



U.S. Department of Transportation
Pipeline and Hazardous Materials
Safety Administration



Pipeline Safety Update: An D.C. Perspective

2011 Mid-America Regulatory Conference

Jeff Wiese

Associate Administrator

Office of Pipeline Safety

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Topics for Discussion

- Introductions – Me and You
- Key Messages
- Key “Asks”
- Current Challenges
- Reflections from 2010
- Impacts on Pipeline Safety
- Pipeline Safety Reauthorization
- Other Simmering Issues
- Upcoming Events



Introductions

- PHMSA / OPS
- Our Regulatory Partners – NARUC & NAPSR, or Others
- Audience
 - Natural Gas Distribution Companies
 - Natural Gas Transmission Companies
 - Trade Associations
 - Vendor Community
 - Media ??



Key Messages

- Natural Gas Has A Robust Future – If The Goose Lives
- NARUC and DOT Have Accomplished a Lot Working Together
- Recent Events are Bringing a LOT of Attention **Our** Way
 - The public is expecting more – they are demanding it
 - The window is open on Pipeline Safety Reauthorization
 - Regulatory uncertainty is being driven by legislative and executive branch uncertainty on key infrastructure issues
 - Accelerated infrastructure reinvestment needed now
- We Will Define Ourselves Through our Action or Inaction
 - NARUC plays a key role in facilitating reinvestment
- We Seek Agreement, But Can't Delay Action



Key "Asks"

- Support Your Pipeline Safety Staff – Boots on the Ground
 - We are trying to help – money, training, communication
- Stay Engaged in the Pipeline Safety Debate
 - Delineate the NARUC Role and Articulate/Promote Best Practices in Rate Setting and Reinvestment Recovery Options to Positively Incentivize Performance
 - Revisit YOUR State Excavation Damage Prevention Authorities and Implementation – Including Enforcement
 - Revisit How Your Agency Handles Enforcement of Safety Requirements – No Enforcement Isn't Providing the Proper Negative Performance Incentives

