
Congressional Reauthorization & PHMSA Rulemakings

Pipeline Safety Trust Conference

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Perspective on Pipeline Safety Reauthorization

- PHMSA programs should be reauthorized
- Changes to the laws should be balanced and thoughtful
- Reauthorization is an opportunity to improve:
 - Damage prevention
 - Incident notification
 - PHMSA enforcement processes
- Laws and regulations already cover the major causes of releases

Perspective on Congressionally Mandated Rulemakings

- Congress should provide flexibility to PHMSA, and not require “one-size-fits-all”
- Congress should not presume new regulations are necessary when requiring study of an issue
- Congress should continue to require rulemakings to be conducted under section 60102 rules

Importance of Section 60102 Rules

- Cost-benefit analysis
- Risk assessments
- Review by government-public-industry Technical Advisory Committee

Incident Notification

- Common goal – prompt notifications
- National Response Center (NRC) procedures need reforming, especially with a hard deadline
 - Volume release estimates cannot be revised later
- H.R. 2937 allows operators to report an initial range of a release, and fill in the numbers later
- Immediate efforts should be on response, not calculating exact release estimates
- Supply an exact estimate later, after the initial notification and response

Damage Prevention

- Common goal – less damage to pipelines
- Excavation damage is the leading cause of injurious pipeline accidents
- Too many States have unnecessary One-Call exemptions or weak enforcement
- Congress and PHMSA must do more to push States
 - Risk of Federal enforcement
 - Risk of loss of damage prevention grant funds
- S. 275, H.R. 2845, H.R. 2937 all remove One-Call exemptions for municipal and State governments
- H.R. 2845 and H.R. 2937 require a study of One-Call exemptions by States/municipalities

PHMSA Enforcement

- Pipeline safety laws and regulations lack many basic procedural rules common elsewhere
- Recent improvements at PHMSA need to be codified
- Pipeline operators deserve the same basic Administrative Procedures Act (APA) protections found at other Federal agencies
- Enforcement actions and penalties have increased
 - 2004-2006, average civil penalty was \$57,000
 - 2007-2009, average civil penalty was \$183,000

Goals in Enforcement Reform

- Independent hearing officers (found in nearly every branch of Fed. Gov't)
- Hearing transcripts for formally contested actions
- A right to an expedited review at PHMSA of Corrective Action Orders
- Separation of functions of decisional/ advisory and investigative/prosecutorial staff
- Appropriate standard of judicial review

Items NOT in Enforcement Reforms Provisions

- Delays in issuing orders
- Requirement for Administrative Law Judges
- Specific deadline for reviewing a Corrective Action Order repeal

PHMSA Regulatory Activities

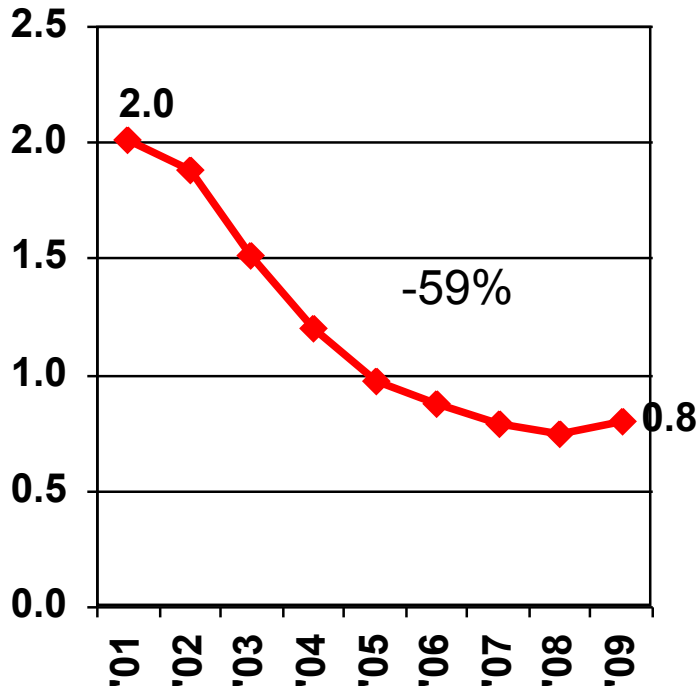
- Control Room Management
 - Significant safety benefits
 - Deadline accelerated
 - Being implemented now
- Low stress Phase II
 - Being implemented now
- Damage prevention
 - NPRM expected late this year or early next year
- Hazardous liquids regulations generally
 - Broad NPRM projected early March
 - Many elements being reviewed

API-AOPL Suggestions in ANPRM

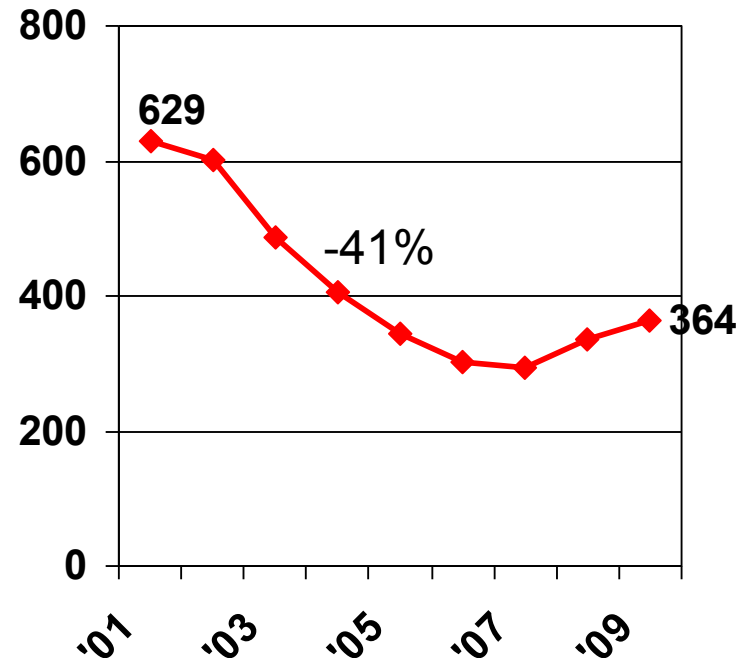
- Require “immediate repairs” outside of High Consequence Areas (HCAs)
- Require updating of HCA designations with population and water intake data
- Require leak detection capability evaluation on all PHMSA-regulated transmission pipe, not just in HCAs

