Congressional Reauthorization and PHMSA Rulemakings

Jeff Wiese
Associate Administrator
For Pipeline Safety
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Topics for Discussion

• Putting It Into Context
• Pipeline Safety Reauthorization & Rulemaking Basics
• Looking Back
• Two Years Takes Its Toll
• Administration Initiatives
• Current Reauthorization Round-Up
• Q & A – After Other Panelists Complete Their Portion
Context

• Our Subject – Energy Pipelines
• Our Focus Today - Reauthorization and New Regulation – But - These Are Just the Basics
  – MUCH more going on – e.g., day job, CRM, DIMP, etc.
• Where Responsibility Resides
• Who Will Pay and How Much Are They Willing to Incur
  – Ratepayers and Shareholders Alike
• National Agenda – No Shortage of Pressing Issues
• Political Environment – in the Country and In D.C.
• Disclaimer
Reauthorization Basics

- Pipeline Safety Program Law is Codified in the U.S.C.
  - Original statute, as amended every 4 or so years
- Creates Mandates That Must Be Agency Priorities
  - Despite whatever else needs attention
- Vast Majority of Which Must Be Implemented Through the Federal Regulatory Process
  - Pipeline specific statutory direction on cost/benefit and Advisory Committee review
  - Administrative Procedures Act + scads of direction
  - Significant v. non-significant rulemakings
- It Is NOT Needed for Jurisdictional Rulemaking
Looking Back: Two Years Ago

- Significant Accident Trends – Both Frequency and Consequence Were Headed Downward
- PHMSA Had Worked Hard to Eliminate Backlog of Congressional Mandates and Recommendations from NTSB, OIG, and the GAO
- Initial Oversight Hearing was Positive
- Headed South Following DWH, and the Series of Tragic Events Over the Past Two Years
- 15 Hearings Later – We STILL Don’t Have a Bill
Two Years Takes Its Toll

• By Any Measure Pipeline Safety World Has Been Shaken
  – Marshal, MI
  – San Bruno, CA
  – Pennsylvania – Allentown and Philadelphia
  – Billings, MT
  – Excavation-Related Fatalities – TX, GA, ND, etc.

• Major Inadequacies Exposed
  – Records, Risk Assessment, Assessment Tool Limitations, Rate-Making Constraints, State PS Grant Program Rigor and Oversight

• Must Not Fail to Mine the Silver Lining in These Tragedies
Pipeline Safety Reauthorization

• Twice the Administration Submitted Proposals to the Hill
• 1 Senate Bill + 2 House Bills Now in Play
• General Themes / Provisions Suggested by Administration
  – More Inspection – Boots on the Ground (maybe)
  – Stronger Enforcement – raises civil penalties 2.5X
• Strong focus on fortifying State enforcement
  – Expanding the reach of the Integrity Management Program
  – Increased data reporting – including geospatial data
  – Inclusion of biofuel and CO2 (gas) pipelines
Pipeline Safety Reauthorization

- General Themes / Provisions in Play – (cont.)
  - Eliminating most exemptions from One-Call laws
  - Removing statutory and regulatory exemptions
  - Cost recovery for special permits and new construction

- Additional Provisions in Play
  - Revalidation of Maximum Anticipated Operating Pressure
  - Extending EFV’s rules to multi-family/small commercial
  - Study and regulate use of ASV/RCV’s & spacing issues
  - Priority removal of riskier pipe – e.g., cast iron, bare steel
  - Study/regulate leak detection
Questions
Pipeline Incidents w/Death or Major Injury (1988-2010)

Exponential regression to show long-term trend

\[ y = 81.869e^{-0.033x} \]

Data Sources: PHMSA Incident Data - as of May 2, 2011.
Liquid Pipeline Spills w/Environmental Consequences (1988-2010)

Exponential regression to show long-term trend

Data Sources: PHMSA Incident Data - as of March 1, 2011.
Pipeline Deaths and Injuries (1986-2010)

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

- Injuries:
  - 1,971 Injuries in 1994
  - Decrease at -4.9% per year

- Deaths:
  - Decrease at -1.9% per year
DOT Pipeline Safety Action Plan

- **Near Term (3 months)**
  - Getting Reauthorization Done (maybe, just maybe)
  - National Infrastructure Bank Proposal for Distribution Pipes
  - Report to America Workshop – June 15 (D.C.)
  - State Survey of Innovative Rate Recovery Legislation
  - Outreach to ALL Critical Players – Including NARUC/FERC
  - International Regulators Conference – July 18-19
  - Pipe Seam Workshop – July 20 (report later)
  - Risk Assessment/Records Workshop – July 21 (webcast)
  - Research and Development: Meeting of Principals
DOT Pipeline Safety Action Plan

**Mid Term (6 months)**
- Publication of *Pipeline Safety: Report To The Nation*
- Expanded 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 - NOW
- Public Safety/First Responder Forum – 11/15/2011
- 3rd Party Excavation Damage Enforcement NPRM - Fall
DOT Pipeline Safety Action Plan

• **Long Term (12 months)**
  - Technical Workshop regarding Leak Detection & Valves
    • 1st Q CY 2012
  - Develop more aggressive/independent and better funded Pipeline Safety R&D Plan
    • R&D Forum – 1st / 2nd Q CY 2012
  - Evaluate “Near Miss” reporting system options
  - Roll out Vehicular Damage Public Awareness Campaign
  - Revise and execute MOU’s with FERC, USCG, and EPA