



U.S. Department of
Transportation

BUDGET ESTIMATES FISCAL YEAR 2013

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

SUBMITTED FOR THE USE OF THE
COMMITTEES ON APPROPRIATIONS

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2013 BUDGET REQUEST
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I – Overview

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2013 BUDGET REQUEST OVERVIEW**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) administers nationwide safety programs designed to protect the public and the environment from the risks in the commercial transportation of hazardous materials by air, rail, vessel, highway, and pipeline.

PHMSA oversees the transportation of hazardous liquids and natural gas through a network of 2.6 million miles of pipelines, serving more than 70 million residential and commercial customers. These pipelines transport and supply more than two-thirds of the fuel used to heat, cool, and operate American homes, cars, and businesses, including most of the energy powering transportation modes. PHMSA also oversees the safe and secure shipment of up to one million daily movements of hazardous materials by all transportation modes, including explosive, poisonous, corrosive, flammable, and radioactive materials. These materials are essential to the American public and local economies due to their use in farming, medical applications, manufacturing, mining, power generation, water purification, and many other industrial processes and products.

PHMSA's work often goes unnoticed due to its successful efforts in reducing and containing serious incidents that could affect local communities. During the past two decades, the number of pipeline or hazardous materials related incidents resulting in death or major injury declined considerably. In addition to the substantial decline of serious pipeline incidents between 1988 and 2010, liquid pipeline spills with environmental consequences have also declined an average of 5% per year since 2002.

PHMSA's FY 2013 Budget request supports the recently approved Pipeline Safety Regulatory, Certainty and Job Creation Act of 2011 and the proposed reauthorization legislation for the Hazardous Materials Safety program. These reauthorizations identify areas for improvement and the need for additional resources. Recent pipeline failures indicate the need to improve the safety of both interstate and intrastate lines. Current challenges to improving safety include the small number of Federal and State inspectors (about 400 total nationwide), an aging pipeline infrastructure, and a lack of centralized data on the condition of all pipelines in the nation. In response, PHMSA has developed the Pipeline Safety Reform (PSR) 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. By implementing the PSR initiative, PHMSA expects to more adequately oversee the aging infrastructure of the pipeline safety system and deter the rising number of deaths from pipeline explosions across America.

In support of the President's Executive Order – Promoting Efficient Spending (November 9, 2011), PHMSA is identifying 20 percent cost-savings in discretionary travel, printing, and supplies and eight percent in Communications/Employee IT devices compared to FY 2010 expenses.

For FY 2013, the Budget requests \$276.0 million and 572.0 Full-Time Equivalents (FTEs), including reimbursable, to advance the Agency's strategic goals of protecting the public and the environment.

More specifically, the FY 2013 request includes the following increases:

- \$1.4 million for adjustments to base/realignments, (i.e. Rental Payment increases, Working Capital Fund increases, and annualization of FY 2012 enacted FTE);
- \$73.4 million for 150 new positions for Pipeline Safety, 22 positions for Hazardous Materials Safety and program increases, including the State Pipeline Safety Grants Program, Pipeline Safety Research and Development, National Pipeline Information Exchange, Hazardous Materials Program Evaluation, Hazardous Materials Research & Analysis, Special Permits & Approvals, Hazardous Materials Training & Outreach, Radioactive Materials, and PHMSA's IT Modernization Plan.

The request includes funding for four essential programs that pertain to the overall success of PHMSA's mission: Pipeline Safety, Hazardous Materials Safety, Emergency Preparedness Grants, and Operational Expenses.

FY 2013 funding is requested by appropriation as follows:

Pipeline Safety (\$177.010 million / 290.0 FTE)

The FY 2013 request represents a \$66.8 million and 75.0 FTE increase from the FY 2012 Enacted Budget of \$110.252 million and 215.0 FTE. This increase in funding reflects:

- \$598,000 for FY 2013 realignments;
- \$906,000 for adjustments to base;
- \$65.3 million is requested for PHMSA's Pipeline Safety Reform efforts.
Included in this total is:
 - \$20.8 million for States Grants to provide additional Federal funding for State pipeline safety programs and restructure the program to ensure standardization among all State pipeline programs,
 - \$16.0 million for 120 new pipeline safety inspection and enforcement staff and program personnel assigned to oversee and inspect the safe operation of the Nation's pipeline infrastructure and 30 other program personnel to provide administrative and technical expertise to the additional pipeline inspectors,
 - \$7.7 million for National Pipeline Information Exchange for PHMSA to develop a comprehensive database of pipeline safety information that integrate information from PHMSA, States, industry, and other Federal sources,
 - \$6.0 million for research and development for PHMSA to amend its project evaluation and decision process so there is no industry participation to ensure greater separation between regulator and the regulated industry,
 - \$4.0 million for Pipeline Safety Design Review User Fee to ensure that pipeline projects are monitored and inspected according to PHMSA's pipeline safety standards,
 - \$2.9 million for the Onshore Facilities Response Plan Initiative in order to increase response time and better response plans,
 - \$2.5 million for Training and Information Dissemination to train the inspection and enforcement staff and to maintain high knowledge base,
 - \$2.3 million for an Accident Investigation Team that will review all pipeline accidents currently below the National Transportation Safety Board (NTSB) threshold,
 - \$2.0 million for public outreach to establish a national awareness campaign to educate the public about pipelines when starting excavation projects, and
 - \$1.0 million to evaluate State Pipeline Safety programs.

All of these initiatives enable PHMSA to carry out its comprehensive, nationwide Pipeline Safety program that protects people and the environment from the risks inherent in the transportation of hazardous materials by pipeline.

Hazardous Materials Safety (\$50.673 million / 201.0 FTE)

The FY 2013 request represents an \$8.3 million and 11.0 FTE increase from the FY 2012 Enacted Budget of \$42.338 million and 190.0 FTE. This increase in funding reflects:

- \$479,000 for FY 2013 realignments;
- \$208,000 for adjustments to base; and
- \$5.3 million for modernization of transactional information systems; inspection and enforcement; quality assurance and program evaluation capabilities;
- \$2.3 million for half year funding for 22 new Safety staff, including investigators, special permits and approvals specialists, scientists/engineers, data analysts, and training specialists.

All of these resources enable PHMSA to administer a comprehensive, nationwide program designed to protect the public from the risks to life, health, property, and the environment inherent in the commercial transportation of hazardous materials. This goal has driven PHMSA's strong safety record. Hazardous materials incidents with death or major injury have declined an average of 4% every three years over the long term (1988-2010).

Emergency Preparedness Grants (\$28.318 million)

The Budget request is the same amount for FY 2013 as was requested in FY 2012. For FY 2013, funding will be used for increasing local responders' knowledge through "Train the Trainer" sessions:

- Develop outreach tools, including the publication of the widely-used Emergency Response Guidebook (ERG);
- Provide emergency response training and planning through financial assistance to States, territories, and tribes;
- Develop and update curriculum guidelines to train public sector emergency response and preparedness teams; and
- Offer technical and administrative support to ensure all the functions mentioned above may be executed smoothly.

These grants aid in reducing risk and saving lives. For instance, the ERG is used by "first responders" nationwide (i.e., those public safety personnel first dispatched to the scene of a hazardous materials spill, such as firefighters, police, and emergency services personnel) to follow emergency protocols, such as setting safety perimeters to protect the public from a hazardous spill.

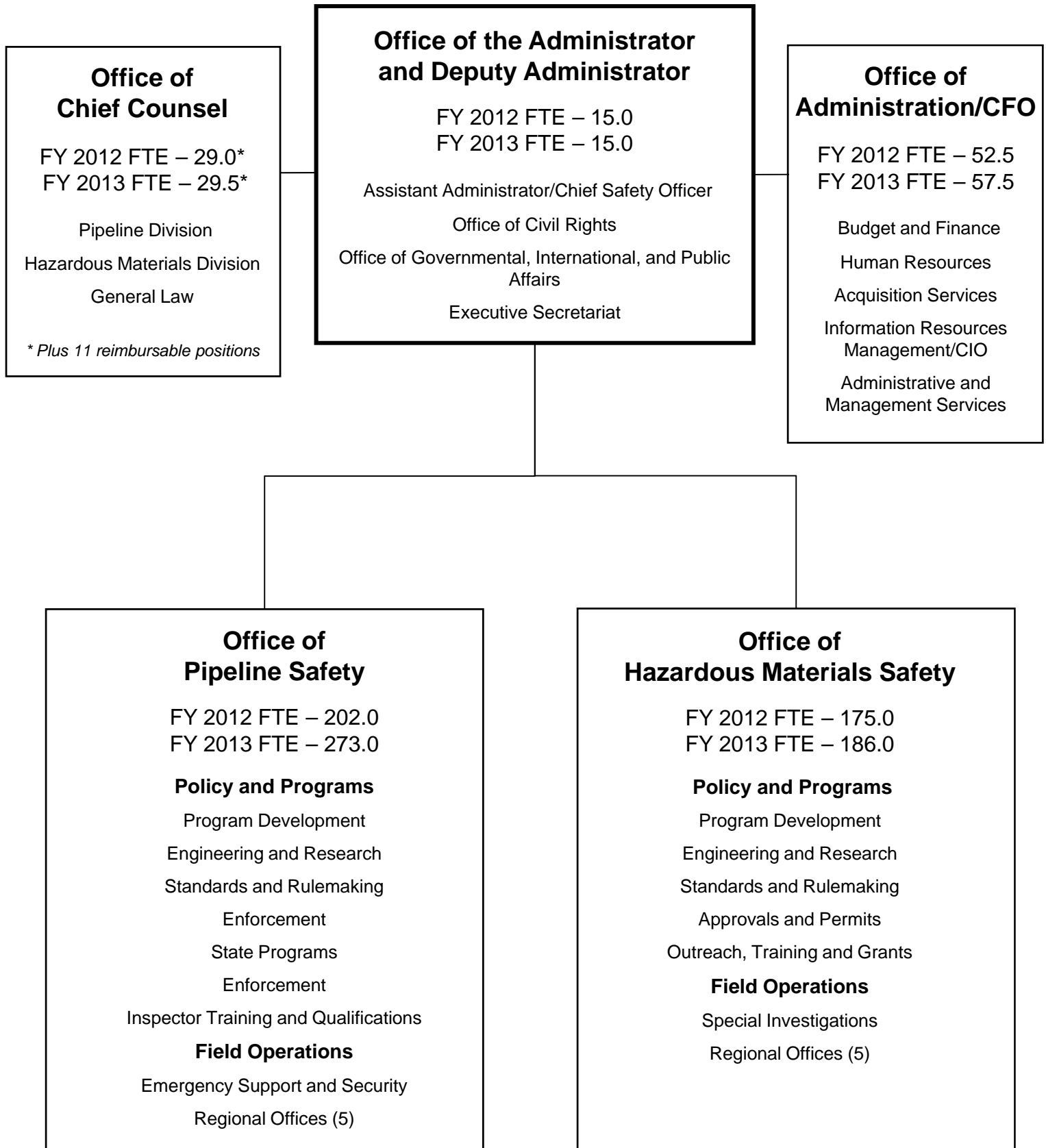
Operational Expenses (\$20.047 million / 70.0 FTE)

FY 2013 request represents a \$313,000 decrease and 1.5 FTE increase from the FY 2012 Enacted Budget, totaling \$20.360 million and 68.5 FTE. The change in funding reflects:

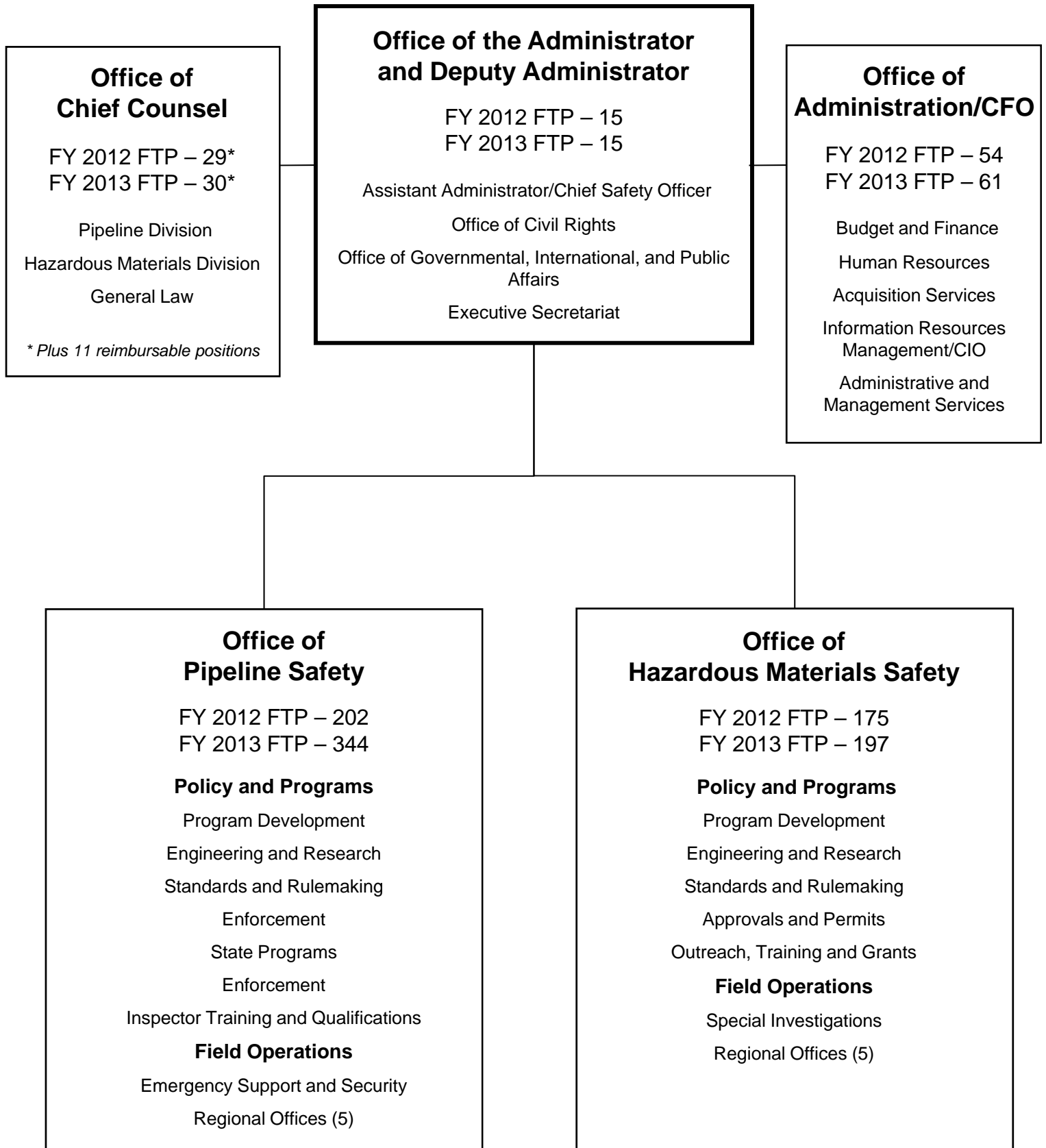
- (\$1.077) million for FY 2013 realignments
- \$299,000 for adjustments to base; and
- \$465,000 to support the IT Modernization Blueprint.