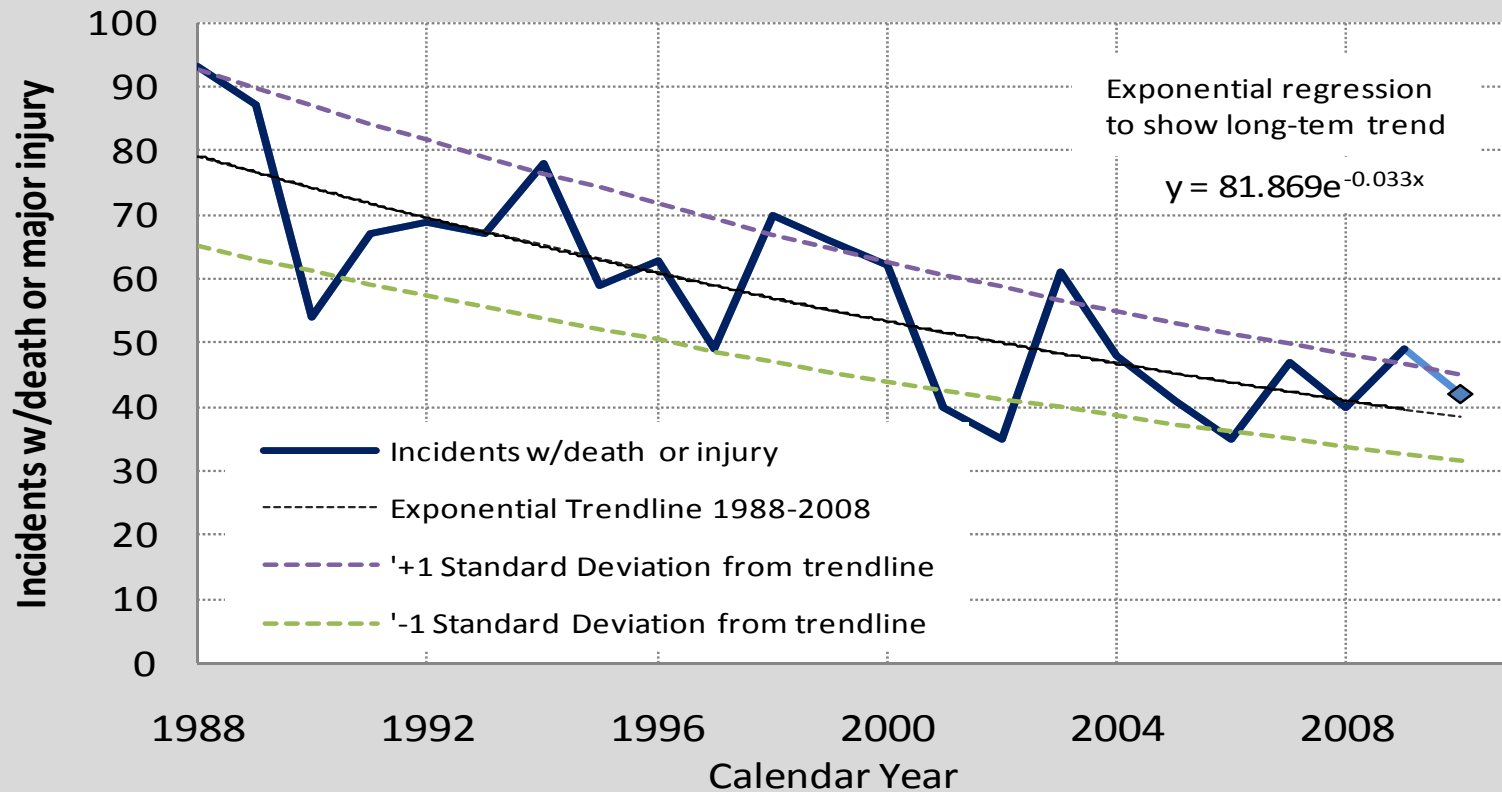


Current Challenges

- Rash of High Profile Accidents with Tragic Consequences
- Differing Levels of “Acceptable Risk” with Different Audiences
 - Transparency is and will sharpen focus on performance
- Media has Discovered the Fear Factor with Pipelines
 - They have learned what questions to ask / angles to work
- Elephants have Waded into the Debate – Redefining It
- “We” are Target Rich, so “We” are Easy Fodder
 - It’s a big job, but our past “promises” have worked well
 - We need to deliver on those “promises”



