Written Statement
of
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Pipeline Safety: An On-the-Ground Look at Safeguarding the Public

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Chairman Rockefeller and members of the Committee, thank you for the opportunity to appear today to discuss the progress the Pipeline and Hazardous Materials Safety Administration (PHMSA) has made to implement the mandates of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (Pipeline Safety Act).

Thank you for your leadership in helping to secure passage of the Pipeline Safety Act and for your efforts to advance pipeline safety. The Act has given us important tools and authority that we need to help us achieve our mission. While pipeline safety is improving, high-profile incidents like the one that occurred at Sissonville underscore how important it is to be ever-vigilant in preventing pipeline failures.

Safety is the top priority for Secretary of Transportation Ray LaHood and myself, and everyone at PHMSA is working hard to protect the American people and environment from the risks that are inherent in the transportation of hazardous materials by pipeline. PHMSA works to achieve its safety mission through prevention, rigorous enforcement, strong partnerships, and continuing education.

This testimony will focus on several issues such as to the implementation of the Pipeline Safety Act mandates; our response to the Sissionville, WV pipeline incident and the

Government Accountability Office (GAO) study on the ability of transmission pipeline facility operators to respond to a hazardous liquid or gas release.

First, I will give an overview of PHMSA's pipeline safety program, including the role that the States take in ensuring the safety of pipelines. Second, I will provide an overview of the mandates we have completed and the efforts we have taken to improve pipeline safety. Third, I will discuss how, incidents like the one at Sissonville show us that we have a long way to go to succeed in our mission and that there is still a lot of work to be done in preventing pipeline incidents. Finally, I will reiterate the importance of a robust pipeline safety program, and the importance of reviewing the findings of the GAO study especially with regard to the Nation's changing and growing infrastructure needs.

I. OVERVIEW OF PHMSA PIPELINE SAFETY PROGRAM

There are 2.6 million miles of pipelines that crisscross our Nation; those pipelines offer the safest and most cost-efficient way to transport hazardous materials. To ensure that this vast network is operating safely and reliably and that communities and families are protected, PHMSA works together with a variety of partners, including other Federal agencies, State and local officials, emergency responders, environmental groups, and the public.

Federal oversight agencies like the National Transportation Safety Board (NTSB), the Office of Inspector General (OIG), and the Government Accountability Office (GAO) also have a vested interest in the safe and reliable operation of the Nation's pipeline infrastructure. For years, we have worked aggressively to respond to their recommendations. In addition to the mandates of the Act, we are currently working on 26 open NTSB recommendations, 9 recommendations from the OIG, and 4 recommendations from the GAO. Some of these

recommendations are similar to the requirements of the Pipeline Safety Act, which suggests that there is a shared understanding of some of the challenges for the Nation's pipeline system.

We have taken each and every mandate and recommendation that has been issued to us very seriously, and we have many completed and ongoing initiatives to provide protection to the American people and environment.

Overall, the pipeline safety record is good. PHMSA's regulatory oversight program has led to many successes. Despite the fact that the traditional measures of risk—population, energy consumption, pipeline ton-miles—have steadily increased over the past two decades, the risk of pipeline incidents with death or major injury have decreased by about 10 percent every 3 years. The risks of hazardous liquid pipeline spills that have environmental consequences have decreased by an average of 5 percent per year. Nonetheless, there is more work to be done.

In 2012, the number of pipeline-related fatalities was at a level not seen since 2008, and the number of pipeline-related injuries was at the lowest level since 2007. Furthermore, 2012 had the fewest total pipeline incidents in a decade. However, PHMSA, as an organization, cannot accept death or injury as an inevitable consequence of transporting hazardous materials. We are working continuously to find new ways to reduce risk to operators and the public, and we aim to sustain and improve upon these long-term trends.