The functions of PHMSA's administrative support offices and personnel enhance the agency's capability to effectively and efficiently carry out the mission of its two cores Pipeline and Hazmat safety programs.

**Pipeline and Hazardous Materials Safety Administration (PHMSA)
 Full-Time Equivalents (FTEs) for FYs 2012 and 2013
 Totals: FY 2012 FTE – 484.5 / FY 2013 FTE – 572.0**



**Pipeline and Hazardous Materials Safety Administration (PHMSA)
 Full-Time Positions (FTPs) for FYs 2012 and 2013
 Totals: FY 2012 FTP – 486 / FY 2013 FTP – 658**



Note: Organizational Chart reflects where staff is currently working not according to funding.

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II – Budget Summary Tables

EXHIBIT II-1

**FY 2013 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Request</u>
Pipeline Safety			
Pipeline Safety Fund	\$88,014	\$90,679	\$150,500
Oil Spill Liability Trust Fund	18,905	18,573	21,510
Design Review Fees	0	0	4,000
Special Permits Fees	0	0	0
General Fund	1,000	1,000	1,000
Rescission	(216)	0	0
Subtotal	107,703	110,252	177,010
Hazardous Materials Safety			
General Fund	39,098	42,338	38,673
Special Permit and Approvals Fund	0	0	12,000
Rescission	(78)	0	0
Subtotal	39,020	42,338	50,673
Emergency Preparedness Grants			
Emergency Preparedness Fund (Mandatory)	18,526	28,130	28,130
Emergency Preparedness Fund (Discretionary)	188	188	188
Rescission	0	0	0
Subtotal	18,714	28,318	28,318
Operational Expenses			
General Fund	19,857	19,721	19,408
Pipeline Safety Fund	639	639	639
Rescission	(41)	0	0
Subtotal	20,455	20,360	20,047
Total, Pre-rescission	186,227	201,268	276,048
Rescission	(335)	0	0
TOTAL	\$185,892	\$201,268	\$276,048

EXHIBIT II-2

**FY 2013 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Request</u>
<u>Pipeline Safety</u>			
<i>From Pipeline Safety User Fees</i>	\$87,838	\$90,679	\$150,500
<i>From Proposed Design Review Fees</i>	\$0	0	4,000
<i>From Proposed Special Permits Fees</i>	\$0	0	0
<i>From the General Fund</i>	998	1,000	1,000
<i>Pipeline Safety Share of the Oil Spill Liability Trust Fund</i>	18,867	18,573	21,510
	\$107,703	\$110,252	\$177,010
<u>Hazardous Materials Safety</u>			
<i>From the General Fund</i>	\$39,020	\$42,338	\$38,673
<i>From Proposed Hazardous Materials Special Permits and Approvals Fund</i>	0	0	12,000
	\$39,020	\$42,338	\$50,673
<u>Emergency Preparedness Grants</u>	\$18,714	\$28,318	\$28,318
<u>Operational Expenses</u>			
<i>From the General Fund</i>	\$19,817	\$19,721	\$19,408
<i>From Pipeline Safety User Fees</i>	638	639	639
	\$20,455	\$20,360	\$20,047
TOTAL	\$185,892	\$201,268	\$276,048

EXHIBIT II-3

**FY 2013 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOAL
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	Safety	Environmental Sustainability	State of Good Repair/ Infrastructure	Livable Communities	Economic Competitiveness	Organizational Excellence	TOTAL
Program							
Pipeline Safety	\$188,850						\$188,850
Hazardous Materials Safety	87,198						87,198
TOTAL	\$276,048	\$0	\$0	\$0	\$0	\$0	\$276,048

Note: In FY 2012, PHMSA showed all of its funding request under the "Safety" strategic goal since safety is the primary purpose of the agency. There are also significant environmental benefits indirectly funding the "Environmental Sustainability" strategic goal, from these same activities, particularly in pipeline safety, but most of the activities are not separable from their safety purpose.

EXHIBIT II-3a

**FY 2013 BUDGET REQUEST BY DOT OUTCOMES
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)**

DOT Outcome	Program	FY 2013 Request
SAFETY		
Reduction in transportation-related deaths and injuries	Pipeline Safety	\$188,850
Reduction in transportation-related deaths and injuries	Hazardous Materials Safety	\$87,198

EXHIBIT II-4

**FY 2013 BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)**

<u>ACCOUNT NAME</u>	<u>Mandatory/ Discretionary</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Request</u>
Pipeline Safety	D	\$107,703	\$110,252	\$177,010
Hazardous Materials Safety	D	\$39,020	\$42,338	\$50,673
Emergency Preparedness Grants	M	\$18,526	\$28,130	\$28,130
	D	188	188	188
		<hr/>	<hr/>	<hr/>
		\$18,714	\$28,318	\$28,318
Operational Expenses	D	\$20,455	\$20,360	\$20,047
		<hr/>	<hr/>	<hr/>
	TOTAL	\$185,892	\$201,268	\$276,048
	<i>Discretionary</i>	<i>167,366</i>	<i>173,138</i>	<i>247,918</i>
	<i>Mandatory</i>	<i>18,526</i>	<i>28,130</i>	<i>28,130</i>

PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS

General Offsetting Receipts:

Pipeline Safety User Fees	D	\$90,032	\$91,318	\$151,139
Proposed Pipeline Safety Design Review Fees	D	0	0	4,000
Emergency Preparedness Fund (EP Grants)	M	23,688	28,318	28,318
Proposed Hazardous Materials Special Permits and Approvals Fund	D	0	0	12,000
Hazmat Registration Program	M	660	800	800
		<hr/>	<hr/>	<hr/>
	TOTAL	\$114,380	\$120,436	\$196,257

EXHIBIT II-5

FY 2013 OUTLAYS¹

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Request</u>
Pipeline Safety			
Pipeline Safety Fund	\$85,538	\$91,676	\$105,547
General Fund Share of Pipeline Safety	0	0	0
Trust Fund Share of Pipeline Safety	14,578	21,350	20,059
Subtotal, Pipeline Safety	\$100,116	\$113,026	\$125,606
 Hazardous Materials Safety	 \$40,116	 \$45,324	 \$48,136
Emergency Preparedness Grants			
Mandatory	\$21,463	\$44,375	\$25,375
Discretionary	0	188	188
Subtotal, Emergency Preparedness Grants	\$21,463	\$44,563	\$25,563
 Operational Expenses	 \$21,184	 \$20,287	 \$20,088
Research and Special Programs	\$53	\$391	\$0
TOTAL	\$182,932	\$223,591	\$219,393
<i>Discretionary</i>	<i>161,469</i>	<i>179,216</i>	<i>194,018</i>
<i>Mandatory</i>	<i>21,463</i>	<i>44,375</i>	<i>25,375</i>

¹ Outlays are reported on a cash expenditure basis. The amount of budget authority and outlays for a fiscal year typically differ because budget authority from previous years can be used for outlays in the current fiscal year.

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2012 Enacted	Realignments	Annualization of 2012 Pay Raises	Annualization of 2012 FTE	2013 Pay Raises	One Additional Compensable Day	GSA Rent	WCF Increase/Decrease	0.50% Inflation	FY 2013 Baseline Estimate	Program Increases/Decreases	FY 2013 Request
OPERATIONS												
PERSONNEL RESOURCES (FTE)												
Direct FTE	473.5			1.5						475.0	86.0	561.0
FINANCIAL RESOURCES												
Salaries and Benefits	\$60,579		\$198	\$2	\$226	\$232			\$26	\$61,235	\$12,461	\$73,696
Travel	\$5,107									\$5,135	\$1,413	\$6,548
GSA Rent & DHS Security	\$6,857		\$23				\$341			\$7,221	\$1,048	\$8,269
Communications & Utilities	\$1,698		\$9						\$8	\$1,715		\$1,715
Printing	\$49									\$49		\$49
Professional/Administrative Support Services	\$2,370	(\$27)							\$12	\$2,355	\$555	\$2,910
Training & Employee Development	\$1,744		\$23						\$9	\$1,776	\$644	\$2,420
WCF												
Facilities, Information, and Asset Mgmt	\$1,953							(\$60)		\$1,893		\$1,893
CIO/Information Technology	\$4,815							(\$245)		\$4,570		\$4,570
HR Systems	\$335							\$47		\$382		\$382
Security	\$797							\$118		\$915		\$915
Telecommunications												
Printing												
Desktop Services												
Other	\$370							(\$17)		\$353		\$353
Other Services	\$1,225		\$15						\$7	\$1,247	\$2,110	\$3,357
Accounting/Delphi Services	\$1,383								\$4	\$1,387		\$1,387
Supplies	\$276		\$8						\$2	\$286		\$286
Equipment	\$1,195		\$9						\$6	\$1,210	\$666	\$1,876
Subtotal, Administrative	\$90,753	(\$27)	\$0	\$287	\$226	\$232	\$341	(\$157)	\$74	\$91,729	\$18,897	\$110,626
PROGRAMS												
Contract Programs:												
Pipeline Safety	\$18,710								\$94	\$18,804	\$22,454	\$41,258
Hazardous Materials Safety	\$8,449	\$27							\$42	\$8,518	\$5,330	\$13,848
Emergency Preparedness Grants	\$963									\$963		\$963
Operational Expenses	\$5,205								\$26	\$5,231	\$465	\$5,696
Subtotal, Contract Programs	\$33,327	\$27	\$0	\$0	\$0	\$0	\$0	\$0	\$162	\$33,516	\$28,249	\$61,765
Research and Development:												
Pipeline Safety	\$6,920								\$35	\$6,955	\$5,976	\$12,931
Hazardous Materials Safety	\$1,716								\$9	\$1,725		\$1,725
Subtotal, Research and Development	\$8,636	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44	\$8,680	\$5,976	\$14,656
Grants:												
Pipeline Safety	\$41,752								\$204	\$41,956	\$20,800	\$62,756
Emergency Preparedness Grants	\$26,800									\$26,800	(\$555)	\$26,245
Subtotal, Grants	\$68,552	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$204	\$68,756	\$20,245	\$89,001
GRAND TOTAL	\$201,268	\$0	\$0	\$287	\$226	\$232	\$341	(\$157)	\$484	\$202,681	\$73,367	\$276,048

Exhibit II-6
 SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
 DEPARTMENT OF TRANSPORTATION
 PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
 PIPELINE SAFETY
 Appropriations, Obligation Limitations, and Exempt Obligations
 (\$'000)

	FY 2012 Enacted	Annualization of 2012 Pay Raises	Annualization of 2012 FTE	2013 Pay Raises	Additional Compensable Day	WCF Increase/Decrease	0.50% Inflation	FY 2013 Baseline Estimate	Program Increases/Decreases	FY 2013 Request
OPERATIONS										
PERSONNEL RESOURCES (FTE)	215.0							215.0	75.0	290.0
Direct FTE										
FINANCIAL RESOURCES										
Salaries and Benefits	\$26,945			\$101	\$104		\$17	\$27,150	\$10,880	\$38,030
Travel	\$3,316							\$3,333	\$1,281	\$4,614
GSA Rent & DHS Security	\$3,740					\$428		\$4,168	\$938	\$5,106
Communications & Utilities	\$1,035						\$5	\$1,040		\$1,040
Printing	\$7							\$7		\$7
Professional/Administrative Support Services	\$811						\$4	\$815		\$815
Training & Employee Development	\$1,338						\$7	\$1,345	\$600	\$1,945
WCF										
Facilities, Information, and Asset Mgmt	\$885							\$819		\$819
CIO/Information Technology	\$1,828	\$598						\$2,334		\$2,334
HR Systems	\$178							\$196		\$196
Security	\$423							\$471		\$471
Other	\$197							\$185		\$185
Other Services	\$382						\$2	\$384	\$1,725	\$2,109
Accounting/Delphi Services	\$682						\$3	\$685		\$685
Supplies	\$116						\$1	\$117		\$117
Equipment	\$987						\$5	\$992	\$600	\$1,592
Subtotal, Administrative	\$42,870	\$598	\$0	\$101	\$104	\$428	\$44	\$44,041	\$16,024	\$60,065
PROGRAMS										
Contract Programs:										
Information and Analysis	\$1,736						\$9	\$1,745	\$7,656	\$9,401
Pipeline Integrity Management	\$8,684	\$728					\$47	\$9,459		\$9,459
Permitting	\$728	(\$728)						\$0		\$0
Compliance	\$319						\$2	\$321	\$2,398	\$2,719
Training and Information Dissemination	\$1,485						\$7	\$1,492	\$2,500	\$3,992
Emergency Notification	\$107						\$1	\$108		\$108
Community Ass't and Technical Services	\$2,867						\$14	\$2,881	\$2,000	\$4,881
Multimodal Hazmat Intelligence Portal	\$403						\$2	\$405		\$405
Alternative Fuels	\$102						\$1	\$103		\$103
Mapping and Information Systems	\$1,271						\$6	\$1,277		\$1,277
Implementing the Oil Pollution Act	\$1,008						\$5	\$1,013		\$1,013
Pipeline Design Review									\$4,000	\$4,000
State Program Evaluation									\$1,000	\$1,000
Onshore Facilities Response Plan Initiatives (Oil Spill Liability Trust Fund)									\$2,900	\$2,900
Subtotal, Contract Programs	\$18,710	\$0	\$0	\$0	\$0	\$0	\$94	\$18,804	\$22,454	\$41,258
Research and Development:										
Subtotal, Research and Development	\$6,920						\$35	\$6,955	\$5,976	\$12,931
Grants:										
State Pipeline Safety Grants	\$38,164						\$191	\$38,355	\$20,800	\$59,155
State One-call Grants	\$1,058						\$5	\$1,063		\$1,063
State Damage Prevention Grants	\$1,530						\$8	\$1,538		\$1,538
Information Grants to Communities	\$1,000							\$1,000		\$1,000
Subtotal, Grants	\$41,752	\$0	\$0	\$0	\$0	\$0	\$204	\$41,956	\$20,800	\$62,756
Programs Subtotal	\$67,382	\$0	\$0	\$0	\$0	\$0	\$333	\$67,715	\$49,230	\$116,945
GRAND TOTAL	\$110,252	\$598	\$0	\$101	\$104	\$428	\$377	\$111,756	\$65,254	\$177,010

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS SAFETY
 Appropriations, Obligation Limitations, and Exempt Obligations
 (\$000)