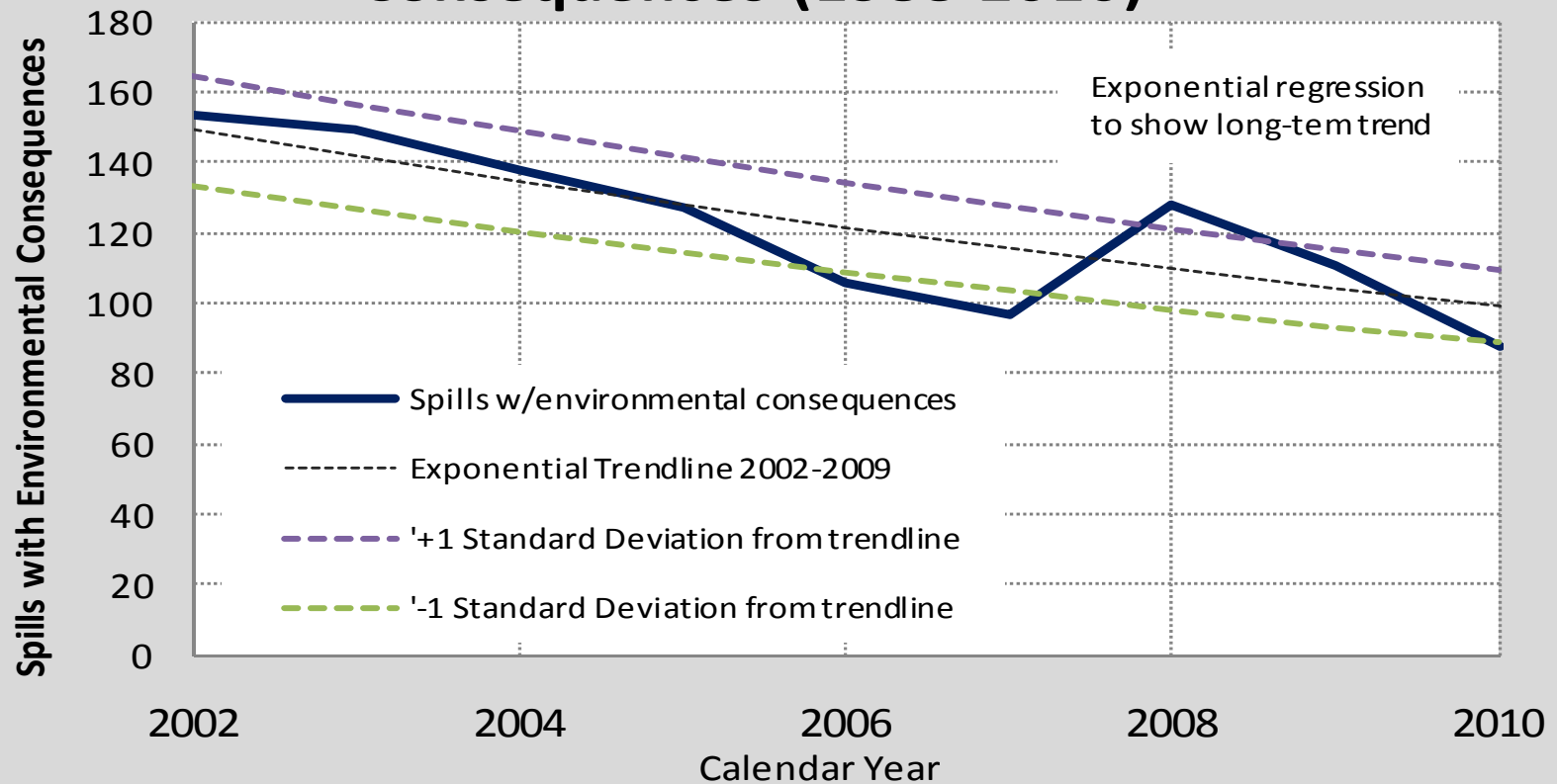
Pipeline Incidents w/Death or Major Injury (1988-2010)



Data Sources: PHMSA Incident Data - as of May 2, 2011.