II. IMPLEMENTATION OF THE PIPELINE SAFETY ACT

On January 3, 2012, President Obama signed the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011. The Act is designed to examine and improve the state of pipeline safety regulations and authorizes funding, through fiscal year 2015, for provisions of the pipeline statute in the U.S. Code related to gas and hazardous liquids. Ultimately, the Act gives enhanced

safety authority to PHMSA and will improve pipeline transportation, by strengthening the enforcement capabilities of current laws.

The leadership of Chairman Rockefeller and this committee, as well as the bipartisan effort that led to the creation and passage of the Pipeline Safety Act shows there is a common agreement about the importance of a safe and reliable pipeline system for the welfare of the Nation. PHMSA takes this responsibility very seriously. As the committee is aware, we have struggled to hire pipeline inspectors over the last several years, but by the end of FY 2012, we achieved and successfully filled our targeted 135 pipeline inspector billets. We now look forward to working with this committee to continue to strengthen our pipeline inspector program and further implement PHMSA's Pipeline Safety Reform effort.

PHMSA not only completed all of the mandates that were due by January 3, 2013, it also completed additional mandates and performed more work than required. PHMSA has already successfully completed 16 of the 42 requirements in the Pipeline Safety Act. PHMSA has reported on cover over buried pipelines at river crossings, leak detection, remote controlled and automatic shut-off valve (RCV/ASV) use, increasing civil penalties authority, improved the quantity, quality, and transparency of our data, and inventoried the status of cast iron pipeline infrastructure. Information gathered from these reports will be used to inform us as we determine how best to move forward with updated requirements to address these topics.

The following is a brief description of PHMSA's work the Pipeline Safety Act requirements:

Section 2—Civil Penalties:

The Act authorized PHMSA to increase the maximum civil penalty for pipeline safety violations from $100,000 to $200,000 per violation per day. In addition, the agency will be able to collect a maximum of $2,000,000 for a related series of violations, up from $1,000,000.

PHMSA is currently addressing this activity through a rulemaking to update Part 190 of the Code of Federal Regulations. A Notice of Proposed Rulemaking (NPRM) entitled "Administrative Procedures; Updates and Technical Corrections" was published on August 13, 2012.

Section 3—Pipeline Damage Prevention:

The Act required PHMSA to incorporate new standards for state one-call programs into the State Damage Prevention (SDP) grant program criteria, including no state and local exemptions.

Some state excavation damage prevention laws include exemptions from one-call system participation that detract from the goals of the system. The following are examples of two typical types of exemption:

Facility Owners—some state laws exempt owners of specific types of underground facilities (e.g., municipalities, State departments of transportation, and small water and sewer companies from participation in the one-call system). Excavators—some excavators (e.g., homeowners and State departments of transportation) are exempted from calling for underground facilities to be located and marked before they begin digging. PHMSA has discussed these exemptions with the National Association of Pipeline Safety Representatives (NAPSR) and One Call Systems International (OCSI). A public meeting regarding these issues is scheduled for March 2013. These new requirements were included in the SDP grant program criteria.

The Act also requires for PHMSA to conduct a study on the impact of excavation damage on pipeline safety, including exemptions, frequency, severity, and type of damage, and report these results to Congress.

PHMSA met with the United States Infrastructure Corporation (USIC) to discuss performing a data analysis regarding damage prevention. As mentioned above, PHMSA is planning a public meeting in March 2013 to discuss damage prevention issues with industry stakeholders. PHMSA is considering using data from the Common Ground Alliance's (CGA's) Damage Information Reporting Tool (DIRT) to help with this study it will reach out to states to discuss the use of this data in the analysis.

Section 4—Automatic and Remote-Controlled Shut-Off Valve Use:

The Act requires PHMSA to issue regulations requiring the use of automatic or remote-control shut-off valves on transmission pipelines constructed or entirely replaced after the date of the rule, if appropriate.

