



Committee on Transportation and Infrastructure
U.S. House of Representatives

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May 16, 2014

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SUMMARY OF SUBJECT MATTER

To: Members, Subcommittee on Railroads, Pipelines, and Hazardous Materials
From: Staff, Subcommittee on Railroads, Pipelines, and Hazardous Materials
Subject: Subcommittee Hearing on “A Review of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011”

PURPOSE

The Subcommittee on Railroads, Pipelines, and Hazardous Materials is scheduled to meet on Wednesday, May 20, 2014 at 2:00 p.m. in 2167 Rayburn House Office Building to receive testimony related to the pipeline safety program of the Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA’s pipeline safety program is currently authorized by the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90), which will expire on September 30, 2015. The Subcommittee will receive testimony from PHMSA, the Association of Oil Pipelines (AOPL), the Interstate Natural Gas Association of America (INGAA), the American Gas Association (AGA), and the Pipeline Safety Trust on PHMSA’s progress in implementing the 2011 Act.

BACKGROUND

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 made a number of reforms to how pipeline transportation is regulated by the Secretary of the Department of Transportation (DOT). PHMSA is the agency within DOT responsible for implementing interstate pipeline law to provide safety and environmental protection in the transportation of natural gas and hazardous liquids, including petroleum products, by pipeline. PHMSA is also charged with securing the safe movement of hazardous materials by all modes of transportation.

Specifically, PHMSA develops and implements pipeline safety regulations at the federal level and shares regulatory responsibility with the states. States may impose additional standards for intrastate pipelines and facilities as long as they are compatible with the minimum federal standards. PHMSA provides oversight to more than two and a half million miles of natural gas

and hazardous liquids pipelines,¹ which account for the transportation of almost 100 percent of the natural gas² and 71 percent of the crude oil and petroleum³ consumed in the United States. The agency also has authority to regulate the design, construction, testing, operation, and maintenance of facilities used in the transportation of natural gas and hazardous liquids by pipeline.

PHMSA promulgates and enforces its jurisdiction in the Transportation of Hazardous Liquids by Pipeline regulations (49 C.F.R. part 195) and the Transportation of Natural and Other Gas by Pipeline regulations (49 C.F.R. part 192) among others. By these regulations, PHMSA administers minimum pipeline safety standards for operations, construction, maintenance, and materials; annual, accident, and safety-related condition reporting procedures; maximum allowable pressure standards; determination of high consequence areas; integrity management for owners and operators; data collection and monitoring; leak detection; and emergency response plans.

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 made several reforms and established new requirements for pipeline transportation. The law included 42 congressional mandates of PHMSA, of which, 21 are complete, 13 are on schedule and in progress, and eight have been extended beyond their deadline. As of April 23, 2014, PHMSA had issued 10 advisory bulletins, completed five reports, updated two parts of the Code of Federal Regulations, and issued one final rule. The Committee will explore PHMSA's progress in implementing the reforms, requirements, and programs established under the law, which are described below.

Maximum Allowable Operating Pressure: Section 23 of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 directs the Secretary to require each pipeline owner or operator to verify its records for all interstate or intrastate gas transmission pipelines that are in high consequence areas (areas in which a pipeline release could affect high-population areas or the environment) or within close proximity of homes, buildings, or an area that is frequently occupied. The intent is to verify the physical and operational standards of the pipelines and to confirm the maximum allowable operating pressure (MAOP) on each pipeline. PHMSA completed its verification process for both MAOP and record collection before the statutory deadlines and has issued public advisory bulletins.

The Secretary is also required to issue regulations for the testing of material strength for previously untested gas transmission pipelines in high consequence areas. The Secretary is to consider various safety testing methodologies that include pressure testing and in-line inspections. These regulations are still being considered.

Additionally, section 23 requires pipeline owners and operators to report any exceedance of MAOP in gas transmission lines to the Secretary within five days of the incident. PHMSA has

¹ <http://www.phmsa.dot.gov/portal/site/PHMSA/AnnualReportMileageSummaryStatistics>.

² Pipelines and Hazardous Materials Safety Administration, United States Department of Transportation, *The State of the National Pipeline Infrastructure 1* (2011).

³ *Id.*

submitted a public advisory bulletin notifying owners and operators to comply with the statute before regulations are issued.

Integrity Management: Section 60109 of title 49 of the United States Code establishes the pipeline safety requirements for high consequence areas, high-density population areas, and environmentally sensitive areas. Section 60109 requires owners or operators of a gas pipeline facility in those sensitive areas to adopt and implement an integrity management program to reduce risk. The Secretary has issued regulations on proper standards for risk analysis and implementation of integrity management programs. Integrity management programs are written assessments of operator facilities that include assessment of internal pipeline inspection devices, pressure testing devices, and the operation of those devices.

Section 5 of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 also requires the Secretary to evaluate (1) whether gas and hazardous liquid pipeline integrity management programs should be expanded beyond high consequence areas (high population and environmentally sensitive areas); and (2) with respect to gas transmission pipeline facilities, whether applying integrity management program requirements to additional areas would mitigate the need for class location requirements.

