info about each state law, each state damage prevention program
- State/local outreach: meetings, letters of support, teleconferences, **support of 811**, sharing of information
- Grants to states – **but** exemptions in laws will impact eligibility
- Partnerships: States, Common Ground Alliance, Public, Trade Associations, Safety Organizations
- **Regulatory actions – enforcement**

New 811 PSA

PHMSA and State Programs

- Recent efforts aimed at improving the federal/state partnership include:
  - PHMSA has initiated quarterly conference calls with the State Pipeline Safety Program managers to improve communications.
  - PHMSA Legal Staff have been holding quarterly conferences with State legal staff identified as assigned to pipeline safety issues.
  - PHMSA has continued to increase funding for State Programs and the President's budget request is directed at funding State Programs at 100 percent of their total program costs.

PHMSA and State Programs

- Enforcement is a priority
  - States have been encouraged through letters to the Commission Senior Officials to use all enforcement tools available including civil penalties as circumstances warrant.
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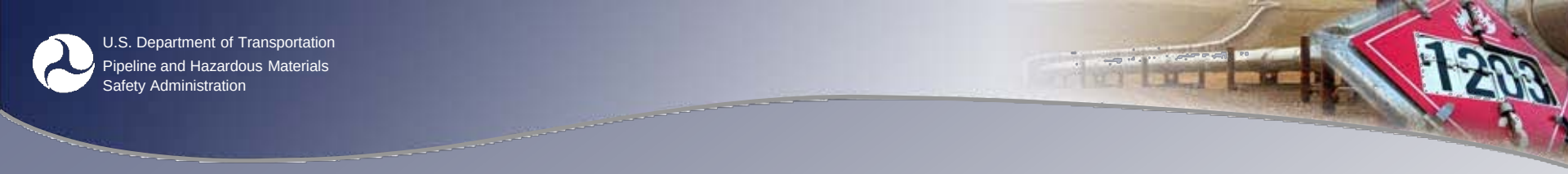
  - PHMSA has included new questions in our Program Evaluation regarding the use of civil penalties, increasing our scoring criteria for civil penalties to $100,000/day up to $1,000,000.

PHMSA and State Programs

- PHMSA working with states on
  - Developing risk-driven inspection plans
  - Cast-iron, Bare Steel, High Risk pipe replacement formalized programs and acceleration of them where possible
  - Inspection forms including field forms and documentation
  - Accident/Incident Investigation thoroughness
  - Increasing staff and inspection days in the field (PHMSA has increased grant funding for this)
  - Damage Prevention program support



Questions / Discussion

Contact information:

Annmarie Robertson

317-253-1622

Annmarie.robertson@dot.gov

Resources (programs, data on pipeline facilities, incidents, enforcement, etc.)

http://www.phmsa.dot.gov/pipeline

http://primis.phmsa.dot.gov/comm/

811
Know what's below.
Call before you dig.