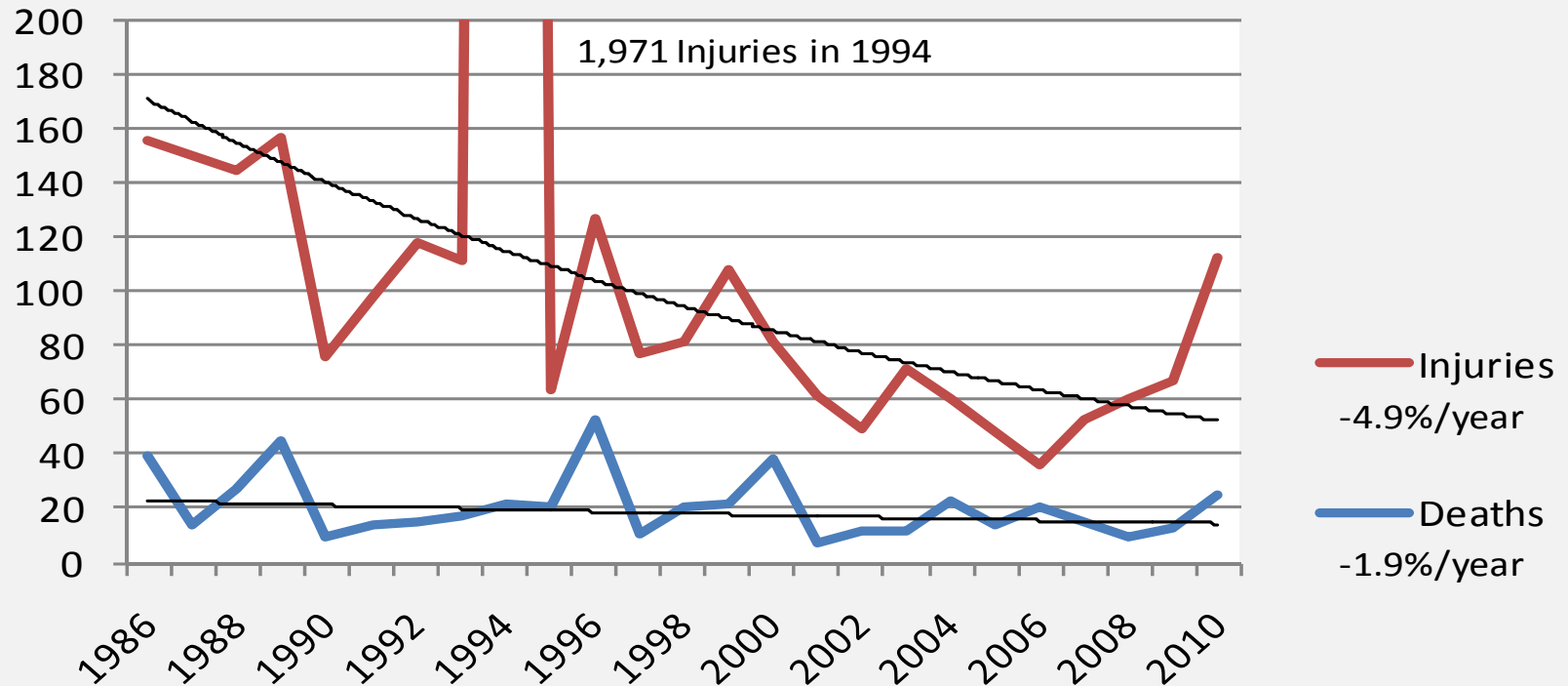
Liquid Pipeline Spills w/Environmental Consequences (1988-2010)



Data Sources: PHMSA Incident Data - as of March 1, 2011.