	FY 2012 Enacted	Annualization			WCF Increase/Decrease	0.50% Inflation	FY 2013 Baseline Estimate	Program Increases/Decreases	FY 2013 Request
		FY 2012 Enacted	Realignments	Annualization of 2012 Pay Raises					
OPERATIONS	190.0						190.0	11.0	201.0
PERSONNEL RESOURCES (FTE)									
Direct FTE									
FINANCIAL RESOURCES									
Salaries and Benefits	\$22,981			\$86	\$89		\$23,156	\$1,581	\$24,737
Travel	\$1,734						\$1,743	\$132	\$1,875
GSA Rent & DHS Security	\$2,157					\$45	\$2,202	\$110	\$2,312
Communications & Utilities	\$403						\$405		\$405
Printing	\$42						\$42		\$42
Professional/Administrative Support Services	\$453						\$428		\$428
Training & Employee Development	\$211						\$212	\$44	\$256
WCF									
Facilities, Information, and Asset Mgmt	\$1,038				\$6		\$1,044		\$1,044
CIO/Information Technology	\$1,616				(\$182)		\$1,913		\$1,913
HR Systems	\$157				\$29		\$186		\$186
Security	\$374				\$70		\$444		\$444
Other	\$173				(\$5)		\$168		\$168
Other Services	\$344				\$2		\$346	\$385	\$731
Accounting/Delphi Services	\$234				\$1		\$235		\$235
Supplies	\$122				\$1		\$123		\$123
Equipment	\$134				\$1		\$135	\$66	\$201
Subtotal, Administrative	\$32,173	\$452	\$0	\$86	\$89	\$45	\$32,782	\$2,318	\$35,100
PROGRAMS									
Contract Programs:									
Hazmat Information System (HMIS)	\$1,952				\$10		\$1,962	\$1,880	\$3,842
Research and Analysis	\$424				\$2		\$426	\$750	\$1,176
Investigation and Enforcement	\$1,773				\$9		\$1,782	\$1,000	\$2,782
Rulemaking Support	\$393				\$2		\$395		\$395
Training and Outreach	\$991				\$5		\$996	\$200	\$1,196
Emergency Preparedness	\$868				\$4		\$872		\$872
Multimodal Hazmat Intelligence Portal	\$1,279				\$6		\$1,285		\$1,285
Hazardous Materials Program Evaluations							\$0	\$1,500	\$1,500
Subtotal, Contract Programs	\$7,680	\$0	\$0	\$0	\$38	\$0	\$7,718	\$5,330	\$13,048
Hazmat Registration Program	\$769	\$27	\$0	\$0	\$0	\$0	\$800		\$800
Research and Development:									
Subtotal, Research and Development	\$1,716	\$0	\$0	\$0	\$9	\$0	\$1,725	\$0	\$1,725
Programs Subtotal	\$10,165	\$27	\$0	\$0	\$51	\$0	\$10,243	\$5,330	\$15,573
GRAND TOTAL	\$42,338	\$479	\$0	\$86	\$89	\$45	\$43,025	\$7,648	50,673

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
EMERGENCY PREPAREDNESS GRANTS
 Appropriations, Obligation Limitations, and Exempt Obligations
 (\$000)

	FY 2012 Enacted	Annualization		One Additional 2013 Pay Raises	WCF Increase/ Decrease	FY 2013 Baseline Estimate	Program Increases/ Decreases	FY 2013 Request
		Annualization of 2012 FTE	Annualization of 2012 FTE					
OPERATIONS								
PERSONNEL RESOURCES (FTE)								
Direct FTE	0.0					0.0		0.0
FINANCIAL RESOURCES								
Subtotal, Administrative	\$555	\$0	\$0	\$0	\$0	\$555	\$555	\$1,110
PROGRAMS								
Mandatory Programs:								
Grants	\$26,800					\$26,800	(\$555)	\$26,245
Technical Assistance	\$150					\$150		\$150
Emergency Response Guidebook (WCF) ^{1,2}	\$625					\$625		\$625
Subtotal, Mandatory Programs	\$27,575	\$0	\$0	\$0	\$0	\$27,575	(\$555)	\$27,020
Subtotal, Mandatory Budget Authority	\$28,130	\$0	\$0	\$0	\$0	\$28,130	\$0	\$28,130
Discretionary Programs:								
Training Curriculum Guidelines	\$188					\$188		\$188
Subtotal, Discretionary Budget Authority	\$188	\$0	\$0	\$0	\$0	\$188	\$0	\$188
Programs Subtotal	\$27,763	\$0	\$0	\$0	\$0	\$27,763	(\$555)	\$27,208
GRAND TOTAL	\$28,318	\$0	\$0	\$0	\$0	\$28,318	\$0	\$28,318

¹ In FY 2012, OST requested \$11.049 million for Working Capital Fund (WCF) Services. Of this amount, \$2.5 million is for the printing of the Emergency Response Guidebook (ERG), and of this \$2.5 million, PHMSA has obligated \$1.875 million in previous years at the rate of \$625,000 per year. The enacted budget resulted in \$10.770 million for WCF Services.

² PHMSA's FY 2013 WCF request is \$8.738 million, of which \$8.113 million will be used for FY 2013 WCF expenses and \$625,000 will be used toward the printing of the Emergency Response Guidebook in FY 2016. The Emergency Response Guidebooks are printed once every four years.

Exhibit II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES

Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2012 Enacted	Realignments	Annualization of 2012 Pay Raises	Annualization of 2012 FTE	2013 Pay Raises	One Additional Compensable Day	GSA Rent	WCF Increase/ Decrease	0.50% Inflation	FY 2013 Baseline Estimate	Program Increases/ Decreases	FY 2013 Request
OPERATIONS												
PERSONNEL RESOURCES (FTE)												
Direct FTE	68.5			1.5						70.0		70.0
FINANCIAL RESOURCES												
Salaries and Benefits	\$10,188		\$198		\$39	\$39				\$10,464		\$10,464
Travel	\$57		\$2							\$59		\$59
GSA Rent & DHS Security	\$960		\$23				(\$132)			\$851		\$851
Communications & Utilities	\$260		\$9						\$1	\$270		\$270
Professional/Administrative Support Services	\$1,106								\$6	\$1,112		\$1,112
Training & Employee Development	\$195		\$23						\$1	\$219		\$219
WCF												
Facilities, Information, and Asset Mgm	\$30									\$30		\$30
CIO/Information Technology	\$1,371	(\$1,077)						\$29		\$323		\$323
HR Systems												
Security												
Other												
Other Services	\$499		\$15						\$3	\$517		\$517
Accounting/Delphi Services	\$377									\$377		\$377
Supplies	\$38		\$8							\$46		\$46
Equipment	\$74		\$9							\$83		\$83
Subtotal, Administrative	\$15,155	(\$1,077)	\$0	\$287	\$39	\$39	(\$132)	\$29	\$11	\$14,351	\$0	\$14,351
PROGRAMS												
Contract Programs:												
Civil Rights (Intern Program)	\$30									\$30		\$30
Information Resources Management	\$818								\$4	\$822		\$822
Information Technology Infrastructure	\$4,251								\$21	\$4,272	\$465	\$4,737
E-Government Initiatives	\$106								\$1	\$107		\$107
Programs Subtotal	\$5,205	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26	\$5,231	\$465	\$5,696
GRAND TOTAL	\$20,360	(\$1,077)	\$0	\$287	\$39	\$39	(\$132)	\$29	\$37	\$19,582	\$465	\$20,047

EXHIBIT II-7
WORKING CAPITAL FUND
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<u>FY 2012¹</u> <u>Enacted</u>	<u>FY 2013²</u> <u>Request</u>	<u>Change</u>
Pipeline Safety	\$3,511	\$4,005	\$494
Hazardous Materials Safety	3,358	3,755	397
Emergency Preparedness Grants	2,500	[625]	(2,500)
Operational Expenses	1,401	353	(1,048)
TOTAL	\$10,770	\$8,113	-\$2,657

¹ In FY 2012, OST requested \$11.049 million for Working Capital Fund (WCF) Services. Of this amount, \$2.5 million is for the printing of the Emergency Response Guidebook (ERG), and of this \$2.5 million, PHMSA has obligated \$1.875 million in previous years at the rate of \$625,000 per year. The enacted budget resulted in \$10.770 million for WCF Services.

² PHMSA's FY 2013 WCF request is \$8.738 million, of which \$8.113 million will be used for FY 2013 WCF expenses and \$625,000 will be used toward the printing of the Emergency Response Guidebook in FY 2016. The Emergency Response Guidebooks are printed once every four years.

[] Denotes non-add

EXHIBIT II-8

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PERSONNEL RESOURCE - SUMMARY
TOTAL FULL-TIME EQUIVALENTS

<u>DIRECT FUNDED, BY APPROPRIATION</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Request</u>
Pipeline Safety	193.0	215.0	290.0
Hazardous Materials Safety	175.0	190.0	201.0
Operational Expenses	58.0	68.5	70.0
Subtotal, Direct Funded	426.0	473.5	561.0
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
Operational Expenses			
Other (Honors Attorneys)	8.0	11.0	11.0
Subtotal, Reimbursements/Allocations/Other	8.0	11.0	11.0
TOTAL FTEs	434.0	484.5	572.0

EXHIBIT II-9

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
RESOURCE SUMMARY - STAFFING
FULL-TIME PERMANENT POSITIONS**

<u>DIRECT FUNDED, BY APPROPRIATION</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Request</u>
Pipeline Safety	215	215	365
Hazardous Materials Safety	190	190	212
Operational Expenses	67	70	70
	<hr/>		
Subtotal, Direct Funded	472	475	647
 <u>ALLOCATIONS/REIMBURSEMENTS</u>			
Operational Expenses			
Other (Honors Attorneys)	11	11	11
	<hr/>		
Subtotal, Allocations/Reimbursements	11	11	11
	<hr/>		
TOTAL POSITIONS	483	486	658

**SUMMARY OF CHANGES
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2013 Request vs. FY 2012 Enacted
(\$000)**

	Change from FY12 - FY13	
	Dollars	FTE
<u>PHMSA BASELINE CHANGES</u>		
Annualization of FY 2012 Requested FTE	\$287	1.5
This adjustment to base finances the funding for six months of a fiscal year for FTE requested in the FY 2012 Enacted Budget.		
One Additional Compensable Workday	232	0.0
This adjustment is to account for one additional compensable workday in FY 2013		
FY 2013 Comparability Pay Increase	226	0.0
FY 2013 is anticipating 0.5 % pay raise		
GSA Rent	341	0.0
Based on PHMSA-wide rent expenditures adjusted for inflation and acquisition of space		
Working Capital Fund Adjustment	(157)	0.0
This adjustment is based on estimates provided by the WCF, and determined by actual usage costs		
Non-Pay Inflation	484	0.0
Based on the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities in FY 2013.		
Total of PHMSA Baseline Changes		\$1,413 1.5
<u>PHMSA PROGRAM CHANGES</u>		
<u>Pipeline Safety</u>		
1. Inspection and Enforcement Personnel - 120 FTP/60.0 FTE	12,838	60.0
2. Pipeline Safety Operations Support Staff - 8 FTP/4.0 FTE	844	4.0
<i>a. Program Development Staff</i>	[425]	[2.0]
<i>b. Human Resources Staff</i>	[211]	[1.0]
<i>c. Standards and Rulemaking/Enforcement Engineer</i>	[211]	[1.0]
3. State Pipeline Safety Grants - 4 FTP/2.0 FTE	21,225	2.0
<i>a. Grant Specialists</i>	[425]	[2.0]
<i>b. Program Cost</i>	[20,800]	[0.0]
4. Accident Investigation Team - 5 FTP/2.5 FTE	2,931	2.5
<i>a. Investigators</i>	[533]	[2.5]
<i>b. Program Cost</i>	[2,398]	[0.0]
5. Research and Development - 2 FTP/1.0 FTE	6,187	1.0
<i>a. Researchers</i>	[211]	[1.0]
<i>b. Program Cost</i>	[5,976]	[0.0]
6. National Pipeline Information Exchange - 5 FTP/2.5 FTE	8,189	2.5
<i>a. Data Stewards/ IT Specialists</i>	[533]	[2.5]
<i>b. Program Cost</i>	[7,656]	[0.0]
7. Public Outreach	2,000	0.0
8. Onshore Facilities Response Plan Initiatives	2,900	0.0
9. Safety Training	3,140	3.0
<i>a. Training Specialists</i>	[640]	[3.0]
<i>b. Program Cost</i>	[2,500]	[0.0]
10. State Program Evaluation	1,000	0.0
11. Pipeline Safety Design Review User Fee	4,000	0.0
Subtotal, Pipeline Safety Program Changes		\$65,254 75.0
<u>Hazardous Materials Safety</u>		
1. Investigation and Enforcement - 12 FTP/6.0 FTE	2,265	6.0
<i>a. Investigators</i>	[1,265]	[6.0]
<i>b. Program Cost</i>	[1,000]	[0.0]
2. IT Modernization - Hazmat Information System (HMIS) - 1 FTP/0.5 FTE	1,985	0.5
<i>a. Data Analyst</i>	[105]	[0.5]
<i>b. Program Cost</i>	[1,880]	[0.0]
3. Hazardous Materials Program Evaluation	1,500	0.0
4. Research and Analysis	750	0.0
5. Special Permits & Approvals - 6 FTP/ 3.0 FTE	633	3.0
<i>a. Specialists</i>	[422]	[2.0]
<i>b. Scientists/Engineers</i>	[211]	[1.0]
6. Training and Outreach - 1 FTP/ 0.5 FTE	305	0.5
<i>a. Training Specialists</i>	[105]	[0.5]
<i>b. Program Cost</i>	[200]	[0.0]
7. Radioactive Materials Staff - 2 FTP/1.0 FTE	210	1.0
<i>a. Inspectors</i>	[105]	[0.5]
<i>b. Scientists/Engineers</i>	[105]	[0.5]
Subtotal, Hazardous Materials Safety Program Changes		\$7,648 11.0
<u>Emergency Preparedness Grants</u>		
1. Hazardous Materials Grant Program Oversight Initiative	\$555	0.0
2. Supplemental Public Sector Training Grants	(555)	0.0
Subtotal, Emergency Preparedness Grants Program Changes		\$0 0.0
<u>Operational Expenses</u>		
1. IT Modernization	465	0.0
Subtotal, Operational Expenses Program Changes		\$465 0.0
Total of PHMSA Program Changes		\$73,367 86.0
TOTAL CHANGES (FY 2013 Request vs. FY 2012 Enacted)		\$74,780 87.5

[] Denotes non-add

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Research & Special Programs
Program and Financing
(In thousands of dollars)

