

**WRITTEN STATEMENT OF
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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**

March 25, 2015

Chairman Diaz-Balart, Ranking Member Price, 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 2016, the request is for \$288.7 million or \$44.2 million more than the FY 2015 enacted level.

The FY 2016 Budget would fund the following four PHMSA accounts:

- **\$175.1 million to Pipeline Safety**, which is \$29.6 million more than in FY 2015. This request includes funding for the National Pipeline Information Exchange (NPIX), to fully fund the positions made available in the Pipeline Safety Reform, and \$2 million for the Pipeline Safety Design Review Fund;
- **\$64.3 million to Hazardous Materials Safety**, which is \$12.3 million more than in FY 2015. The request includes 26.0 new FTEs, of which 16.0 FTEs will be dedicated to inspection and enforcement, 7.5 FTEs will provide regulatory, analytical, and policy support, and 2.5 FTEs will serve as chemists/engineers. Program funding will include \$1.6 million for research and development involving contracts, testing and safety equipment and \$1.9 million for hazmat information & analysis under the Risk Management Framework initiative;
- **\$28.3 million in Emergency Preparedness Grants** would go to first responders and communities engaged in the critical work of gaining and disseminating know-how aimed at reducing risk and harm posed by hazardous materials; and
- **\$21.0 million for Operational Expenses** which is \$275,000 more than in FY 2015

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, inland waterway or roadway.

In FY 2014, the Pipeline Safety program conducted 1,405 pipeline inspections, issued 234 enforcement actions, including proposing a total of \$5.7 million in civil penalties, awarded 138 grants to 50 states and other entities, provided training to students in pipeline inspection, and funded 18 research and development projects. The program opened 162 enforcement cases, and collected penalties of nearly \$4 million.

In FY 2014, the Hazardous Materials Safety program focused on high risk safety issues and conducted 1,227 hazmat inspections, educated over 3,000 state and local partners through multi-modal seminars, awarded 67 grants to 50 states and other entities including tribes, and funded 11 research and development projects. The program opened 120 new enforcement cases and closed 415 enforcement actions with a total penalty amount of \$1.7 million.

However, recent large scale pipeline failures and hazardous material incidents underscore the need to augment our inspection, enforcement, and regulatory efforts. The FY 2016 Budget request continues to support the Pipeline Safety, Regulatory, Certainty, and Job Creation Act of 2011 (P.L. 112-90), and the proposed Generating Renewal Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities through America Act (GROW AMERICA Act).

Pipeline operators fund the entire pipeline safety account. PHMSA's budget request proposes that hazardous materials shippers also begin paying a fee for the processing of Special Permits and Approvals, which are seeking exemptions from the Hazardous Materials Regulations. In addition to continuing our important work, the FY 2016 Budget request funding for the following:

Expansion of existing Hazardous Materials Safety programs including the Safe Transport of Energy Products initiative –\$6.9 million is requested for research and development, safety and testing equipment, and training and outreach for the safe transport of energy products. This includes inspection and enforcement staff plus subject matter experts, including economic/policy analysis, chemists, engineers, regulatory specialists and transportation specialists.

National Pipeline Information Exchange (NPIX) –\$12.0 million is requested to build a repository for inspection and enforcement data from PHMSA and the states to create an aggregate, national view of the pipeline system. Geospatial data collected through NPIX will be loaded in the National Pipeline Mapping System to produce a detailed map of the pipeline network. This data will enable the proactive monitoring of pipeline operator issues, management of risks associated with trends, and implementation of best practices in maintaining our national pipeline network.

Risk Management Framework –\$3.3 million is requested to achieve better inspection and enforcement coverage of potentially dangerous shipments using a data-driven, risk-based,

approach to identify the highest risk shipments using investigation teams, advanced economic analysis techniques, and research and development tools.

Design Review Fund – PHMSA is requesting to change the \$2.0 million Design Review fund from a mandatory receipt as authorized and appropriated in FY 2015 to an offsetting collection for FY 2016. This change recognizes PHMSA’s role in approving the design of large scale pipeline projects and requires developers of such projects to pay the reasonable cost for PHMSA’s review.

Thank you for the opportunity to outline and detail the President’s FY 2016 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 answers any questions.