PHMSA began to collect information on the use of automatic shut-off valves (ASVs) and remote-controlled shut-off valves (RCVs) on hazardous liquid and gas transmission pipelines prior to the enactment of the Pipeline Safety Act, through issuance of two Advanced Notice of Proposed Rulemakings (ANPRM) entitled "Safety of On-Shore Hazardous Liquid Pipelines" and "Safety of Gas Transmission Pipelines". For hazardous liquid transmission pipelines, an ANPRM issued on October 18, 2010, requested public comments on the use of RCVs. For gas transmission pipelines, an ANPRM issued on October 25, 2011, requested public comments on requiring the use of ASV and RCV installation.

To gather sufficient input on ASV/RCV feasibility, PHMSA sponsored a public workshop on March 28, 2012 with the National Association of Pipeline Safety Representatives, entitled

"Understanding the Application of Automatic Control & Remote Control Valves." PHMSA then commissioned an independent study on the feasibility and effectiveness of ASVs and RCVs on hazardous liquid and natural gas transmission pipelines. Public comments and workshop input were used to develop the commissioned study entitled, "Studies for the Requirements of Automatic and Remotely Controlled Shutoff Valves on Hazardous Liquid and Natural Gas Pipelines with Respect to Public and Environmental Safety" (ASV-RCV study), including the original scope of work.

The ASV-RCV study performed by the Oak Ridge National Laboratory, while not mandated by the Act, will help to determine the effectiveness of block valve closure swiftness in mitigating the consequences of natural gas and hazardous liquid pipeline releases on the safety of the public and the environment. Additionally, a related NTSB recommendation, NTSB P-11-11, was incorporated into the parameters of the study. The recommendation suggested ASVs and RCVs be required in high-consequence areas (HCAs). A public web-based seminar (webinar) and public comment period was also held for input on the draft study. The ASV-RCV study addressed the submitted comments and incorporated substantive technical recommendations. The ASV-RCV study, which is 344 pages, was transmitted to Congress on December 27, 2012.

The information from this study will assist in providing additional guidance for potential rulemaking. PHMSA also anticipates progressing with a rulemaking related to ASV and RCV installation and use on hazardous liquid and gas transmission pipelines in 2013.

In addition, PHMSA is soliciting a research project specific to technology used in ASVs that will provide important insight on their ability to provide reliability and flow assurance to pipelines. Automatic shut-off valves are often recommended to minimize valve shut-off times after a leak is detected. However, they may lead to unintended valve closures because of an

inaccurate leak determination. The project aims to study and identify technologies and systems to minimize inaccurate leak alarms and unintended valve closures on ASV systems. .

Section 5—Integrity Management:

The Act required PHMSA to conduct an evaluation on whether integrity management programs (IMPs) should be expanded beyond high-consequence areas (HCAs) and whether gas IMPs should replace the class location system. This section also asks, PHMSA to consider issuing regulations expanding IMP requirements and/or replacing class locations.

As mentioned above, PHMSA initiated an ANPRM, entitled "Safety of On-Shore Hazardous Liquid Pipelines" and "Safety of Gas Transmission Pipelines" for both gas and liquid pipeline safety that addresses these issues. PHMSA is also holding an integrity management program (IMP) 2.0 workshop in 2013.

This section of the statute also suggests that PHMSA may extend a gas pipeline operator's 7-year reassessment interval by 6 months if the operator submits written notice with sufficient justification of the need for an extension, and that PHMSA should publish guidance on what constitutes sufficient justification. PHMSA is currently considering this issue in the context of a gas transmission NPRM, which is a follow on from the ANPRM entitled "Safety of Gas Transmission Pipelines" mentioned above. PHMSA anticipates this NPRM to be published by August 2013.

Section 6—Public Education and Awareness:

There were several mandates in this section of the Act. One mandate requires that PHMSA maintain a map of all gas HCAs as a part of the National Pipeline Mapping System (NPMS). PHMSA has already begun implementing this with the information we have currently

available, and we are continuing to work on expanding the information available. PHMSA was also requested to update the NPMS map biennially.