Identification code 021-50-0104-0

	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	220	153	0
08.01 Reimbursable program	0	0	0
09.00 Total new obligations	220	153	0
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	275	153	0
Non-expenditure transfers:			
10.10 Unobligated balance transferred to other accounts (-)			
10.11 Unobligated balance transferred from other accounts			
Adjustments:			
10.20 Adjustment to unobligated balance carried forward, October 1 (+ or -)	88	0	0
10.21 Recoveries of prior year unpaid obligations	173	0	0
10.29 Unobligated balance withdrawn			
10.50 Total unobligated balance	536	153	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.00 Appropriation	0	0	0
11.01 Appropriation (special or trust fund)			
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts (-)	0	0	0
11.21 Appropriations transferred from other accounts	0	0	0
11.60 Total Appropriation	0	0	0
Spending authority from offsetting collections:			
17.00 Collected	71	0	0
17.01 Change in uncollected customer payments from Federal sources (+ or -)	-234	0	0
17.50 Spending authority from offsetting collections	-164	0	0
19.00 Total budget authority	-164	0	0
19.30 Total budgetary resources available	373	153	0
19.40 Unobligated balance expiring (-)	0	0	0
19.41 Unexpired unobligated balance carried forward, end of year	153	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	933	239	0
30.01 Adjustments to unpaid obligations, brought forward, October 1 (+ or -)	-1,320	0	0
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	-1,485	0	0
30.11 Adjustments to uncollected customer payments, brought forward October 1	1,250	0	0
30.20 Obligated balance, start of year, (net)	-621	239	0
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	220	153	0
30.31 Obligations incurred, expired accounts	1,142	0	0
30.40 Outlays (gross) (-)	-123	-391	0
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	234	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	-173	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-440	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	239	0	0
30.91 Uncollected customer payments from Federal sources, end of year (-)	0	0	0
31.00 Obligated balance, end of year	239	0	0
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	-164	0	0
Gross outlays:			
40.10 Outlays from new authority	0	0	0
40.11 Outlays from balances	123	391	0
40.20 Total outlays, gross	123	391	0
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	-71	0	0
40.33 Offsetting collections from non-Federal sources (-)	0	0	0
40.34 Offsetting governmental collections (from non-Federal sources) (-)	0	0	0
40.40 Total offsets against gross budget authority and outlays (-)	-71	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	234	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
40.52 Offsetting collections credited to expired accounts	0	0	0
40.53 Anticipated offsetting collections	0	0	0
40.60 Total additional offsets against budget authority only	234	0	0
40.70 Budget authority, net (discretionary)	0	0	0
40.80 Outlays, net (discretionary)	53	391	0
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	0	0	0
41.90 Outlays, net (discretionary and mandatory)	53	391	0

Note: The Office of Emergency Transportation (OET), while located within the Department's Research and Special Programs Administration (RSPA), was appropriated funding under the Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States, 2002, and the Department of Defense Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States, 2002. In 2005, Congress enacted the Consolidated Appropriations Act, 2005 (Division H), appropriating funds for the OET within the Salaries and Expenses appropriation for the Office of the Secretary (OST), which led to the relocation of OET to the Office of Intelligence, Security, and Emergency Response (S-60) within OST. No provision exists to address moving prior year funds, so such funds remain within the Pipeline and Hazardous Materials Safety Administration.

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
RESEARCH AND SPECIAL PROGRAMS
(In thousands of dollars)

Identification code 69-0104-0-1-407

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request
Direct Obligations:			
25.3 Other purchases of goods and services from government accounts	\$220	\$153	\$0
99.9 Total new obligations	\$220	\$153	\$0

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS**

Research and Special Programs

<u>YEAR</u>	<u>REQUEST</u>		<u>YEAR</u>	<u>ENACTED</u>	
2001	\$42,531,000	2/	2001	\$36,292,979	1/ & 3/
2002	\$41,933,000	4/	2002	\$37,069,000	1/ & 5/
2002 (Suppl.)	\$6,000,00		2002 (Suppl.)	\$2,500,000	
2003	\$44,378,000	6/	2003	\$40,479,630	1/ & 7/
2004	\$50,723,000		2004	\$45,729,490	1/ & 8/
2005	\$52,936,000		2005	\$45,870,666	1/ & 9/
2006	\$0		2006	\$0	
2007	\$0		2007	\$0	
2008	\$0		2008	\$0	
2009	\$0		2009	\$0	
2010	\$0		2010	\$0	
2011	\$0		2011	\$0	
2012	\$0		2012	\$0	
2013	\$0				

1/ Includes \$645,000 from the Pipeline Safety Fund.

2/ Includes \$645,000 from Pipeline Safety Fund and \$4,722,000 in new user fees.

3/ Reflects 0.22% reduction of \$80,021 (Sec. 1403 of P.L. 106-554).

4/ Includes \$645,000 from the Pipeline Safety Fund and \$12,000,000 in new user fees.

5/ Reflects reductions of \$210,000 for TASC (Sec. 349 of P.L. 107-87 and Sec. 1106 of P.L. 107-117).

6/ Includes \$645,000 from the Pipeline Safety Fund and \$5,987,000 in new user fees.

7/ Reflects reductions of \$234,000 for Working Capital Fund (Sec. 362 of Division I of P.L. 108-7) and \$266,370 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

8/ Reflects reductions of \$437,508 for Working Capital Fund (Sec. 517 of Division F of P.L. 108-199) and \$274,002 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

9/ Reflects reductions of \$867,414 for Working Capital Fund (Sec. 197 of Division H of P.L. 108-447) and \$376,920 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

**III – Budget Request by Appropriation
Account Exhibits and Narrative
Justification**

Pipeline Safety

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OIL SPILL LIABILITY TRUST FUND)

(PIPELINE SAFETY DESIGN REVIEW)

(PIPELINE SAFETY SPECIAL PERMIT FUND)

For expenses necessary to conduct the functions of the pipeline safety program, for grants-in-aid to carry out a pipeline safety program, as authorized by 49 U.S.C. 60107, and to discharge the pipeline program responsibilities of the Oil Pollution Act of 1990, [\$109,252,000] \$176,010,000, of which [\$18,573,000] \$21,510,000 shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2014] 2015; and of which [\$90,679,000] \$150,500,000 shall be derived from the Pipeline Safety Fund, of which [\$48,191,000] \$90,735,000 shall remain available until September 30, [2014: *Provided*, That not less than \$1,058,000 of the funds provided under this heading shall be for the one-call State grant program] 2015; and of which \$4,000,000, to remain available until expended, shall be derived as provided in this Act from the Pipeline Safety Design Review Fund. (*Department of Transportation Appropriations Act, 2012.*)

EXHIBIT III-1

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2011 <u>Actual</u>	FY 2012 <u>Enacted</u>	FY 2013 <u>Request</u>	Change FY 2012- FY 2013
Operations/Contract Programs	\$ 59,386	\$ 61,580	\$ 101,323	\$ 39,743
Research and Development	6,871	6,920	12,931	6,011
Grants	41,446	41,752	62,756	21,004
<hr/>				
TOTAL	\$ 107,703	\$ 110,252	\$ 177,010	\$ 66,758
FTEs				
Direct Funded	193.0	215.0	290.00	75.0

Program and Performance Statement

Pipeline Safety – PHMSA is responsible for the Department’s Pipeline Safety program. PHMSA oversees the safety, security, and environmental protection of pipelines through analysis of data, damage prevention, education and training, enforcement of regulations and standards, research and development, grants for States pipeline safety programs, and emergency planning for response to accidents.

EXHIBIT III-1a

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY
SUMMARY ANALYSIS OF CHANGE FROM FY 2012 TO FY 2013
Appropriations, Obligation Limitations and Exempt Obligations
(\$000)**

<u>Appropriation</u>	<u>AMOUNT</u>	<u>FTE</u>
FY 2012 Enacted Budget	\$ 110,252	215.0
FY 2013 Realignments:		
Working Capital Fund	598	0.0
Pipeline Integrity Management	728	0.0
Permitting	(728)	0.0
Subtotal, Realignments	598	0.0
FY 2013 Adjustments to Base:		
FY 2013 Pay Raise	101	0.0
Plus One Additional Compensable Workday	104	0.0
GSA Rent	428	0.0
Working Capital Fund Increase/Decrease	(104)	0.0
Non-Pay Inflation of 0.5%	377	0.0
Subtotal, Adjustments to Base	906	0.0
FY 2013 Program Changes		
1. Inspection and Enforcement Personnel - 120 FTP/60.0 FTE	12,838	60.0
2. Pipeline Safety Operations Support Staff – 8 FTP/4.0 FTE	844	4.0
a. Program Development Staff	[425]	[2.0]
b. Human Resources Staff	[211]	[1.0]
c. Standards and Rulemaking/Enforcement Engineer	[211]	[1.0]
3. State Pipeline Safety Grants – 4 FTP/ 2.0 FTE	21,225	2.0
a. Grant Specialists	[425]	[2.0]
b. Program Cost	[20,800]	[0.0]
4. Accident Investigation Team – 5 FTP/ 2.5 FTE	2,931	2.5
a. Investigators	[533]	[2.5]
b. Program Cost	[2,398]	[0.0]
5. Research and Development – 2 FTP/ 1.0 FTE	6,187	1.0
a. Researchers	[211]	[1.0]
b. Program Cost	[5,976]	[0.0]
6. National Pipeline Information Exchange – 5 FTP/ 2.5 FTE	8,189	2.5
a. Data Stewards/IT Specialists	[533]	[2.5]
b. Program Cost	[7,656]	[0.0]
7. Public Outreach	2,000	0.0
8. Onshore Facilities Response Plan Initiatives	2,900	0.0
9. Safety Training – 6 FTP/ 3.0 FTE	3,140	3.0
a. Training Specialists	[640]	[3.0]
b. Program Cost	[2,500]	[0.0]
10. State Programs Evaluation	1,000	0.0
11. Pipeline Safety Design Review User Fee	4,000	0.0
Subtotal, Program Changes	65,254	75.0
Subtotal, Adjustments to Base, and Program Changes	66,758	75.0
Total, Pipeline Safety	\$ 177,010	290.00

[] Denotes non-add

EXHIBIT III-2
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY
ANNUAL PERFORMANCE RESULTS AND TARGETS

Annual Performance Results and Targets

The Office of Pipeline Safety integrates performance results into its budget request to demonstrate alignment with the Department of Transportation’s Strategic Plan. The Office of Pipeline Safety tracks the following DOT performance measures to demonstrate program results.

DOT Goal/Outcome: Safety

Reduction in injuries and fatalities: Number of pipeline incidents involving death or major injury	2009	2010	2011	2012	2013
Target	38	30-43	31-44	30-42	29-41
Actual	49	39	39		

DOT Goal/Outcome: Environmental Sustainability

Reduction in pollution: Hazardous liquid pipeline spills with environmental impacts.	2009	2010	2011	2012	2013
Target	N/A	89-108	84-104	80-99	76-94
Actual	111	88	99		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Pipeline Safety
Unavailable Collections
(In thousands of dollars)

Identification code 69-5172-0-2-407

	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
01.00 Balance, start of year	\$38,095	\$41,429	\$41,429
01.90 Adjustment to reconcile to unavailable beginning balance	0	0	0
01.99 Revised Balance, start of year	<hr/> 38,095	<hr/> 41,429	<hr/> 41,429
Receipts:			
02.60 Pipeline Safety user fees (offsetting prop. receipts)	90,032	91,318	151,139
04.00 Total: Balances and collections	<hr/> 128,127	<hr/> 132,747	<hr/> 192,568
Appropriations:			
05.00 Pipeline Safety	(88,476)	(91,318)	(151,139)
06.10 Unobligated balance returned to receipts	1,778	0	0
07.99 Balance, end of year	<hr/> \$41,429	<hr/> \$41,429	<hr/> \$41,429

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Pipeline Safety
Program and Financing
(In thousands of dollars)

Identification code 021-50-5172-0

	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
0001 Operations	64,480	61,580	101,323
0002 Research and development	2,365	6,920	12,931
0003 Grants	40,876	41,752	62,756
00.91 Direct	0	0	0
08.01 Reimbursable	105	0	0
0900 Total new obligations	107,827	110,252	177,010
BUDGETARY RESOURCES:			
Unobligated balance:			
1000 Unobligated balance, brought forward, October 1	16,615	24,038	24,038
Non-expenditure transfers:			
1010 Unobligated balance transferred to other accounts (-)	0	0	0
1011 Unobligated balance transferred from other accounts	48	0	0
Adjustments:			
1020 Adjustment to unobligated balance carried forward, October 1 (+ or -)	-1	0	0
1021 Recoveries of prior year unpaid obligations	7,603	0	0
1050 Total unobligated balance	24,265	24,038	24,038
Budget Authority:			
Appropriation:			
Discretionary:			
1100 Appropriation	0	0	0
1101 Appropriation (special fund)	88,653	91,318	155,139
1102 Appropriation (trust fund)	0	0	0
Non-expenditure transfers:			
1120 Appropriations transferred to other accounts (-) [69-1400]	-638	-639	-639
1121 Appropriations transferred from other accounts [69-1400]	998	1,000	1,000
1132 Appropriations temporarily reduced (-)	-177	0	0
1160 Appropriation, Discretionary (Total)	88,836	91,679	155,500
Mandatory:			
12.01 Appropriation (special fund)			
Spending authority from offsetting collections, discretionary:			
1700 Collected	14,624	18,573	21,510
1701 Change in uncollected customer payments from Federal sources (+ or -)	4,264	0	0
1750 Spending authority from offsetting collections, discretionary, total.	18,888	18,573	21,510
1900 Total budget authority	107,724	110,252	177,010
1930 Total budgetary resources available	131,988	134,290	201,048
1940 Unobligated balance expiring (-)	-123	0	0
1941 Unexpired unobligated balance carried forward, end of year	24,038	24,038	24,038
1950 Other balances withdrawn (special and trust funds)	1,778	0	0
1951 Unobligated balance expiring (special and trust funds) (-)	-123	0	0
1952 Expired unobligated balances carried forward, start of year (special and trust funds)	2,995	2,717	2,717
1953 Expired unobligated balances carried forward, end of year (special and trust funds)	2,717	2,717	2,717
1954 Unobligated balance canceling (special and trust funds)	1,778	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
3000 Unpaid obligations brought forward, October 1 (gross)	62,622	61,186	61,096
3001 Adjustments to unpaid obligations, brought forward, October 1 (+ or -)	6	0	0
3010 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	-11,314	-15,577	-15,577
3011 Adjustments to uncollected customer payments, brought forward October 1	0	0	0
3020 Obligated balance, start of year, (net)	51,315	45,609	45,519
Changes in obligated balance during the year:			
3030 Obligations incurred, unexpired accounts	107,827	110,252	177,010
3031 Obligations incurred, expired accounts	2,473	0	0
3040 Outlays (gross) (-)	-100,787	-110,342	-127,057
3050 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	-4,264	0	0
3051 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
3080 Recoveries of prior year unpaid obligations, unexpired accounts (-)	-7,603	0	0
3081 Recoveries of prior year unpaid obligations, expired accounts (-)	-3,353	0	0
Obligated balance, end of year (net)			
3090 Unpaid obligations, end of year (gross)	61,186	61,096	111,049
3091 Uncollected customer payments from Federal sources, end of year (-)	-15,577	-15,577	-15,577
3100 Obligated balance, end of year	45,609	45,519	95,472
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
4000 Budget authority, gross	107,724	110,252	177,010
Gross outlays:			
4010 Outlays from new authority	48,055	54,023	86,735
4011 Outlays from balances	52,732	56,318	40,322
4020 Total outlays, gross	100,787	110,342	127,057
Offsets against gross budget authority and outlays:			
4030 Offsetting collections from Federal sources (-)	-15,249	-18,573	-21,510
4033 Offsetting collections from non-Federal sources (-)	0	0	0
4034 Offsetting governmental collections (from non-Federal sources) (-)	0	0	0
4040 Total offsets against gross budget authority and outlays (-)	-15,249	-18,573	-21,510
Additional offsets against gross budget authority only:			
4050 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	-4,264	0	0
4051 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
4052 Offsetting collections credited to expired accounts	626	0	0
4053 Anticipated offsetting collections	0	0	0
4060 Total additional offsets against budget authority only	-3,638	0	0
4070 Budget authority, net (discretionary)	88,836	91,679	155,500
4080 Outlays, net (discretionary)	85,538	91,769	105,547
Budget authority and outlays, net (total):			
4180 Budget authority, net (discretionary and mandatory)	88,836	91,679	155,500
4190 Outlays, net (discretionary and mandatory)	85,538	91,769	105,547