Dramatic Improvement: Liquids Pipeline Industry Onshore Pipe Spill Record

Number of Spills per 1,000 Miles



Barrels Released per 1,000 Miles

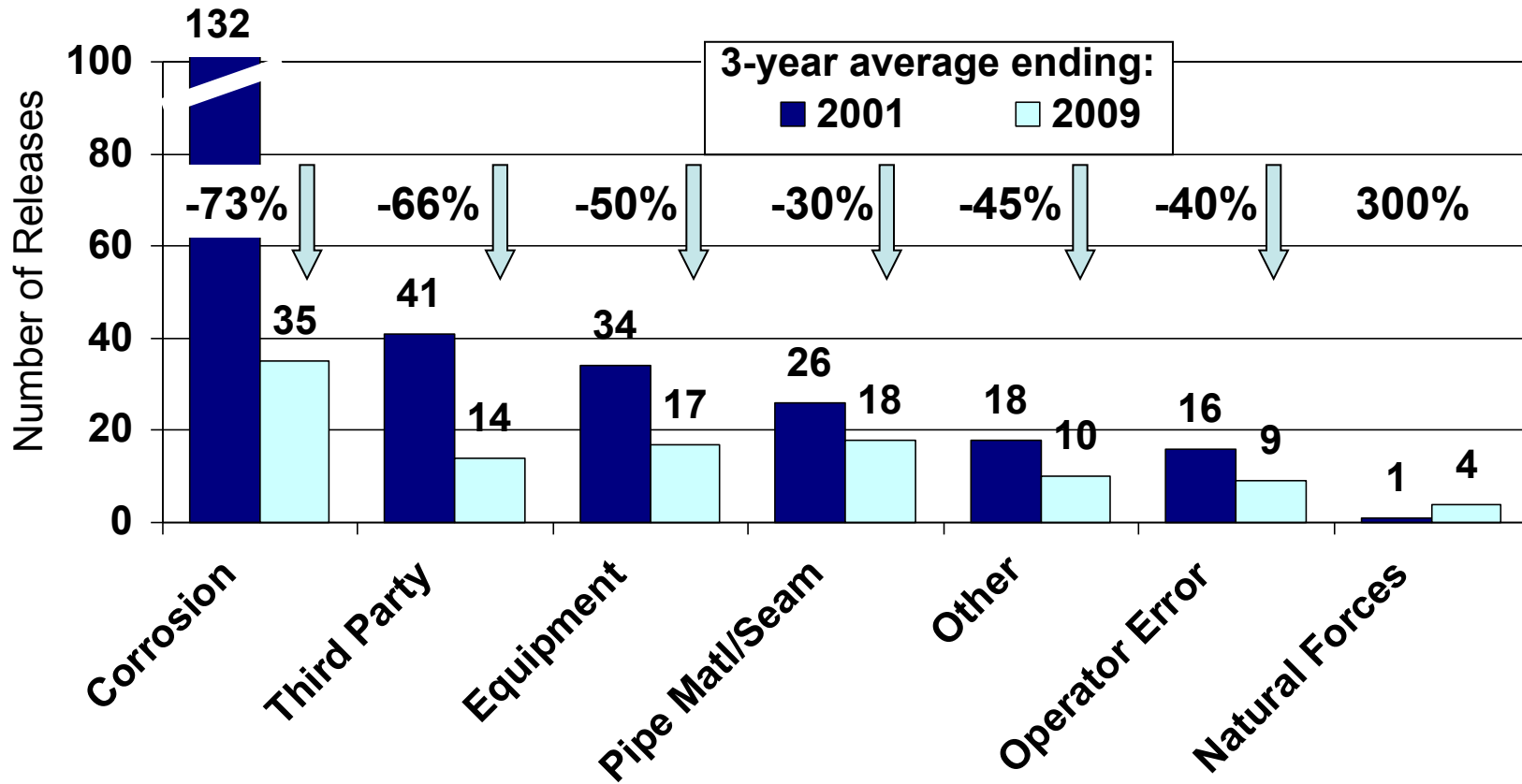


3-Year Averages Ending in Year Shown

Source: Pipeline Performance Tracking System, a voluntary spill reporting system involving 85% of the U.S. liquids pipeline mileage.

Percentage decline from 1999-2001 average to 2007-2009 average.

Releases Down for Every Major Category



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Time-Dependent Failures

- Industry record on “time dependent” causes (those that occur/worsen over time) from 2002-2009:
 - Overall, reduced by 36%
 - Large releases (greater than 50 bls), reduced by 50%
 - On pipe installed before 1950, operators reduced releases *faster still* by 83%
 - Release causes other than “time dependent” factors fell by 37% over same time period
 - This underscores that operators can and do manage a variety of threats

Final Thoughts

- Industry is doing much to improve
 - Tim Felt, Colonial Pipeline President and CEO to discuss tomorrow
- Goal of zero accidents
 - Not just lip service
- Reauthorization bill will help pipeline safety
 - Useful studies; potential additional regulations
 - Fewer One-Call exemptions
- PHMSA is managing and updating a comprehensive set of regulations