In addition, PHMSA was required to implement a program for promoting greater awareness of the NPMS to state and local emergency responders and other parties. To address this issue, PHMSA hosted a meeting of Public Safety and Emergency Response officials to discuss pipeline emergency preparedness and response on December 9, 2011. Additionally, PHMSA made contact with various emergency responder groups through its Emergency Responder (ER) Outreach program and the Community Assistance and Technical Services (CATS) program. PHMSA has also begun publishing articles regarding its public resources, including the NPMS, in ER publications. A brochure, designed for widespread distribution in the ER community, was also created that described available resources.

PHMSA was also required to issue guidance to operators to provide system-specific information about their pipelines to emergency responders after consulting with those responders. This mandate fell closely in line with an NTSB recommendation (P-11-8), which recommended pipe diameter, operating pressure, product transported, and potential impact radius, among other information, is shared.

PHMSA, in partnership with the Pipeline Emergency Response Working Group (PERWG), met with emergency responders at a pipeline emergency response focus group during the HOTZONE conference in Houston on October 19, 2012. The PERWG had its follow up meeting last week. On October 11, 2012, PHMSA published (Advisory Bulletin ADB-12-09) about Communication During Emergency Situations that reminds operators of gas, hazardous liquid, and liquefied natural gas pipeline facilities that operators should immediately and directly notify the Public Safety Access Point that serves the communities and jurisdictions in which

those pipelines are located when there are indications of a pipeline facility emergency. We also met with the Associate of Public Communication Offices to discuss how to increase awareness and develop training for 911 center personnel.

Additionally, PHMSA is funding a Transportation Research Board study that will produce a guide for communication between pipeline operators and emergency responders.

PHMSA recognizes and agrees that the emergency response to an incident or a leak is critical. In addition to strengthening the capabilities of local emergency responders with increased coordination, targeted planning, and training grants. PHMSA has also worked to increase the visibility of prevention and response efforts to better prepare the public.

The final mandate from this section required PHMSA to maintain the most recent oil facility response plans (FRPs), which are currently collected from operators and provide copies of those FRPs to any requester through the FOIA process. The copies can exclude sensitive information. PHMSA has implemented this mandate and continues to improve the FRP program.

Section 7—Cast Iron Gas Pipelines:

The Act required PHMSA to follow-up on the industry's progress in replacing cast iron gas pipelines. PHMSA has collected updates and has published the responses on its website which can be found at http://opsweb.phmsa.dot.gov/pipelineforum/. This inventory was developed and posted before the December 31, 2012 due date.

Section 8—Leak Detection:

The Act requires PHMSA to submit a report to Congress on leak detection systems used by operators of hazardous liquid pipeline facilities and transportation related flow lines. The Act requires the following be included in the report:

- an analysis of the technical limitations of current leak detection systems, including the ability of the systems to detect ruptures and small leaks that are ongoing or intermittent, and what can be done to foster development of better technologies; and
- an analysis of the practicability of establishing technically, operationally, and economically feasible standards for the capability of such systems to detect leaks, and the safety benefits and adverse consequences of requiring operators to use leak detection systems.

PHMSA began working on leak detection for a number of years before the Act. As mentioned above, on October 18, 2010, an ANPRM for the Safety of On-Shore Hazardous Liquid Pipelines was published. Among the issues discussed in the ANPRM was whether to establish and/or adopt standards and procedures for minimum leak detection requirements for all pipelines.

In addition, PHMSA sponsored a public workshop in March 2012 with the National Association of Pipeline Safety Representatives entitled "Improving Pipeline Leak Detection System Effectiveness." It also held a Pipeline Research and Development (R&D) Forum in July 2012 that included a working group discussion focused specifically on leak detection and mitigation. As a result, PHMSA has issued a research announcement and solicitation for proposals for research and development on a number of topics, including leak detection. As part of its research and development activities, PHMSA has been active in studying and improving other leak detection technologies, including automated monitoring systems, sensors for small leak detection, aerial surveillance, satellite imaging, and improvements in the cost and effectiveness of current leak detection systems.

As with valves, PHMSA also commissioned an independent study on leak detection.

