

**WRITTEN STATEMENT OF
THE HONORABLE CYNTHIA L. QUARTERMAN
ADMINISTRATOR
PIPELINE AND HAZARDOUS MATERIALS SAFETY
ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 3, 2014

Chairman Latham, Ranking Member Pastor, Members of the Subcommittee, thank you for the opportunity to submit this statement on the President's budget for the Pipeline and Hazardous Materials Safety Administration (PHMSA). For FY 2015, the request is for \$260.5 million or \$50.5 million more than the FY 2014 enacted level.

Broken down by PHMSA's four accounts, the FY 2015 Budget would dedicate:

- **\$159.5 million to Pipeline Safety**, which is \$40.9 million more than in FY 2014. This request includes 54.5 new FTEs and funding for the National Pipeline Information Exchange (NPIX) to continue carrying out Pipeline Safety Reform and other initiatives, and increasing funding to State Pipeline Safety grants;
- **\$52 million to Hazardous Materials Safety**, which is \$7 million more than in FY 2014. The request includes three new FTEs, of which 2.5 FTEs will provide hazardous materials outreach and analytical program support and a 0.5 FTE will support acquisition services to assist in the processing and management of \$4.7 million committed to research and development;
- **\$28.3 million in Emergency Preparedness Grants** would go to first responders and communities engaged in the critical work of gaining and disseminating information to reduce risks and harm posed by hazardous materials transportation; and
- **\$20.7 million** would fund **Operational Expenses**.

PHMSA's Mission and Recent Successes

PHMSA oversees the safe transportation of hazardous materials through the network of 2.6 million miles of pipelines, serving 66 million residential and commercial customers, and approximately one million daily shipments of hazardous materials carried by air, rail, ship or vehicle.

As domestic oil and gas production rises and transportation of energy products increases and evolves, PHMSA's responsibility grows. PHMSA must grow to meet those added demands and evolving challenges.

Additional resources have translated into recent successes. In FY 2013, the Pipeline Safety program conducted 1,300 pipeline inspections, issued 260 enforcement actions, including proposing a total of \$7.4 million in civil penalties, awarded 136 grants to 50 states and other entities, provided training to students in pipeline inspection, and funded 15 research and development projects.

In FY 2013, the Hazardous Materials Safety program focused on high risk safety issues and conducted 1,655 hazmat inspections, educated over 490 state and local partners through Multi-modal seminars, awarded 76 grants to 50 states and other entities including tribes, and funded 3 research and development projects. The program opened 224 enforcement cases, issued 462 tickets -- including some with penalties of nearly \$1.6 million.

Nonetheless, the potential and need to do more remains. The FY 2015 Budget request continues to support the Job Creation Act and the proposed reauthorization following Moving Ahead for Progress in the 21st Century Act (MAP-21), as well as the Pipeline Safety Reform initiative. Funding for these initiatives and ongoing operations will rely predominantly on user fees; under the proposed FY 2015 Budget, fees make up 76 percent of resources while general funds account for 24 percent.

Following up on the increases received in FY 2014, the FY 2015 President's Budget for PHMSA includes \$11 million for additional inspection and enforcement personnel and other staff as part of Pipeline Safety Reform (PSR), \$12 million for IT modernization, \$10 million for state safety grants, \$1 million for reviewing onshore oil facilities response plans, \$3.7 million for public outreach, and \$5 million for research & development. In addition, the Department has proposed a new two-year \$40 million fund for PHMSA, Federal Railroad Administration (FRA) and Federal Motor Carrier Safety Administration (FMCSA) to support the safe transportation of energy products, such as the shale oil coming from the Bakken formation.

In particular, the FY 2015 Budget request focuses on the following initiatives:

Pipeline Safety Reform (PSR) - PHMSA's multi-year PSR seeks to add additional I&E staff with the right mix of talent stationed strategically to enhance our inspection and investigation corps in cooperation with partner agencies in the states. The PSR also requires scientists to research, lawyers to write better rules, support staff to make operations run smoothly, and senior management's judgment to shift and strategically deploy current and new personnel both at headquarters and across the country. All these efforts add to PHMSA's bank of knowledge aimed at reducing the risk of future pipeline failures.

An increase of \$23.5 million is requested for 52.0 full-time equivalents (FTEs), which includes I&E, investigative, training and other staff as well as the NPIX initiative to strengthen PHMSA's capabilities for enhanced strategic decision making.

Emergency and Preparedness Information for Communities (EPIC) – PHMSA also must do more to create and disseminate knowledge among its stakeholders and to the general public as energy transportation expands. The public should know what’s going on around them, especially when it affects their safety. EPIC will help correct one of the most significant factors contributing to pipeline and hazmat incidents today, lack of public awareness, as people unknowingly dig into pipelines or mispackage hazardous materials bound for destinations unaware of the risks involved.

For FY 2015, PHMSA proposes to shift its various current outreach efforts into higher gear through a \$3.7 million request for EPIC, which includes 3.0 FTEs. This PHMSA-wide initiative will help prevent tragedies through two key objectives. First, in Pipeline Safety, \$2.1 million will be devoted to further spread the word about 811 “Call Before You Dig” and other outreach activities through a public service campaign. Second, the budget requests \$1.6 million for the Hazardous Materials Safety program to increase contacts and training with communities so that they are better prepared for hazmat incidents.

Research & Development Priorities in Hazardous Materials – An increase of \$4.7 million is requested for R&D to enhance the expertise on subjects related to the technical aspects of safe packaging and container storage for transport and chemical compound analysis. PHMSA’s research efforts will help to address safety specifications for shipping containers, classification validation, pilot studies on preventing explosions in transport vehicles, and establishing best practices for unloading and loading hazmat. It will also help PHMSA continue research responsibilities set forth under MAP-21.

Safe Transportation of Energy Products Fund – The President’s budget request also recognizes the need to ensure the safe transportation of energy products as they travel by rail or truck through our communities. Recognizing that effective solutions to these transportation concerns requires a multimodal focus, the budget also requests the establishment of a new Safe Transportation of Energy Products Fund to support prevention and response activities associated with the increased safety issues surrounding the transport of energy products. This fund would be housed in the Office of the Secretary and would be available to support initiatives in the Pipeline and Hazardous Materials Safety Administration, the Federal Railroad Administration, and the Federal Motor Carrier Safety Administration.

Thank you for the opportunity to outline and detail the President’s FY 2015 budget for PHMSA. We look forward to working with the Congress to sustain the safety of our nation’s pipeline and hazardous materials transportation systems, while advancing our work to prevent incidents from occurring in the first place. I am happy to answer any questions.