The Secretary is to report its findings of the evaluation to Congress. The report is currently in progress. Based on the Secretary's findings in the report, the Secretary is to issue regulations expanding the integrity management program, if appropriate.

Leak Detection: Section 8 requires the Secretary to conduct a study and submit a report to Congress on leak detection systems utilized by operators of hazardous liquid pipeline facilities and transportation-related flow lines. In conducting the study, the Secretary must analyze the technical limitations of current leak detection systems that detect ruptures and small leaks. The analysis must consider the practicability of requiring technical, operational, and economically feasible leak detection standards for operators.

After Congress is given necessary time to review the Secretary's leak detection report, PHMSA is required to issue a rule to establish a minimum leak detection system for hazardous liquid operators if the Secretary deems it feasible in the report. The Secretary submitted the report to Congress in December of 2012.

Auto and Remote-Controlled Shut Off Valves: Section 4 requires the Government Accountability Office to conduct a study on implementing automatic and remote-controlled shut-off valves for all newly constructed or replaced transmission pipelines in high-consequence areas, and to also analyze operators' current ability to respond to hazardous liquid and gas releases in such areas. The study is to analyze the speed of current leak detection and shutdown times. The costs, risks, and benefits of installing the shut-off valves must be taken into account and considered by the Secretary when determining if a rule is appropriate. The study is complete and rulemaking is under consideration.

Gathering Lines: Gathering lines are pipelines that transport hazardous liquids or natural gas from a production facility, or wellhead, to a processing facility or main line. Gathering lines

typically operate at low pressure and are smaller in diameter than transmission lines. Historically, gathering lines were only federally regulated when they passed through cities, towns, or designated areas and not regulated in areas classified as rural.

In 2006, PHMSA revised its regulations to more clearly define which portions of gathering lines should be regulated. PHMSA established criteria that determined when a gathering pipeline was close enough to impact a number of homes or areas or buildings where people congregate. When a gathering line fit these criteria, it was subject to all requirements under part 192 of the Code of Federal Regulations.

In 2008, PHMSA revised its regulations. Under the 2008 revision, gathering lines that passed through towns and cities remained regulated as before and gathering lines in rural areas became subject to regulation if they were within a quarter mile of an unusually sensitive area. An unusually sensitive area is defined as an area that includes a drinking water source or geological resource area that is unusually sensitive to environmental damage.

In section 21, Congress requires the Secretary to review and report to Congress on existing federal and state regulations of gathering lines. The report is to include the economic impacts, technical practicability, and challenges of applying existing federal regulations to gathering lines that are not currently subject to federal regulations. The report is to also include a risk based assessment of the need to modify or revoke existing exemptions from federal regulations. The report is still in progress.

Diluted Bitumen: Diluted bitumen is a dense and viscous form of petroleum that will only flow in unheated pipelines when it is diluted with lighter oils. The density and chemical properties of diluted bitumen has raised concern that it may be more corrosive than other crude oils, causing more internal damage to transmission pipelines. Diluted bitumen is being transported from the oil sands region of Alberta, Canada and has been for 30 years. As imports of Canadian crude oil have increased, additional pipelines from the region have been constructed. Due to the increased volume of diluted bitumen transporting through domestic pipelines, section 16 directs PHMSA to study whether shipments of diluted bitumen differ sufficiently from shipments of other crude oils. The study is to focus on whether diluted bitumen increases the likelihood of releases due to its chemical or physical properties.

PHMSA hired the National Research Council to form an expert committee and conduct the study. The National Research Council has completed its study with the following findings:

The committee does not find any causes of pipeline failure unique to the transportation of diluted bitumen. Furthermore, the committee does not find evidence of chemical or physical properties of diluted bitumen that are outside the range of other crude oils or any other aspects of its transportation by transmission pipeline that would make diluted bitumen more likely than other crude oils to cause releases.⁴

⁴ Committee for a Study of Pipeline Transportation of Diluted Bitumen, National Research Council, Effects of Diluted Bitumen on Crude Oil Transmission Pipelines 2 (2013).

In the absence of a finding of increased likelihood of releases, an additional review of pipeline safety regulations for diluted bitumen was not permitted.

Accident and Incident Notification: Section 9 requires the Secretary to revise parts 191.5 and 195.52 of title 49 of the Code of Federal Regulations to establish specific time limits for telephonic or electronic notice of accidents and incidents involving pipeline facilities. The revised regulations must require notification at the earliest practical moment following confirmed discovery of an accident or incident no later than one hour following the time of a confirmed discovery. PHMSA has submitted an advisory bulletin notifying owners and operators that a proposed rule with specific time limits will be submitted.

Section 9 also requires the review of owner and operator notification of all relevant states and requires them to provide their emergency response plans to local emergency response officials. PHMSA has issued an advisory bulletin reminding owners and operators to provide their emergency response plans to local emergency response officials and notifying them that PHMSA will evaluate their compliance in future inspections. Additionally, owners and operators are to notify federal, state, and local officials with an estimate of the amount of product released, an estimate of the number of fatalities and injuries, and any other appropriate information within 48 hours of the accident.

WITNESS LIST

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