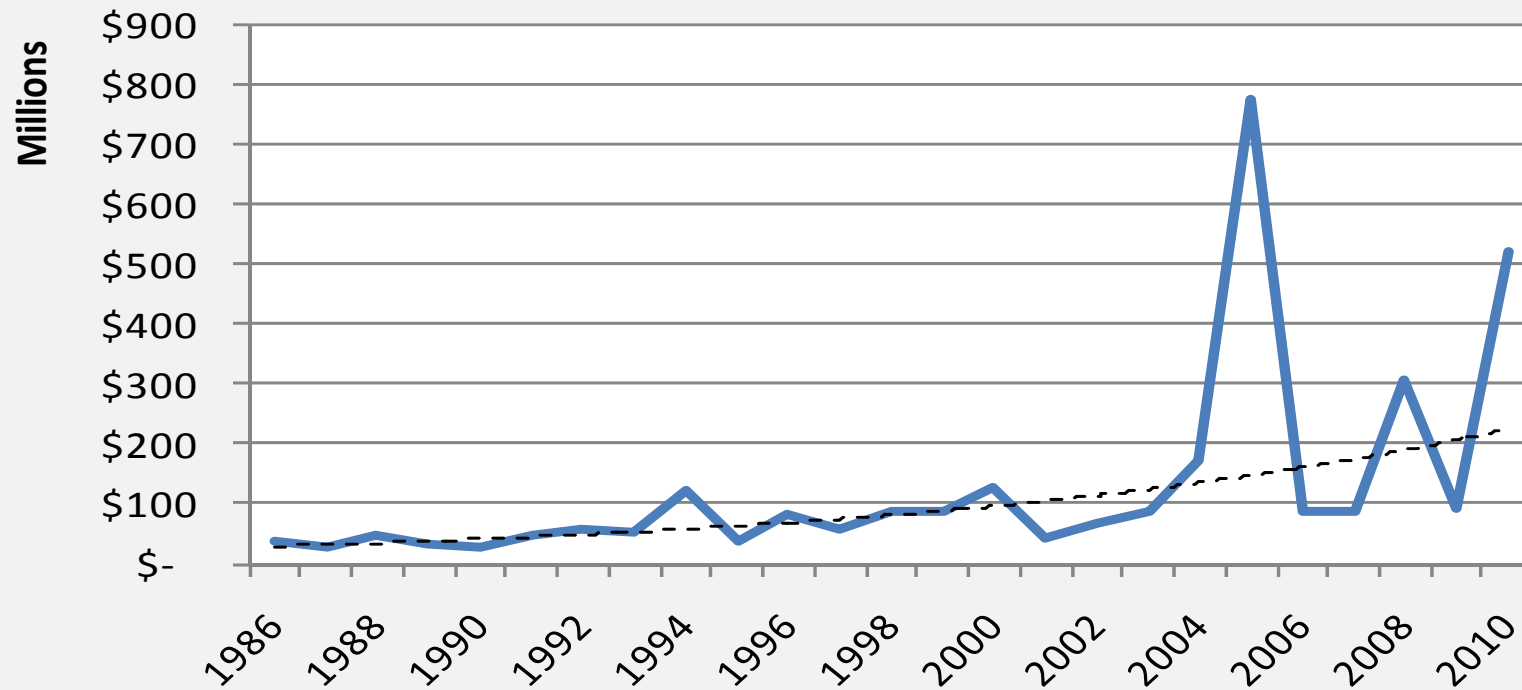
Pipeline Deaths and Injuries (1986-2010)



Data: DOT/PHMSA Incident data (May 2, 2011)



Property Damage from Pipeline Incidents, 1986-2010 (1985 dollars)



Data: DOT/PHMSA Incident data (May 2, 2011)



Recent High Profile Accidents

- **Deepwater Horizon**
- **Marshal, Michigan (Federally Regulated)**
 - Major Crude Oil Spill Dramatically Impacted Several Communities in Michigan
- **San Bruno, California (State Regulated)**
 - Major tragedy – Unimaginable Proportions
- **Allentown, Pennsylvania (State Regulated)**
 - Major tragedy – causes still being investigated
- **Excavation Damage Fatalities (State Regulated)**
 - Texas, North Dakota, Georgia – to name a few
- **What Do These Have in Common?**



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Deepwater Horizon Gulf of Mexico April 2010





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Marshall, MI Summer 2010





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San Bruno, CA September 2010







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Allentown, PA February 2011



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The Impact of 2010

- Got the Attention of Everyone – White House, Secretary, Congress, media, oversight agencies, and the public – to name a few
- Expect to See More Media Attention to Pipeline Failures – It Plays!
- Expect to See DOJ and EPA Stepping Up Their Attention
- Delayed Reauthorization (more in a minute)
- Clearly Sharpened Awareness of Role of Rate Setting in Safety AND the Role of Safety in Rate Setting
 - Emergence of concerns of States – *as a whole* - being too close to industry and lacking the will to enforce



Sharpened Focus on Pipeline Safety

- Transportation Secretary LaHood and PHMSA Administrator Quarterman while not ALARMED, are very CONCERNED
- Secretary LaHood Hosted a National Pipeline Safety Forum at DOT on April 18, 2011
 - Report to American on Pipeline Safety – 6 months
 - Collette Honorable – NARUC Representative
- Expect to hear a lot from DOT regarding the need to elevate attention at **BOTH** the STATE and FEDERAL levels on pipeline safety challenges
 - Legacy infrastructure: risk assessment driven major repair, rehabilitation, and replacement or requalification