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY
(In thousands of dollars)

Identification code 69-5172-0-1-407

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request*
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	20,326	21,051	29,663
11.3 Other than full-time permanent	200	0	0
11.5 Other personnel compensation	468	0	0
11.9 Total personnel compensation	20,994	21,051	29,663
12.1 Civilian personnel benefits	6,142	5,894	8,367
21.0 Travel and transportation of persons	2,935	3,316	4,614
22.2 Transportation of Things	6	0	0
23.1 Rental payments to GSA	1,731	3,737	5,106
23.2 Rental payments to others	47	0	0
23.3 Communications, utilities, and miscellaneous charges	804	1,283	1,040
24.0 Printing and reproduction	136	82	7
25.1 Advisory and assistance services	14,598	17,319	33,469
25.2 Other services	1,019	1,720	1,945
25.3 Other purchases of goods and services from government accounts	7,151	5,856	8,692
25.4 Operation and maintenance of facilities	3,653	0	0
25.5 Research and development contracts	1,398	6,920	12,931
25.7 Operation and maintenance of equipment	4	219	2,719
26.0 Supplies and materials	147	116	117
31.0 Equipment	438	987	5,584
41.0 Grants, subsidies, and contributions	46,522	41,752	62,756
Subtotal, Direct obligations	107,722	110,252	177,010
99.0 Subtotal, Reimbursable obligations	105	0	0
99.9 Total new obligations	107,827	110,252	177,010

EMPLOYMENT SUMMARY

Direct:			
1001 Civilian full-time equivalent employment	193.0	215.0	290.0

*This information is correct, but it differs from what is included in OMB's MAX Data System.

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS**

Pipeline Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>YEAR</u>	<u>ENACTED</u>
2001	\$42,874,000	2001	\$39,468,977 1/
2002	\$46,286,000	2002	\$50,187,000 2/
2003	\$56,385,000	2003	\$55,837,595 3/
2004	\$48,336,000	2004	\$52,678,851 4/
2005	\$51,073,000	2005	\$54,040,262 5/
2006	\$54,165,000	2006	\$57,429,900 6/
2007	\$56,925,000	2007	\$60,065,297 7/
2008	\$55,770,000	2008	\$61,018,000
2009	\$74,481,000	2009	\$75,481,000 8/
2010	\$87,334,000	2010	\$87,334,000
2011	\$93,206,000 7/	2011	\$88,836,000 9/
2012	\$99,354,000	2012	\$91,679,000
2013	\$155,500,000		

- 1/ Reflects 0.22% reduction of \$87.023 million (Sec. 1403 of P.L. 106-554).
- 2/ Reflects reductions of \$138,000 for TASC (Sec. 349 of P.L. 107-87 and Sec. 1106 of P.L. 107-117) and \$61,000 for administrative and travel expenses (Sec. 1403 of P.L. 107-206).
- 3/ Reflects reductions of \$166,000 for Working Capital Fund (Sec. 362 of Division I of P.L. 108-7) and \$366,405 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).
- 4/ Reflects reductions of \$311,649 for Working Capital Fund (Sec. 517 of Division F of P.L. 108-199) and \$314,500 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).
- 5/ Reflects reductions of \$290,586 for Working Capital Fund (Sec. 197 of Division H of P.L. 108-447) and \$438,152 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).
- 6/ Reflects reduction of \$580,100 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).
- 7/ Reflects the funding levels provided by a full-year continuing resolution.
- 8/ Reflects the inclusion of \$1.0 million in General Funds for Information Grants to Communities.
- 9/ Reflects reduction of \$215,838 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

Detailed Justification for the Pipeline Safety Program

FY 2013 Request – \$177.010 million

What Do I Need To Know Before Reading This Justification?

PHMSA's nationwide Pipeline Safety program ensures the protection of the people and the environment from the risks inherent in the transportation of hazardous materials by pipeline. PHMSA's Pipeline Safety program accomplishes its mission by promulgating and enforcing safety regulations and through grants to support State Pipeline Safety programs, outreach, training, and research.

Although pipeline transportation has proven to be relatively safe, recent incidents over the past year-and-a-half have made it all too clear that more needs to be done to improve pipeline safety. Gas pipeline explosions in San Bruno, California as well as Allentown and Philadelphia, Pennsylvania left more than twelve people dead and destroyed or damaged over one hundred homes. Oil pipeline ruptures in Michigan and Montana wreaked havoc on nearby environmental systems, the damages of which have not yet fully been accounted for or remediated. PHMSA can and must do more to avoid events like these in the future.

PHMSA is committed to reform; and through the "Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, P.L. 112-90" (The Act), PHMSA will be able to heighten safety standards in FY 2012 but will still need the resources requested to make a significant impact for FY 2013. This is why the FY 2013 Budget request proposes a new Pipeline Safety Reform (PSR) initiative. The PSR expands the number of inspectors available to provide oversight to the system of pipelines and restructures the partnership between the Federal and State entities responsible for enforcement and compliance in managing pipelines. The following items will be contributing to the PSR effort:

- Increased funding for Pipeline Safety Inspection and Enforcement staff and Program Support Personnel to provide more robust inspection and enforcement oversight to the pipeline system.
- Increased funding for the State Pipeline Safety Grant Program to ensure standardization among all State pipeline safety programs.
- Establish an Accident Investigation Team that will review all pipeline accidents not reviewed by the National Transportation Safety Board (NTSB).
- Increased funding for Research and Development. PHMSA intends to amend its project evaluation and decision process so there is no industry participation to ensure greater separation between the regulator and the regulated industry.
- Development of a National Pipeline Information Exchange to enable PHMSA to develop a comprehensive database of pipeline safety information that integrates information from PHMSA, States, industry, and other Federal sources.

- Increased funding in Public Outreach to establish a national awareness campaign to educate the public about pipelines when starting excavation projects.

As the infrastructure continues to age, a proactive approach is needed to deter the rising number of deaths and injuries resulting from recent pipeline incidents. While the number of incidents with deaths and major injuries has been decreasing, the recent incidents such as the 2010 pipeline explosion in San Bruno, California and the 2011 pipeline explosion in



Allentown, Pennsylvania are tragic signs of proof that Pipeline Safety can do more for the Nation in terms of prevention and safety. The PSR is designed to bring new focus and resources to bear on reducing these risks. Moreover, the funding requested for the PSR initiative directly supports the The Act, P.L. 112-90

The Act mandates a variety of new studies and rulemaking designed to increase safety, environmental protection, and reliability in the transportation of the Nation’s energy products by pipeline. Key among its many provisions, the Act:

- Increases the maximum civil penalties ceiling for violations of the Federal pipeline safety standards from \$100,000 to \$200,000 for each violation, and from \$1,000,000 to \$2,000,000 for a related series of violations.
- Calls for new detailed studies on safety valves, leak detection, implications of expanding “high consequence area” definitions, risk of gathering lines, cast iron pipe replacement, and implications of current exemptions from excavation damage prevention laws.
- Requires new pipeline safety standards for expansion of integrity management rules (after Congressional review), accident reporting, use of excess flow valves, and confirmation of safe operating pressure levels.
- Establishes new standards for State damage prevention programs to qualify for Federal grants, including effective enforcement by the States and participation by all underground facility operators and excavators.
- Authorizes the Department to be reimbursed for costs it incurs in conducting facility design safety reviews (including technical feasibility and construction oversight) for major new pipeline construction and expansion projects.

The Pipeline Safety appropriation is funded from Pipeline Safety user fees, the Oil Spill Liability Trust Fund, and the General Fund (Information Grants to Communities). The Pipeline Safety User Fees consist of annual collections from PHMSA’s regulated industry, based on the enacted appropriation levels. The Oil Spill Liability Trust Fund, a revolving fund, collects an environmental tax on petroleum production and transportation, and General Revenue funding is used for the Information Grants to Communities.

The U.S. Department of Transportation, through the Pipeline and Hazardous Materials Safety Administration (PHMSA), is authorized to assess and collect user fees to fund its pipeline safety program activities (49 U.S. Code 60301). The total amount of fees to be collected is based on the appropriation provided by Congress and authorized by this title. The Secretary of Transportation shall prescribe a schedule of fees for all natural gas and hazardous liquids transported by pipeline subject to chapter 601 of Title 49 U.S. Code. The fees shall be based on usage (in reasonable relationship to volume-miles, miles, revenues, or a combination of volume-miles, miles and revenues) of the pipelines. The fees shall be collected before the end of the fiscal year to which it applies.

What Is The Request And What Will We Get For The Funds?

**FY 2013 – Pipeline Safety Budget Request
(\$000)**

Program Activity	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	Difference from FY 2012 Enacted Budget
Operations/Contract Programs	\$ 59,386	\$ 61,580	\$ 101,323	\$ 39,743
Research and Development	6,871	6,920	12,931	6,011
Grants	41,446	41,752	62,756	21,004
Total	\$ 107,703	\$ 110,252	\$ 177,010	\$ 66,758

In FY 2013, the Budget requests a total of \$177.010 million for Pipeline Safety, an increase of \$66.758 million above the FY 2012 enacted amount of \$110.252 million. Of this request, \$60.065 million is for salaries and benefits and other administrative expenses such as travel, rent, training, Working Capital Funds, supplies, equipment, uniforms for all inspectors, etc., \$41.258 million is for contract programs, \$12.931 million is for the Research and Development program, and \$62.756 million is for Pipeline Safety Grants.

FY 2013 Realignment, Working Capital Fund, \$598,000

In FY 2013, \$598,000 will be realigned from shared services costs to better reflect actual costs.

FY 2013 Adjustments to Base, \$906,000

FY 2013 Pay Raise 0.5 Percent, \$101,000

This adjustment to base provides a one-half percent pay raise from January 1, 2013 to September 30, 2013.

One Additional Compensable Workday, \$104,000

Fiscal Year 2013 has one more working day than Fiscal Year 2012. This results in an increase of \$104,000.

GSA Rent, \$428,000

PHMSA maintains office space in its regional offices throughout the United States to accommodate pipeline inspections in all areas of the country. This increase is due to inflationary increases on existing properties. The impact on Pipeline Safety is an increase of \$428,000.

Working Capital Fund Adjustment, (\$104,000)

The Working Capital Fund (WCF) is a fully reimbursable fund that finances a range of administrative support services to DOT. This centrally managed account provides Department-wide functions such as information technology, facilities, operational support and personnel administration. Centralizing WCF administrative support functions has enabled DOT to achieve economies of scale, reducing costs and increasing operational efficiencies, and has allowed DOT operating administrations to focus on and accomplish their goals. WCF allocates costs based on various algorithms, depending on the service provided. This request is associated with operating costs in these WCF activities. Request levels are based on estimates provided by the WCF, and determined by actual usage costs (including inflation).

Non-pay Inflation, \$377,000

PHMSA relies upon contract support for certain goods and services. Price escalation for goods and services during FY 2013 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities to execute their responsibilities in FY 2013.

FY 2013 Program Changes, \$ 65,254,000 and 150 FTP/ 75.0 FTE

Pipeline Inspection and Enforcement Staff, \$12,838,000 and 120 FTP/ 60.0 FTE

In order to successfully implement the Pipeline Safety Reform (PSR) effort, the Pipeline Safety program requires 120 (60 FTE) Inspection and Enforcement (I&E) staff. Additional PHMSA inspection and enforcement personnel in FY 2013 will be used to review the safety of pipelines. PHMSA will request direct hire authority from the Office of Personnel Management to fill these critical positions.

Pipeline Safety Operations Support Staff, \$844,000 and 8 FTP/ 4.0 FTE

To support the Inspection and Enforcement (I&E) staff, PHMSA will recruit four program development positions to organize and assist with the growing Pipeline safety labor force, two Human Resources positions to implement the hiring of this large number of pipeline safety professionals (primarily engineers). The Office of Human Resources within PHMSA is implementing new standards that will increase the overall hiring process from the old 120 day start-to-finish recruitment cycle to the new 80 day start-to-finish recruiting process standard. The Human Resources office has already started developing new hiring strategies that aim at hiring quality and long-term candidates. Two Standards & Rulemaking position/Enforcement Engineer are also required to enforce PHMSA's polices associated with the growing I&E staff. PHMSA will prioritize the hiring of these critical safety positions.

State Pipeline Safety Grants Program, \$21,225,000 and 4 FTP/ 2.0 FTE

State Pipeline Safety partners are currently experiencing negative impacts to their Pipeline Safety programs because of weak State economic conditions that have caused across-the-board budget cuts, hiring and travel restrictions, and deferred equipment purchases. This grant program is an important component of the national pipeline safety program and will require four additional positions for a Grants management team to monitor this program effectively and organize State grant operations.

The increase request also supports the new Pipeline Safety Reform (PSR) initiative to standardize all State Pipeline Safety grant programs and will ensure State safety programs work in concert with the Federal safety oversight program. Currently, State safety programs are responsible for about 80% of the national pipeline infrastructure and the vast majority of that infrastructure is in close proximity to where people live and work. A significant portion of this infrastructure is over 50 years old, some of it is considered a high risk and should be repaired, rehabilitated, re-qualified or replaced. In April 2011, the Secretary issued a Call to Action for all stakeholders to work together to address the presence of high risk infrastructures in American neighborhoods and across the country. State pipeline safety programs hold the primary responsibility for oversight of remediation and replacement programs for high risk pipelines.

Further, the discovery of shale gas reserves throughout the country is creating a surge in the development of new pipeline networks to transport gas to consumers. Much of this new infrastructure will fall within the safety oversight of the state programs. PHMSA believes it is important to grow these state programs in order to address the issues of high risk older pipelines, new shale gas related developments as well as baseline needs of the existing safety oversight program.