In conjunction with satisfying the requirements of the Act, PHMSA is also addressing a leak detection related recommendation for natural gas transmission and distribution pipelines from the NTSB (NTSB recommendation P-11-10, which involves Supervisory Control and Data Acquisition (SCADA) enhancements to Identify and Locate Leaks). PHMSA's leak detection work included systems used in gas transmission and distribution pipelines as well as hazardous liquid pipelines. While the different types of pipeline systems have various and distinct characteristics and considerations for leak detection, PHMSA brought all pipeline industry stakeholders together to more efficiently communicate the issues affecting the respective sectors and to share lessons learned.

The review of leak detection systems was not limited to the technology but also extended to pipeline facilities and infrastructure. Effective leak detection relies heavily on how well any technology is implemented through people, procedures, and the environment in which it is installed and operated.

The leak detection study performed was based on input received through the workshops and a public comment period for the original scope of work. A public web-based seminar (webinar) and public comment period was also held for input on the draft report of the study. Additionally, some operators were interviewed as part of the work. The final leak detection study, which is almost 300 pages, has been posted electronically for review and has been transmitted to Congress.

PHMSA will use all of the input gathered from the above initiatives as well as other data when considering any future rulemakings. A rulemaking is under consideration for this item.

PHMSA is also creating a Leak Detection webpage on the PHMSA website to provide background information about leak detection issues.

Section 9—Accident and Investigation Notification:

PHMSA was required by the Act to revise regulations to require telephonic reporting of incidents or accidents not later than 1 hour following a "confirmed discovery" and to require revising the initial telephonic report after 48 hours if practicable. An NPRM entitled "Miscellaneous Rule II" regarding these revisions is expected to be issued in late 2013.

The Act also requires PHMSA to review and revise, as necessary, procedures for operators and the National Response Center (NRC) to notify emergency responders, including local public safety answering points or 911 centers. PHMSA is continuing to develop a means to address this issue.

Section 10—Transportation-Related Onshore Facility Response Plan Compliance: Administrative Enforcement and Civil Penalties:

While there was no specific mandate with this item, the section did suggest that PHMSA should update Part 190 to be consistent with the new authority to enforce Part 194 regulations. A rulemaking entitled "Administrative Procedures; Updates and Technical Corrections" is under consideration for this item.

Section 11—Pipeline Infrastructure Data Collection:

PHMSA is considering collecting other geospatial and technical data for the NPMS. Although there was no specific mandate for this action, as mentioned in Section 11 above, a rulemaking is under consideration for this item.

Section 12—Transportation-Related Oil Flow Lines:

There is no mandate related to this section, but PHMSA is considering collecting geospatial and other data on transportation-related oil flow lines, as mentioned in Section 11 above, as defined in the Act.

Section 13—Cost Recovery for Design Reviews:

PHMSA was required to prescribe a fee structure and procedures for assessment and collection in order to implement authority to recover design review costs for projects that cost over $2.5 billion or that involve "new technologies." PHMSA is currently developing guidance on this issue.

This section also mandates that PHMSA issue guidance on the meaning of the term "new technologies." This guidance was completed and was posted on the external PHMSA website prior to the January 3, 2013 deadline.

Section 15—Carbon Dioxide Pipelines:

The Act requires that PHMSA issue regulations for transporting carbon dioxide by pipeline in a gaseous state. PHMSA is currently exploring rulemaking options with this item.

Section 16—Study of Transportation of Diluted Bitumen:

PHMSA was required to review and report to Congress on whether current regulations are sufficient to regulate pipelines transporting diluted bitumen. A study has been contracted to perform this analysis to the National Academy of Sciences (NAS), which is meeting on the issue on January 31 and February 1, 2013, and it is on track for timely completion. Once the study is completed, a report to Congress will follow.

Section 17—Study of Nonpetroleum Hazardous Liquids Transported by Pipeline:

This section allows PHMSA to analyze the extent to which pipelines transporting non-petroleum hazardous liquids, such as chlorine, are unregulated, and whether being unregulated presents risks to the public. The results of any analysis must be made available to Congress as directed by the Act. PHMSA is currently reviewing this issue.