The Impact of 2010

- **On Administration Posture and Direction**

- Administration commitment to tighten regulations
 - Led to Several New Rulemaking Documents:
 - Final: Acceleration of Control Room Mgmt implementation dates.
 - ANPRM: Questions to stakeholders about the adequacy of HL and NGT (soon) regulations.
 - Expect something similar for gathering systems.
 - Several Advisory Bulletins Issued as a Direct Result
 - Emergency Response Preparedness and Planning
 - Sufficiency of Records and Adequacy of Risk Assessment
 - Concerns about Special Permits and Incorporated Standards



DOT Pipeline Safety Action Plan

- **Near Term (3 months)**

- Getting Reauthorization Done
- National Infrastructure Bank Proposal
- Report to America Workshop – June 15 (D.C.)
- Risk Assessment/Records Workshop – July 21 (webcast)
- State Survey of Innovative Rate Recovery Legislation
- Outreach to ALL Critical Players – Including NARUC/FERC
- International Regulators Conference
- Pipe Seam Workshop – July 20 (report later)
- Research and Development: Meeting of Principles



DOT Pipeline Safety Action Plan

- **Mid Term (6 months)**

- Publication of Pipeline Safety: Report To The Nation
- State Enforcement Training
 - Promoting greater State use of ALL authorities, as well as making State authorities “substantially the same” as OPS’ enforcement authority
- Begin Oversight of DIMP and CRM with States
- Public Safety/First Responder Forum – Fall 2011
- 3rd Party Excavation Damage Enforcement NPRM



DOT Pipeline Safety Action Plan

- **Long Term (12 months)**

- Technical Workshop regarding Leak Detection & Valves
- Develop more aggressive Pipeline Safety R&D Plan
- Evaluate “Near Miss” reporting system
- Roll out Vehicular Damage Public Awareness Campaign
- Revise and execute MOU’s with FERC, USCG, and EPA



The Impact of 2010

- **On Reauthorization of the Pipeline Safety Program**
 - Quadrennial Congressional scrutiny of **OUR** performance
 - Had hopes of it going better than in 2002 or 2006 - alas
 - 7 hearings last year alone – more to come – next on June 16th
 - Many don't understand the recipe – or maybe significance
 - Will set the most of regulatory agenda for the next 4 years
 - Several reauthorization proposals on the table
 - Overall Themes
 - Good News – solid framework
 - Bad News – more overly broad-brushed prescription due to shaken confidence



Pipeline Safety Reauthorization

- General Themes / Provisions in Play – drawn from S. 275
 - More Inspection – Boots on the Ground
 - Stronger Enforcement – raises civil penalties 2.5X
 - Some attention directed at changing our process
 - Strong focus on fortifying State enforcement
 - Eliminating most exemptions from One-Call laws
 - Study and regulate use of ASV/RCV's
 - Questions regarding appropriate valve spacing
 - Specific inclusion of some risks – e.g., seismic



Pipeline Safety Reauthorization

- General Themes / Provisions in Play – (cont.)
 - Extends EFV’s rules to multi-family/small commercial
 - Increased data reporting – including geospatial data
 - Cost recovery for special permits and new construction
 - Study and regulate HL leak detection
 - Study/report on risks of Canadian crude from oil sands



Other Simmering Issues

- Preparing for DIMP and CRM Oversight
- Damage Prevention – Adequacy of State Laws/Programs
- Population Encroachment: getting the PIPA word out
- New Construction
 - OQ & QMS: Oversight of Employees & Contractor Quality
 - Material Deficiencies
- Public Awareness Programs: Inspections and Effectiveness
 - Strong Focus on Operator Evaluation of Effectiveness and Learning/Adapting Programs for Round #2
- Anemic Research and Development Investment
- Transparency/Adequacy of Consensus Standards – IBR



Questions