Under current law, PHMSA is authorized to provide States “not more than 80 percent”¹ in Federal funding for State Pipeline Safety programs. PHMSA is proposing to increase the maximum Federal reimbursement for any State granted a Maintenance of Effort waiver under § 60107(b) to ensure Pipeline Safety standards are preserved in these States regardless of the economic situation.

Accident Investigation Team, \$2,931,000 and 5 FTP/ 2.5 FTE

The President’s Budget is requesting \$2.398 million to increase the accident investigation resources of the agency and institute an accident hearing program for all pipeline accidents. The National Transportation Safety Board (NTSB) conducts accident investigations and holds hearings on the selected major safety accidents. PHMSA participates as a party to these investigations- which are only a small fraction of incidents. Neither PHMSA nor the NTSB has the personnel to conduct investigations of many smaller accidents, such as a small well-contained facility spill. PHMSA proposes to recruit five new positions to expand the Accident Investigation Team. These positions will augment its existing investigative staff to review more accidents, to hold hearings on noteworthy accidents, and to share lessons learned with operators in order to improve the safety of all pipeline operating companies. This way, PHMSA can ensure operators meet federal standards, share lessons learned, and establish a consistent set of enforcement procedures that would govern compliance.

Research and Development, \$6,187,000 and 2 FTP/ 1.0 FTE

The Budget requests an additional \$5.976 million and two positions for research and development (R&D) for FY 2013. Recent pipeline incidents have shown the need for increased R&D resources to address critical safety issues raised in those incidents. Over the last decade R&D funding has not kept pace with the nation’s needs and therefore the country is faced with gaps in its ability to employ assessment and repair technology on the highest risk pipe. The additional funding and staff will ensure proper management and oversight of R&D projects. In addition, PHMSA intends to amend its project evaluation and decision process so there is no industry participation to ensure greater separation between regulator and the regulated industry.

¹ <http://www.gpo.gov/fdsys/pkg/PLAW-109publ468/html/PLAW-109publ468.htm>

National Pipeline Information Exchange Program (NPIX), \$8,189,000 and 5 FTP/ 2.5 FTE
In FY 2013, PHMSA proposes to significantly expand the existing and planned activities of its IT modernization roadmap in support of PHMSA's mission to assure safety in design, construction, testing, operation, maintenance, and emergency response of pipeline facilities. PHMSA estimates this activity will cost \$7.656 million. These improvements include the establishment of the new National Pipeline Information Exchange (NPIX), a national hotline, and an improved inspection module that utilize risk models as the foundation. With this funding in year one, PHMSA will execute and complete a business process reengineering (BPR) initiative on its current Pipeline inspection processes. The Budget requests five positions to establish and maintain a common data and information framework for the collection of the diverse State, operator, and Federal data into the NPIX. This includes defining common business rules, standardizing taxonomies for data, establishing data quality attributes and metrics to monitor and report on data quality performance, creating meta-data to support the analytical interpretation of the data, supporting the risk modeling activities, and ensuring transparency of data and information across with PHMSA and its State partners.

At this time, the inspection processes are too diverse across PHMSA. The systems do not have the capability to share information with one another. PHMSA State partners also employ diverse systems, processes and capabilities that do not share data with PHMSA. As a result, PHMSA does not have access to critical data and information on the safety programs of pipelines under State oversight. Additionally PHMSA has limited geo-spatial data on the location and maintenance history on those pipelines. This absence of data has a direct adverse impact on PHMSA's ability to reduce risk. PHMSA will leverage the output of the BPR to develop and implement, in phases, the new Common Inspection IT capability that will be used by PHMSA and available to State Partners. PHMSA will also complete the requirements, design, and data integration activities with 15 States to support the State Data Integration component of the NPIX. This vital data sharing initiative will begin to provide both PHMSA and its State partners with a 360 degree view on the pipeline infrastructure. This data will drive the Inspection, Outreach, Regulatory, Enforcement, and other activities to assure the safe transportation of natural gas, petroleum, and other hazardous liquids.

PHMSA will implement the new Pipeline Hotline and Online Reporting Tool (PHORT) leveraging a cloud service. PHORT will be an online (internet) and telephone-accessible tool made available for anyone to report near-misses, unethical practices, or other concerns. This hotline will be managed by a third party, which protects the anonymity of the reporting official. PHORT will allow the American public, employees of a pipeline operator, or other entities to give details, track and follow up on their concerns without fear of being identified or associated with the issues being reported. This data will be used as a source for the NPIX and thus will be available during inspections. Finally, PHMSA will purchase and implement the hardware and software needed to establish the NPIX infrastructure. PHMSA's modernization initiative is a five year plan beginning in FY2013 with a total planned budget of \$43 million.

Public Outreach, \$2,000,000

An additional \$2 million will establish a National 811 awareness campaign to educate the public about the need to call 811 before starting a digging project. Excavation damage remains one of the primary causes of serious pipeline accidents today. Thirty-seven percent of all pipeline incidents are caused by excavation. This campaign will focus on enhancing the use of the "811 Call-Before-You-Dig" modeled after the successful "Click-it-or-Ticket" campaign used to

encourage safety belt use. Funding the 811 campaign will allow PHMSA to continue with educating the public about pipelines in their communities when looking to start a digging project, and continue targeting the Nation through television, radio and print by using a combination of paid and free media. This enhanced public outreach will greatly extend the reach of the campaign. In fact, data shows that since the implementation of 811, damage to underground facilities have decreased. Significant pipeline incidents are also trending downward, but excavation damage remains a leading cause of incidents involving fatalities and injuries. Raising awareness about the importance of using 811 is a critical element of the nationwide damage prevention program. People living near pipelines also need to be aware they can impact the safety of pipelines by reporting any excavation near buried lines as well as how to respond if a pipeline incident occurs near their home or workplace. PHMSA is a key player in this effort, and can be the leader in advancing 811 as critical to public safety through a national campaign. Additional resources will help this widespread campaign continue and ultimately increase PHMSA's safety performance.

Onshore Facilities Response Plan Initiatives, \$2,900,000

The Budget requests \$2.9 million in program costs for the establishment of a web-based, Facility Response Plan Approval system accessible to the public. PHMSA will provide the public with the opportunity to review response plans. With this system, the PHMSA Pipeline Safety Program will have the ability to establish and validate commenter identities, to the extent required by law or regulation; protect confidentiality when necessary; and maintain appropriate detail information required for the public record. The public will find easy access to operator facility response plans submitted to PHMSA for review and approval as well as opportunities for comment through either on-line, "live" commenting sessions or off-line sessions via the web-based system. Without these funding requests, plan review processes will remain at the current manually processed level, with little opportunity for public access and visibility of the plans. This requested funding will be provided through the Oil Spill Liability Trust Fund.

Safety Training, \$3,140,000, 6 FTP/ 3.0 FTE

PHMSA requests a \$2.5 million increase in its training and qualifications program. This funding will increase the number of training courses offered, add six additional training instructors, as well as additional supplies and equipment. It takes an average of three years to fully train a pipeline inspector, followed by ongoing training requirements to keep inspectors up-to-date with advances in technology.

State Program Evaluation, \$1,000,000

The Budget requests \$1.0 million for contract support for State Program oversight. The funding will be used to support State programs in establishing a more rigorous in-depth review of State pipeline safety programs and supporting enhancements to the State base and One Call grants administrative processes. Funding will be used to support analysis of State program performance and enhancing performance metrics. The funding will support State's transition to and use of PHMSA Inspection Assistance Software for documenting inspections and analysis of the inspection results.

Pipeline Design Review User Fee, \$4,000,000

In the 2011 Pipeline Safety, Regulatory Certainty, and Job Creation Act (P.L. 112-90), PHMSA is authorized to recover costs for projects over \$2.5 billion or projects using new and novel techniques. PHMSA is proposing a new user fee of \$4 million to recover the costs to conduct any pipeline facility design review. PHMSA is responsible for reviewing the design of the

pipeline facilities for code compliance including material specifications, material manufacturing, and documentation. To recover the costs associated with conducting pipeline facility design safety reviews, PHMSA is proposing a new Pipeline Design Review User Fee. PHMSA estimates it can collect \$4 million in user fees for FY 2013.

For FY 2013, PHMSA proposes to remove the threshold limitation of \$2.5 billion as stated in the The Act. . This threshold limits the program’s ability to recover fees for conducting facility design safety reviews to pipeline projects that have construction costs of at least \$2.5 billion or that use new or novel technologies or designs. By amending the current provision (*See Administrative Provisions section*) PHMSA’s Pipeline Safety program would be able to recover costs associated with conducting facility design safety reviews in connection with any proposal to construct, expand or operate a gas or hazardous liquid pipeline facility or liquefied natural gas pipeline facility. Any such funds collected will be deposited in the Pipeline Safety Design Review Fund that The Act created.



Pipeline companies pay user fees to operate pipelines. Companies with pipelines under construction do not have to pay user fees until the pipelines are operational. During the construction time period, which may last years for large projects, PHMSA is unable to collect user fees to compensate for inspection and oversight costs. PHMSA has absorbed these costs in previous years, but the forecast for future projects in the lower 48 states, such as those associated with the Marcellus Shale in the Appalachian Basin and the Alaska Natural Gas Pipeline project raise questions whether the agency can continue to do so without reimbursement.

PHMSA is proposing the Design Review User Fees for the Alaska Natural Gas Pipeline project and other projects. The purpose is to identify and describe the project, PHMSA responsibilities, and projected PHMSA staffing for the purpose of new pipeline construction cost recovery authorization. The Alaska Natural Gas Pipeline will likely be the largest natural gas pipeline construction project of the decade and will consume vast quantities of PHMSA inspection and oversight resources. The following paragraphs describe the Alaska Natural Gas Pipeline project in detail, but similar, albeit smaller, costs will be associated with construction projects across the country.

PHMSA’s intent is to recover its oversight costs for the code compliance review of the project design, materials, construction, and commissioning from the Project Applicants of the Alaska Natural Gas Pipeline. This 10-year project is estimated to cost \$130 million with FY 2012 costs estimated at about \$1 million.

The Alaska Natural Gas Pipeline is a proposed 48-inch interstate natural gas pipeline that will link the Prudhoe Bay, Alaska natural gas fields to the lower United States. The total pipeline route is approximately 745 miles in Alaska and 1001 miles in Canada. The pipeline is being designed to flow 4.5 Million Cubic Feet per Day (MCFD) of natural gas. The Project Applicants have begun the first stages of project regulatory approvals by pre-filing the project with the Federal Energy Regulatory Commission (FERC) and conducting a customer “open season” to determine project commercial viability. Presently, an Alaska natural gas pipeline is scheduled by the Project Applicants to be permitted, materials purchased, constructed, and commissioned in the time frame of 2011 through 2021. Project field construction should take approximately 4 years from 2016 to 2020, with first gas flow in mid 2020 to early 2021.

Conoco Phillips, BP, and Exxon Mobil are competing to carry out the Alaska Natural Gas Pipeline project.

What is this program?

Overview:

PHMSA's comprehensive, nationwide Pipeline Safety program protects people and the environment from the risks inherent in the transportation of hazardous materials by pipeline. PHMSA's Pipeline Safety program consists of an energy transportation network of 2.6 million miles of pipelines. That's enough to circle the earth about 100 times. These pipelines are operated by approximately 2,700 companies, large and small. PHMSA's Pipeline Safety Program accomplishes its mission by identifying and evaluating risks; developing and enforcing standards for design, construction, operations and maintenance of pipelines carrying natural gas or hazardous liquids; responding to pipeline incidents, educating operators and the public; conducting research on promising technologies; providing grants to States in support of their Pipeline Safety programs; and reviewing oil spill response plans, with a special focus on protecting unusually sensitive areas.

PHMSA's Pipeline Safety Program supports the development, implementation, and regulation of National Pipeline Safety standards at the State and Federal levels, resulting in a reduced number of pipeline-related deaths and injuries, and improved environmental stewardship. These benefits are realized by citizens across the country.

Working with teams of Federal, State, and local environmental and emergency response agencies and company representatives, PHMSA designs area drills and conducts worst case scenario exercises to test how well operators prevent and respond to oil spills, conducts more than 80 table top and six area exercises to test how well operators prevent and respond to oil spills. PHMSA uses different methods to conduct drills, including original development of simulated responses to pipeline releases, participation in operator planned table top drills, and participation in inter-governmental area response drills. PHMSA expects to include oil spill cleanup and technologies on its research agenda that is set by consensus of all stakeholders every two years.

PHMSA provides grant funding to support its State Pipeline Safety partners' inspection and enforcement programs. These partnerships are one of PHMSA's strongest assets in helping to strengthen the safety of pipelines in American communities. PHMSA and its State partners will perform an estimated 9,000 comprehensive inspections of pipeline operators to oversee their compliance with Pipeline Safety regulations. Through this program, PHMSA increases awareness and helps reduce the number of pipeline incidents causing death or major injury and helps reduce the number of hazardous liquid spills with environmental impacts.

FY 2012 Base:

In FY 2012, the Enacted Budget was \$110.252 million for PHMSA's Pipeline Safety program. Of the total, \$41.752 million was for pipeline-related grants, \$42.870 million was for salaries for 215.0 FTEs and other administrative operating activities, \$18.710 million for contract programs and \$6.920 million for research and development initiatives.

Anticipated FY 2012 Accomplishments:

In compliance with Departmental and agency mission goals, PHMSA Pipeline Safety program strives for the following achievements in FY 2012:

- Reduce the number of pipeline incidents (involving death or major injury) to no more than 43; and
- Reduce the number of hazardous liquid pipeline spills with environmental impact to no more than 99.

PHMSA's Pipeline Safety program will continue to enhance its performance measures to better define and focus efforts to addressing the highest risks.

Through its initiatives to implement the Pipeline Safety Action Plan and address reauthorization mandates and NTSB recommendations, PHMSA expects to enhance statutory authority for pipeline safety and provide appropriate regulation, oversight and enforcement to make sure operators meet pipeline safety standards. PHMSA anticipates these actions will help it meet its goals to reduce the number of pipeline incidents and the number of hazardous liquid spills with environmental impact. Additionally, PHMSA's Pipeline Safety program will continue to enhance its performance measures to better define and focus efforts to addressing the highest risks.

Why Is This Particular Program Necessary?

PHMSA is responsible for reducing the number of pipeline incidents involving death or major injury and the hazardous liquid spills with environmental impacts. With the anticipated increase in transportation of products such as shale oil and gas, ethanol, hydrogen, carbon dioxide, and potentially other bio-fuels, PHMSA is expected to make sure a solid regulatory framework exists to prevent accidents and ensure safety. Finally, with the staff increase requests for FY 2013, PHMSA will be able to support the large inspection and enforcement positions needed to implement the Pipeline Safety Reform (PSR). As a result, PHMSA will raise the bar on the safety of the Nation's pipeline infrastructure, making sure that companies comply with critical safety rules that protect people and the environment from potential dangers.