Section 19—Maintenance of Effort:

PHMSA was required to grant waivers of the maintenance of effort clause in FY12 and FY13 to States that demonstrate an inability to maintain funding to their pipeline safety program due to economic hardship. This action has been completed for FY12, and we are addressing this issue as it pertains to future years.

Section 20—Administrative Enforcement Process:

This section requires PHMSA to issue regulations for enforcement hearings that require a presiding official, implement a separation of functions, prohibit ex parte communications and provide other due process provisions. This issue is currently being addressed in the Part 190 Rule referred to in Section 20 above. The NPRM entitled "Administrative Procedures; Updates and Technical Corrections" was published on August 13, 2012.

Section 21—Gas and Hazardous Liquid Gathering Lines:

The Act requires PHMSA to review and report to Congress on existing Federal and State regulations for all gathering lines, existing exemptions, and the application of existing regulations to lines not presently regulated. PHMSA has contracted Oak Ridge National to assist in the research of this issue and a report is under development.

PHMSA must also consider issuing regulations that would subject offshore liquid gathering lines to the same standards as other liquid gathering lines. PHMSA will determine whether these regulations are necessary based on the results of the research and report.

Section 22—Excess Flow Valves:

The Act requires PHMSA to consider issuing regulations requiring the use of excess flow valves on new or entirely replaced distribution branch services, multi-family facilities, and small commercial facilities. PHMSA issued an ANPRM entitled "Expanding the Use of Excess Flow

Valves in Gas Distribution Systems to Applications Other Than Single-Family Residences " on November 25, 2011 and is currently analyzing public comments.

Section 23—Maximum Allowable Operating Pressure (MAOP):

PHMSA was required to issue an Advisory Bulletin regarding the existing requirements to verify records confirming MAOP in Classes 3 and 4 and in HCAs. An Advisory Bulletin on "Verification of Records" was issued for this item on May 7, 2012.

PHMSA was also required to issue regulations requiring operators to report by July 3, 2013, any pipelines without sufficient records to confirm MAOP. As part of meeting the mandate, PHMSA determined they had the authority under existing regulations to collect this additional data. Therefore, PHMSA revised its gas transmission annual reporting form to collect this information which we will receive for the first time on June 15, 2013. The information collected will be used to address the mandate in the Act.

This section also required PHMSA to issue regulations that require operators to report any exceedance of MAOP within 5 days, and to ensure the safety of pipelines without records to confirm MAOP. PHMSA published an advisory bulletin in the Federal Register on December 21, 2012 on Reporting the Exceedances of Maximum Allowable Operating Pressure (ADB-2012-11). A rulemaking is under consideration for this item.

PHMSA was also required to issue regulations requiring tests to confirm the material strength of previously untested gas transmission pipelines in HCAs. As part of meeting the mandate, PHMSA determined they had the authority under existing regulations to collect this additional data. PHMSA will use its revised gas transmission annual report to collect this relevant data by June 15, 2013. This information will be used to meet the mandate in the Act.

Section 24—Limitation of Incorporation of Documents by Reference:

This section requires PHMSA, starting in one year, to stop incorporating by reference into its regulations or guidance materials any industry standard unless it is publicly available free of charge on the internet. PHMSA is continuing to work with organizations that develop standards in order to make Incorporation-By-Reference (IBR) material available for free on the Internet. We are pleased that many standards setting organizations have agreed and are assisting PHMSA in complying with this item.

Section 28—Cover Over Buried Pipelines:

PHMSA was required to conduct a study and report to Congress on hazardous liquid pipeline accidents at water crossings to determine if depth of cover was a factor. This study was completed and was transmitted to Congress before the January 3, 2013, deadline.

If the study shows depth of cover was a factor, PHMSA must review the sufficiency of existing depth of cover regulations and consider possible regulatory changes and/or legislative recommendations. The Administration is still determining whether legislative changes should be recommended.