A safe and reliable pipeline infrastructure requires strong efforts in increasing awareness to all of PHMSA's stakeholders—the public, States, local response organizations, other Federal agencies, and industry. The FY 2013 request will grant PHMSA the necessary funding to support its commitment to continue to reduce transportation risks to the public and the environment. Through training, effective damage awareness and prevention programs, and its leadership role, PHMSA will engage all stakeholders to take responsibility in affecting the pipeline system's safety performance and reliability. PHMSA will carry out this mission by also supporting the recently approved Pipeline Safety Regulatory, Certainty and Job Creation Act of 2011 and implementing the new Pipeline Safety Reform (PSR) 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. Through implementing the PSR initiative, PHMSA expects to more adequately oversee the aging infrastructure of the pipeline safety system and deter the rising number of deaths from pipeline explosions across America.

PHMSA will continue to coordinate with other Federal agencies to forecast the transportation implications from the inception of marketing new fuels, as part of a systemic oversight process

to help make sure these commodities are available to fuel our home, school, business, and transportation needs. As appropriate, we will coordinate with other countries to benefit from their experience. We will continue to work with our State partners and individual operators, identifying safety concerns, both with the infrastructure and with the surrounding community. For example, ethanol poses very unique emergency response challenges, and PHMSA is responsible for helping communities prepare for and mitigate release of hazardous materials transported by pipelines. We will collaborate with the pipeline industry, the renewable fuels organizations, and others such as emergency responder organizations and the National Commission on Energy Policy, to investigate and solve technical challenges posed by transport of ethanol by pipeline.

How Do You Know The Program Works?

PHMSA's FY 2013 Budget request supports the recently approved Pipeline Safety Regulatory, Certainty and Job Creation Act of 2011, P.L. 112-90. Recent pipeline failures indicate the need to improve the safety of both interstate and intrastate lines. Current challenges to improving safety include the small number of federal and state inspectors (about 400 total nationwide), an aging pipeline infrastructure, and a lack of centralized data on the condition of all pipelines in the nation. In response, PHMSA has developed the Pipeline Safety Reform (PSR) 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. Through implementing the PSR initiative, PHMSA expects to more adequately oversee the aging infrastructure of the pipeline safety system and deter the rising number of deaths from pipeline explosions across America.

PHMSA is the Federal regulatory agency responsible for ensuring the safe, reliable, and environmentally sound operation of America's energy pipelines. We develop and implement Pipeline Safety regulations at the Federal level, and we share regulatory responsibility with the States, to provide oversight to more than two million miles of pipelines. We continue to review the way pipelines are operated and we develop new strategies and regulations that are improving the operation of pipelines as well as improving public and environmental safety.

Currently, PHMSA has 113 inspectors and 301 State inspectors providing safety oversight to 2,700 companies and 2.6 million miles of pipelines. Since PHMSA's data collection process was authorized in 1986, pipeline incidents resulting in serious injury or death are down 45 percent, in large part due to aggressive inspection and enforcement by the addition of Pipeline Safety personnel. At the end of FY 2011, on board inspection and enforcement staffing was 93% with 125 filled positions out of 135 authorized positions. PHMSA is aggressively working to fill the remaining positions and already strategizing new recruitment methods for anticipated increases in FY 2013. By hiring additional inspection and enforcement staff, there will be an increase in oversight and determination of fitness for service. These improvements will continue PHMSA's decline rate in the number of serious pipeline incidents, the number of hazardous liquid spills, and reducing the risk of low probability-high consequence incidents (such as the San Bruno, CA and Marshall, MI incidents in 2010 and the Allentown and Philadelphia, PA incidents in 2011).

To avoid future incidents, PHMSA is also implementing measures to enhance the safety of onshore hazardous liquid pipelines through its proposal to apply safety regulation to all rural onshore hazardous liquid low-stress lines, working with State partners to build and train on

programs for distribution integrity management and control room management implementation, and improving data quality by continued validation of the accuracy of required pipeline operators' report data.

The vast majority of America's pipeline network is underground making pipelines vulnerable to "dig-ins" by third-party excavators. While excavation damage is 100 percent preventable, it remains a leading cause of pipeline incidents involving fatalities and injuries. Three-quarters of all serious consequences from pipeline failures relate to distribution systems and more than one-third of these failures are caused by excavation damage.

State Pipeline Safety programs conduct 8,000 inspections each year, resulting in over 14,000 findings of non-compliance and which PHMSA requires operators to address either voluntarily or through aggressive enforcement. More than half of the States are running financial deficits. By increasing Federal funding, PHMSA will encourage States to remain active and committed partners in Pipeline Safety while better targeting grant funding to the various risks States address.

As discussed during testimony before the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines and Hazardous Materials, PHMSA has made tremendous strides in strengthening its oversight program and greatly increasing the transparency of its enforcement processes. PHMSA's Pipeline Safety Office and its State partners are making sure that the safety of pipelines where risks would have the most impact to citizens is our highest priority.

The recently enacted bill titled, "Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011" (P.L. 112-90) includes new regulations aimed at increasing Pipeline Safety. The new bill establishes new penalty categories, requires DOT to conduct studies, evaluations, issue regulations and guidance, and promote new awareness within certain time-frames. One example as a result of this Act is the authority for PHMSA to reveal any "new technologies" discovered in a guidance each year.

After the 2010 San Bruno, California pipeline explosion that killed eight people and destroyed 38 homes, Senator Barbara Boxer (D) from California ensured that PHMSA implement the National Transportation Safety Board's (NTSB) recommendations². These recommendations including requirements such as the installation of automatic or remote control shutoff valves in high consequence areas, ensuring that advanced tools to predict/detect natural gas leaks were active and installed, alerting that if a leak occurs operators are to call 911, and enforcing the rule that any personnel who contributes to an accident is drug and alcohol tested. Soon after, the National Transportation Safety Board (NTSB) removed PHMSA Pipeline Safety from its most wanted list because of PHMSA's rulemaking to address pipeline fatigue.

Two years after this accident, regulatory oversight organizations provided evidence that the Pipeline Safety program is working. Even though PHMSA successfully closed its three remaining recommendations issued by the Department of Transportation's Office of Inspector General and 12 NTSB recommendations over the last several years, a reform is very much needed for the program to grow to its full potential.

² <http://boxer.senate.gov/en/press/releases/090811.cfm>

PHMSA is providing increased transparency for many aspects of Pipeline Safety including the rapid implementation of transparency measures for Pipeline Safety enforcement. Affected communities can now log onto the PHMSA website³ and review enforcement actions regarding local pipelines. This transparency not only increases public and stakeholder awareness and involvement in Pipeline Safety improvements, it incentivizes improved operator performance. We have developed enforcement procedures to provide detailed risk-based criteria for selecting enforcement actions, and we document risks, aligned with our penalty structure, for each civil penalty violation. The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, (P.L. 112-90) increased civil penalties as follows: the maximum penalty for violating pipeline safety standards increased from \$100,000 to \$200,000 for a single violation, and from \$1,000,000 to \$2,000,000 for a series of violations. As integrity management programs take hold, PHMSA intends to ensure operator accountability through strong, effective enforcement.

In 2009, we proposed a total of \$6.4 million in civil penalties, the second highest yearly total in agency history (\$8.7 million proposed in 2008). In 2011, the Justice Department in partnership with the Department of Transportation (PHMSA) and the Environmental Protection Agency announced that BP would pay a \$25 million civil penalty and carry out a system wide integrity management program as part of the settlement for its 2006 oil spill in Alaska (the largest per barrel penalty to date for an oil spill). PHMSA has also significantly upgraded its incident data availability and accuracy, and continues to improve its “Stakeholder Communications” website.

Why do we want/need to fund the program at the request level?

With the FY 2013 Budget, PHMSA will implement the Pipeline Safety Reform initiative and strengthen its roots in the key program areas designated above while also continue to leverage its resources to deliver a cost-effective program that has one of the best safety records in transportation. The Pipeline Safety program wants to continue witnessing declines in the number of serious pipeline incidents and the number of hazardous liquid spills. In addition, Pipeline Safety wants to especially continue reducing the risk of low probability, high consequence incidents such as the San Bruno, CA and Marshall, MI incidents in 2010 and the Allentown and Philadelphia, PA incidents in 2011.

The Alaska Gas pipeline project and many more construction projects require close regulatory oversight – especially in light of PHMSA’s discovery that poor quality steel had made its way into the nation’s pipeline network. PHMSA engineers have invested significant time and effort individually evaluating and addressing each pipeline project in question, as well as providing guidance to the industry as a whole on the issue. The magnitude of PHMSA’s concerns about construction projects were highlighted in 2010 when PHMSA hosted a public workshop devoted to the issue.

³ <http://primis.phmsa.dot.gov/comm/reports/enforce/enforcement.html>

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Oil Spill Liability Trust Fund

EXHIBIT III-1

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY SHARE OF OIL SPILL LIABILITY TRUST FUND**

**Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2011	FY 2012	FY 2013	Change
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>	<u>FY 2012- FY 2013</u>
Operations/ Contract Programs	\$ 11,702	\$ 11,723	\$ 14,330	\$ 2,607
Research and Development	2,180	2,173	2,185	12
Grants	4,985	4,677	4,995	318
TOTAL	\$ 18,867	\$18,573	\$ 21,510	\$ 2,937

Program and Performance Statement

Oil Spill Liability Trust Fund – The Oil Pollution Act of 1990 requires the preparation of oil spill response plans by pipeline operators to minimize the environmental impact of oil spills and to improve public and private sector response capabilities. PHMSA is responsible for the review and approval of these plans as an added measure helping to ensure that the public and the environment are provided with an adequate level of protection from such spills. PHMSA also seeks to improve oil spill, preparedness and response through data analysis, spill monitoring, pipeline mapping, environmental indexing, and advanced technologies to detect and prevent leaks from hazardous liquid pipelines.

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Pipeline Safety Share of Oil Spill Liability Trust Fund
Program and Financing
(In thousands of dollars)**

Identification code 021-50-8121-0

	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	18,867	18,573	21,510
09.00 Total new obligations	18,867	18,573	21,510
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	0	0	0
10.50 Total unobligated balance	0	0	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.02 Appropriation (trust fund)	18,905	18,573	21,510
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts (-)	0	0	0
11.21 Appropriations transferred from other accounts	0	0	0
11.32 Appropriations temporarily reduced (-)	-38	0	0
11.60 Total Appropriation	18,867	18,573	21,510
Spending authority from offsetting collections:			
17.00 Collected	0	0	0
17.01 Change in uncollected customer payments from Federal sources (+ or -)	0	0	0
17.50 Spending authority from offsetting collections	0	0	0
19.00 Total budget authority	18,867	18,573	21,510
19.30 Total budgetary resources available	18,867	18,573	21,510
19.40 Unobligated balance expiring (-)	0	0	0
19.41 Unexpired unobligated balance carried forward, end of year	0	0	0
19.51 Unobligated balance expiring (special and trust funds) (-)	0	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	0	0	0
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	0	0	0
19.54 Unobligated balance canceling (special and trust funds)	0	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	11,363	15,652	12,875
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	0	0	0
30.20 Obligated balance, start of year, (net)	11,363	15,652	12,875
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	18,867	18,573	21,510
30.31 Obligations incurred, expired accounts	0	0	0
30.40 Outlays (gross) (-)	-14,578	-21,350	-20,059
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	0	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	0	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	15,652	12,875	14,327
30.91 Uncollected customer payments from Federal sources, end of year (-)	0	0	0
31.00 Obligated balance, end of year	15,652	12,875	14,327
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	18,867	18,573	21,510
Gross outlays:			
40.10 Outlays from new authority	8,435	9,101	10,540
40.11 Outlays from balances	6,143	12,249	9,519
40.20 Total outlays, gross	14,578	21,350	20,059
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	0	0	0
40.33 Offsetting collections from non-Federal sources (-)	0	0	0
40.40 Total offsets against gross budget authority and outlays (-)	0	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	0	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
40.52 Offsetting collections credited to expired accounts	0	0	0
40.53 Anticipated offsetting collections	0	0	0
40.60 Total additional offsets against budget authority only	0	0	0
40.70 Budget authority, net (discretionary)	18,867	18,573	21,510
40.80 Outlays, net (discretionary)	14,578	21,350	20,059
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	18,867	18,573	21,510
41.90 Outlays, net (discretionary and mandatory)	14,578	21,350	20,059

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY SHARE OF OIL SPILL LIABILITY TRUST FUND
(In thousands of dollars)

Identification code 69-8121-0-1-407

		FY 2011	FY 2012	FY 2013
		Actual	Enacted	Request
	Direct Obligations:			
94.0	Financial Transfers	\$18,867	\$18,573	\$21,510
99.9	Total new obligations	\$18,867	\$18,573	\$21,510

**PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS**

**Trust Fund Share of Pipeline Safety
(Oil Spill Liability Trust Fund)**

<u>YEAR</u>	<u>REQUEST</u>	<u>YEAR</u>	<u>ENACTED</u>
2001	\$4,263,000	2001	\$7,471,526 1/
2002	\$7,472,000	2002	\$7,864,000
2003	\$7,472,000	2003	\$7,423,432 2/
2004	\$18,741,000	2004	\$12,923,300 3/
2005	\$19,000,000	2005	\$14,880,000 4/
2006	\$19,000,000	2006	\$14,850,000 5/
2007	\$18,810,000	2007	\$14,850,000 6/
2008	\$18,810,000	2008	\$14,850,000
2009	\$18,810,000	2009	\$18,810,000
2010	\$18,905,000	2010	\$18,905,000
2011	\$18,905,000 6/	2011	\$18,867,000 7/
2012	\$21,510,000	2012	\$18,573,000
2013	\$21,510,000		

1/ Reflects 0.22% reduction of \$16,474 (Sec. 1403 of P.L. 106-554).

2/ Reflects a reduction of \$48,568 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

3/ Reflects a reduction of \$76,700 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

4/ Reflects reductions of \$120,000 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

5/ Reflects reduction of \$150,000 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

6/ Reflects the funding levels provided by a full-year continuing resolution.

7/ Reflects reduction of \$37,810 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

Detailed Justification for the Pipeline Safety Share of Oil Spill Liability Trust Fund

FY 2013 Request – \$21.510 million

Overview:

The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to minimize oil spills into water and environmentally sensitive areas. Within PHMSA's Pipeline Safety program, this fund contributes to the following expenses: salary and benefits and administrative expenses; integrity management; compliance inspection and enforcement; emergency preparedness; training, competency standards, and qualifications for community awareness and protection; state pipeline safety grants; and research and development. Each of these programs is, at least in part, designed to ensure that energy transported by pipeline is done so in an environmentally friendly manner, as well as safely. At the end of each fiscal year, all funds from the Oil Spill Liability Trust Fund are transferred into the main Pipeline Safety fund.