Section 29—Seismicity:

There was no specific mandate within this section, but it was suggested that PHMSA should issue regulations to be consistent with the requirement in statute that operators consider seismicity in identifying and evaluating all potential threats to each pipeline pursuant to Parts 192 and 195. PHMSA has conducted research on this issue, which is currently under review.

Section 30—Tribal Consultation for Pipeline Projects:

The Act requires PHMSA to develop and implement a protocol for consulting with Indian tribes to provide technical assistance for the regulation of pipelines that are under the

jurisdiction of Indian tribes. This protocol was posted on the PHMSA website prior to the January 3, 2013, deadline.

Section 31—Pipeline Inspection and Enforcement Needs:

PHMSA was required to report to Congress on the total number of full-time equivalents (FTEs) for pipeline inspection and enforcement, the number of such FTEs that are not presently filled and the reasons they are not filled, the actions being taken to fill the FTEs, and any additional resources needed. This action has been completed by PHMSA, and a report was submitted to Congress on December 20, 2012.

Section 32—Authorization of Appropriations:

This section of the act required PHMSA to ensure at least 30 percent of the costs of program-wide Research and Development (R&D) activities are carried out using non-Federal sources. These efforts are currently ongoing and are on-track.

This section additionally mandates that PHMSA transmit a report to Congress on the status and results-to-date of implementation of the R&D program every 2 years. The R&D program is designed to identify gaps in needed pipeline technology and map a path forward to assure there is no duplicative research and that resources are leveraged appropriately. PHMSA is finalizing a draft of this report.

III. SISSONVILLE AND THE CHALLENGES WE FACE

Despite our successes, we continue to face challenges in fulfilling our mission, and this is obvious when taking a look at what happened in Sissonville, WV. The explosion at Sissonville, as Chairman Rockefeller has said, was terrible, serious, and dangerous. Although several homes were destroyed or damaged, and portions of a major interstate highway were severely damaged,

it is fortunate that no one was killed and there were only minor injuries. It could have been a much larger tragedy. We are working closely with the National Transportation Safety Board (NTSB) and the Public Service Commission of West Virginia in the investigation, and we are also undertaking our own compliance investigation. In addition we are taking immediate action to determine what additional steps need to be taken to prevent accidents like this from occurring in the future.

We have issued a Corrective Action Order (CAO) based on our preliminary findings. The pipeline will not be placed back into service until we are completely satisfied with the restart plan that Columbia Gas is required to submit. When the pipeline is eventually placed back into service, it will operate at a 20 percent pressure reduction from the maximum allowable pressure, while our engineers oversee a series of tests and evaluations and review the results. It is only after PHMSA is fully satisfied that the pipeline is safe for full operation that the pipeline can return to regular operating pressure.

One of the greatest challenges that we as an organization face is assisting our State partners to succeed in the inspection, regulation, and enforcement of the pipelines for which they are responsible. With the exception of Alaska and Hawaii, State pipeline safety agencies are the first line of defense in protecting the American public, and they have always been a critical component of PHMSA's success.

Thanks to provisions in the Act, we are currently able to cover 77 percent, or approximately $43.5 million, of the program costs that States incur. This funding covers personnel and equipment needs, public outreach programs, and other activities that allow the States to inspect and regulate intrastate pipelines. Currently, we partner with 52 state pipeline safety programs through certification and agreements for the inspection of the nation's intrastate gas and

hazardous liquid pipelines. PHMSA also has interstate agent agreements with 10 states to perform interstate pipeline inspections. We are pleased to report that the State of West Virginia participates as an interstate pipeline agent for gas transmission lines. This partnership has proven to be a great asset in helping to strengthen the safety of pipelines in West Virginian communities.

The day this incident happened, several of my top staff members and I were visiting the Marcellus Shale area. We received a call that alerted us to the incident, and we were able to launch our response from the meeting we were conducting in Pennsylvania. Tim Butters, my Deputy Administrator, was in contact with emergency response officials from Sissonville shortly after the explosion occurred. It is because of the great relationship PHMSA and our State partners have with the pipeline industry and emergency responder community that we were contacted directly for support. PHMSA exists for the safety of the public, and we have been involved from the onset of this incident up through this point in time. We continue to support our fellow partners on the ground at the incident. As well as work with the emergency response community in order to share best practices and lessons learned.

In fact, we recently returned to Sissonville to meet with the local emergency responders and emergency management officials of Sissonville and Kanawha County to discuss the response to this incident, and what prior interaction they had with the operator.

We were very encouraged to learn that there was a good working relationship with the utility operator and the local public safety community. These established relationships, coupled with the fact that the local responders were well-trained, made it possible for the successful and effective management of this incident. The fact that there were only minor civilian injuries and no injuries to emergency responders is a testament to the capability of the local emergency

response system and the importance of cooperation with the pipeline industry, and Federal and state regulators.

However, we also learned there is still much work to do. Both the pipeline operators and local officials recognize that additional training and exercises are needed. As the statute now requires, operators will be providing more detailed information about their pipeline systems, including location, size of pipe, and other critical elements. A rulemaking is under consideration that will allow PHMSA to collect additional information as part of its emergency responder outreach program. While Columbia Gas had been engaged with the local community, we were informed that cooperation and coordination between the local community and other pipeline operators could be improved. We will do what is necessary to ensure that this is corrected as quickly as possible.

We always make an aggressive effort to apply the information from specific pipeline incidents to the broader, national context of pipeline safety. We accelerated the implementation of control room management regulations based upon lessons learned about supervisory control and data acquisition (SCADA) system challenges. This year we will hold a public workshop to evaluate lessons learned during the last ten years of performance based integrity management regulations.

Lessons we learn from the Sissonville incident will also be used to help prevent accidents in other communities and will help us continue to fulfill the safety goals and purpose of the Act. Once our investigations into this incident are complete, we will release our findings and information to the larger emergency responder community and operator network.

IV. CHANGING INFRASTRUCTURE AND THE IMPORTANCE OF OVERSIGHT

Much like the members of this Committee, this Administration has recognized the need for an aggressive approach to the safety of the Nation's pipeline system and the Fiscal Year 2013 Budget includes a funding request to implement an aggressive Pipeline Safety Reform initiative, which seeks to significantly increase both Federal and State resources supporting pipeline safety, as well as furthering research and development, and enhancing information technology capabilities to address the safety of the national pipeline system. We just recently received the final GAO study on the ability of transmission pipeline facility operators to respond to a hazardous liquid or gas release. We are currently reviewing the findings and will be happy to discuss with your staff on how we plan to move forward.

From the discovery of vast energy shale deposits, which will require the creation of additional infrastructure, to the maintenance and rehabilitation of the infrastructure already in place, the Nation's infrastructure needs are growing and changing.

I have been to the Bakken and Marcellus Shales, and I have seen these changes and the evolution of the energy industry firsthand. And I can tell you that we must prepare for these new and shifting demands right now. We must make sure that people and the land are protected at the beginning of the process even before the pipe goes in the ground. Effective standards and regulations are one of the best ways to keep America's people and environment safe while providing for the reliable transportation of the Nation's energy supplies, and the oversight provided by PHMSA and our partners will become even more critically important in the future.

With that being said, I believe that the Pipeline Safety Act, and our outreach and oversight, is working. We have a long way to go to reach our goal of no deaths, injuries, environmental and

property damage, or transportation disruptions, but we have a solid foundation to build on as we continue to advance pipeline safety.

In closing, we look forward to continuing to work with Congress to address pipeline safety issues and to improve pipeline safety programs. Together, we will keep America's people and environment safe while providing for the reliable transportation of the Nation's energy supplies. Everyone at PHMSA is dedicated and committed to fulfilling the remaining mandates and accomplishing our pipeline safety mission. It is an honor to serve the American people and to work with the dedicated public servants at PHMSA. Thank you again for the opportunity to speak with you today. I would be pleased to answer any questions you may have.

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