Operations/Contract Programs, \$14,330,000:

PHMSA staff people located at headquarters and in the regional offices are directly responsible for overseeing environmental policy, regulatory development, inspections, accident investigations, inspections of pipeline construction sites, and exercises for hazardous liquid pipelines. Tasks include monitoring incident reports, collecting data and maintaining up-to-date hazardous liquid pipeline mapping and information systems to set proper prevention and response actions, and facilitating clear communication among all pipeline stakeholders.

To systematically identify hazardous liquid risks and compare relative likelihoods and consequences, the trust fund provides for unbiased Subject Matter Experts (SMEs) to help PHMSA evaluate pipeline incidents, their root causes, and any contributing factors. For pipeline inspections, SMEs support PHMSA in verifying that pipeline construction and repair practices comply with project specifications and requirements.

Training classes and seminars are provided for Federal and state inspectors to address hazardous liquid risks and system integrity. Computer based training classes are beneficial for updating safety evaluations of hazardous liquid pipeline systems. Field and tabletop exercises are used to strengthen operator readiness, monitoring major spills and clean-up efforts, and maintaining access to information on the location of environmentally sensitive areas, including drinking water and other ecological resource areas.

Onshore Facilities Response Plan Initiatives

As stated in the Pipeline Safety section, the Budget is requesting an additional \$2.9 million in program costs to establish a web-based, Facility Response Plan Approval system accessible to the public. PHMSA will provide the public with the opportunity to review response plans. With this system, the PHMSA Pipeline Safety Program will have the ability to establish and validate commenter identities, to the extent required by law or regulation; protect confidentiality when necessary; and maintain appropriate detail information required for the public record. The public will find easy access to operator facility response plans submitted to PHMSA for review and approval as well as opportunities for comment through either on-line, "live" commenting sessions or off-line

sessions via the web-based system. Without these funding requests, plan review will continue manually, with little opportunity for public access and minimal visibility of the plans.

Research and Development, \$2,185,000:

Research and development is an important aspect of the Oil Spill Liability Trust Fund. This program ensures that pipelines are being designed, constructed, and maintained according to the most recent science. Oil spill research programs focus on improving monitoring for intrusion, unauthorized excavation, and pipeline damage to hazardous liquid pipelines; developing new technologies to reveal defects in pipelines that cannot be dug up; investigating new technologies to prevent damage to hazardous liquid pipelines; detecting pipeline defects; and quickly and accurately locating hazardous liquid pipeline leaks (specifically, small leaks that occur near water). The program helps to improve an operator's ability to identify and eliminate pipeline defects, including better corrosion detection technology and direct assessment techniques on hazardous liquid lines before a release occurs. PHMSA will include oil spill cleanup and technologies on its research agenda that is set by consensus of all stakeholders every two years.

Research is also conducted to improve pipeline materials to better withstand construction-related damage, corrosion and cracking; develop better welding techniques; and improve models for corrosion assessment and pipe strength for better identification of pipeline segments having a higher risk of failure.

Grants, \$4,995,000:

PHMSA provides funding to States for oversight of intrastate hazardous liquid pipelines and some interstate hazardous liquid pipelines. PHMSA also partners with the Common Ground Alliance and the National Association of State Fire Marshals to identify and promote best practices such as the National "811 – Call Before You Dig Program" and *Pipeline Emergencies*, a comprehensive, integrated emergency response training program designed to teach emergency responders and pipeline industry personnel to safely respond to and effectively manage pipeline incidents.

Hazardous Materials Safety

HAZARDOUS MATERIALS SAFETY

(HAZARDOUS MATERIALS APPROVALS AND PERMITS FUND)

For expenses necessary to discharge the hazardous materials safety functions of the Pipeline and Hazardous Materials Safety Administration, [\$42,338,000]\$50,673,000, of which [\$1,716,000]\$1,725,000 shall remain available until September 30, [2014]2015: *Provided, That amounts collected from special permits and approval fees established in this Act (estimated to be \$12,000,000 in fiscal year 2013), shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: Provided further, That the sum herein appropriated from the general fund shall be reduced as such offsetting receipts are received during fiscal year 2013, so as to result in a final fiscal year 2013 appropriation from the general fund estimated at \$38,673,000: Provided further, That during fiscal year 2013, should the total amount of offsetting receipts be less than \$12,000,000, this amount shall be reduced accordingly: Provided further, That any amount received in excess of \$12,000,000 in fiscal year 2013 shall remain available until expended: Provided further, That up to \$800,000 in fees collected under 49 U.S.C. 5108(g) shall be deposited in the general fund of the Treasury as offsetting receipts: Provided further, That there may be credited to this appropriation, to be available until expended, funds received from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training, for reports publication and dissemination, and for travel expenses incurred in performance of hazardous materials exemptions and approvals functions. (Department of Transportation Appropriations Act, 2012.)*

EXHIBIT III-1

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS SAFETY
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2011	FY 2012	FY 2013	Change
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>	<u>FY 2012 - FY 2013</u>
Operations/ Contract Programs	\$ 37,324	\$ 40,622	\$ 48,948	\$ 8,326
Research and Development	1,696	1,716	1,725	9
<hr/>				
TOTAL	\$ 39,020	\$ 42,338	\$ 50,673	\$ 8,335
FTEs				
Direct Funded	175.0	190.0	201.0	11.0

Program and Performance Statement

Hazardous Materials Safety – The Pipeline and Hazardous Materials Safety Administration (PHMSA) has a responsibility for advancing the safe and secure transportation of hazardous materials. PHMSA's Hazardous Materials Safety program is focused on five principal areas. First, PHMSA provides comprehensive regulations for the safe and secure transportation of hazardous materials. Second, through outreach, training and distribution of informational materials, PHMSA helps the hazardous materials community understand the regulations and how to comply with them. Third, PHMSA enforces the regulations to ensure compliance with safety and security standards by those subject to the regulations. Fourth, PHMSA assists the Nation's response community to plan for and respond to hazardous materials transportation emergencies. Finally, PHMSA builds on each of these principal areas to reduce overall transportation risk by establishing a sound and comprehensive technical and analytical foundation to ensure that the program's resources are effectively applied to minimize serious incidents and fatalities, mitigate the consequences of incidents that occur, and enhance safety.

EXHIBIT III-1a

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS SAFETY
SUMMARY ANALYSIS OF CHANGE FROM FY 2012 TO FY 2013
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

<u>Appropriation</u>	<u>AMOUNT</u>	<u>FTE</u>
FY 2012 Enacted Budget	\$ 42,338	190.0
FY 2013 Realignments		
Working Capital Fund	479	0.0
Professional/Administrative Support Services	(27)	0.0
Hazmat Registration Program	27	0.0
Subtotal, Realignments	479	0.0
FY 2013 Adjustments to Base:		
FY 2013 Pay Raise	86	0.0
One Additional Compensable Workday	89	0.0
GSA Rent	45	0.0
Working Capital Fund Increase/Decrease	(82)	0.0
Non-pay Inflation of 0.5%	70	0.0
Subtotal, Adjustments to Base	208	0.0
FY 2013 Program Changes:		
1. Investigation and Enforcement - 12 FTP/ 6.0 FTE	2,265	6.0
a. Investigators	[1,265]	[6.0]
b. Program Cost	[1,000]	[0.0]
2. IT Modernization – Hazmat Information System (HMIS) - 1 FTP/0.5 FTE	1,985	0.5
a. Data Analyst	[105]	[0.5]
b. Program Cost	[1,880]	[0.0]
3. Hazardous Materials Program Evaluation	1,500	0.0
4. Research and Analysis	750	0.0
5. Special Permits & Approvals Staff – 6 FTP/ 3.0 FTE	633	3.0
a. Specialist	[422]	[2.0]
b. Scientists/Engineers	[211]	[1.0]
6. Training and Outreach – 1 FTP/ 0.5 FTE	305	0.5
a. Training Specialists	[105]	[0.5]
b. Program Cost	[200]	[0.0]
7. Radioactive Materials Staff – 2 FTP/ 1.0 FTE	210	1.0
a. Inspectors	[105]	[0.5]
b. Scientists/Engineers	[105]	[0.5]
Subtotal, Program Changes	7,648	11.0
Subtotal, Realignments, Adjustments to Base and Program Changes	8,335	11.0
Total, Hazardous Materials Safety	\$ 50,673	201.0

[] Denotes non-add

EXHIBIT III-2

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS SAFETY
ANNUAL PERFORMANCE RESULTS AND TARGETS**

Annual Performance Results and Targets

PHMSA integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. PHMSA tracks the following DOT level performance measures to demonstrate program results:

DOT Goal/Outcome: Safety

Reduction in injuries or fatalities: Number of hazardous materials incidents involving death or major injury	2009	2010	2011	2012	2013
Target	36	22-36	22-34	22-34	21-33
Actual	29	24	27		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Hazardous Materials Safety
Program and Financing
(In thousands of dollars)

Identification code 021-50-1401-0

	FY 2011 <u>Actual</u>	FY 2012 <u>Enacted</u>	FY 2013 <u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	40,105	45,729	50,673
08.01 Reimbursable program	1,573	0	0
09.00 Total new obligations	41,678	45,729	50,673
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	5,063	3,361	0
Non-expenditure transfers:			
10.10 Unobligated balance transferred to other accounts (-)	0	0	0
10.11 Unobligated balance transferred from other accounts	29	30	0
Adjustments:			
10.20 Adjustment to unobligated balance carried forward, October 1 (+ or -)	-132	0	0
10.21 Recoveries of prior year unpaid obligations	0	0	0
10.29 Unobligated balance withdrawn	0	0	0
10.50 Total unobligated balance	4,960	3,391	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.00 Appropriation	39,098	42,338	50,673
11.01 Appropriation (special fund)	0	0	0
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts (-)	0	0	0
11.21 Appropriations transferred from other accounts	0	0	0
Adjustments to appropriations:			
11.30 Appropriations permanently reduced (-)	-78	0	0
11.60 Total Appropriation	39,020	42,338	50,673
Spending authority from offsetting collections:			
17.00 Collected	1,157	0	0
17.01 Change in uncollected customer payments from Federal sources (+ or -)	-23	0	0
17.50 Spending authority from offsetting collections	1,134	0	0
19.00 Total budget authority	40,154	42,338	50,673
19.30 Total budgetary resources available	45,114	45,729	50,673
19.40 Unobligated balance expiring (-)	-75	0	0
19.41 Unexpired unobligated balance carried forward, end of year	3,361	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	13,620	13,203	13,608
30.01 Adjustments to unpaid obligations, brought forward, October 1 (+ or -)	-2	0	0
30.10 Uncollected customer payments from Federal sources, brought forward, October 1	-55	100	100
30.11 Adjustments to uncollected customer payments, brought forward October 1	132	0	0
30.20 Obligated balance, start of year, (net)	13,695	13,303	13,708
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	41,678	45,729	50,673
30.31 Obligations incurred, expired accounts	775	0	0
30.40 Outlays (gross) (-)	-41,289	-45,324	-48,136
30.50 Change in uncollected customer payments from Federal sources, unexpired acc	23	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accou	0	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-1,579	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	13,203	13,608	16,146
30.91 Uncollected customer payments from Federal sources, end of year (-)	100	100	100
31.00 Obligated balance, end of year	13,303	13,708	16,245
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	40,154	42,338	50,673
Gross outlays:			
40.10 Outlays from new authority	29,462	28,790	34,458
40.11 Outlays from balances	11,827	16,534	13,678
40.20 Total outlays, gross	41,289	45,324	48,136
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	-982	0	0
40.33 Offsetting collections from non-Federal sources (-)	-190	0	0
40.34 Offsetting governmental collections (from non-Federal sources) (-)	0	0	0
40.40 Total offsets against gross budget authority and outlays (-)	-1,172	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired acc	23	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accou	15	0	0
40.52 Offsetting collections credited to expired accounts	0	0	0
40.53 Anticipated offsetting collections	0	0	0
40.60 Total additional offsets against budget authority only	38	0	0
40.70 Budget authority, net (discretionary)	39,020	42,338	50,673
40.80 Outlays, net (discretionary)	40,116	45,324	48,136
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	39,020	42,338	50,673
41.90 Outlays, net (discretionary and mandatory)	40,116	45,324	48,136

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS SAFETY
(In thousands of dollars)

Identification code 69-1401-0-1-407

	FY 2011	FY 2012	FY 2013
	Actual	Enacted*	Request*
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$16,400	\$17,954	\$19,326
11.3 Other than full-time permanent	597	0	0
11.9 Total personnel compensation	<u>\$17,389</u>	<u>\$17,954</u>	<u>\$19,326</u>
12.1 Civilian personnel benefits	\$4,697	\$5,027	\$5,411
21.0 Travel and transportation of persons	1,584	1,734	1,875
22.2 Transportation of things	31	0	0
23.1 Rental payments to GSA	1,397	1,881	2,312
23.2 Rental payments to Others	22	0	0
23.3 Communications, utilities, and miscellaneous charges	154	633	405
24.0 Printing and reproduction	235	412	437
25.1 Advisory and assistance services	6,204	453	8,537
25.2 Other services	298	8,660	256
25.3 Other purchases of goods and services from government accounts	3,521	3,409	7,376
25.4 Operation and maintenance of facilities	76	0	0
25.5 Research and development contracts	2,268	1,716	1,725
25.7 Operation and maintenance of equipment	1,362	203	1,921
25.8 Subsistence & support of persons	0	0	0
26.0 Supplies and materials	91	122	123
31.0 Equipment	777	134	969
Subtotal, Direct obligations	<u>\$40,104</u>	<u>\$42,338</u>	<u>\$50,673</u>
99.0 Subtotal, Reimbursable obligations	1,574	0	0
99.9 Total new obligations	<u>\$41,678</u>	<u>\$42,338</u>	<u>\$50,673</u>

EMPLOYMENT SUMMARY

Direct:			
1001 Civilian full-time equivalent employment	175.0	190.0	201.0

*This information is correct, but it differs from what is included in OMB's MAX Data System.

**PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS**

Hazardous Materials Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>YEAR</u>	<u>ENACTED</u>
2006	\$26,324,000	2006	\$25,876,620 1/
2007	\$27,225,000	2007	\$26,723,000 2/
2008	\$27,003,000	2008	\$28,000,000
2009	\$28,000,000	2009	\$32,000,000
2010	\$35,500,000	2010	\$37,994,000
2011	\$40,434,000 2/	2011	\$39,020,000 3/
2012	\$50,089,000	2012	\$42,338,000
2013	\$50,673,000		

1/ Reflects reduction of \$261,380 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

2/ Reflects the funding levels provided by a full-year continuing resolution.

3/ Reflects reduction of \$78,196 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

Detailed Justification for Hazardous Materials Safety

FY 2013 Request – \$50.673 million

What Do I Need To Know Before Reading This Justification?

PHMSA's Hazardous Materials Safety program ensures the safe transport of hazardous materials (hazmat) by air, rail, highway and water. The program was last authorized under the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005.

Proposed reauthorization legislation for the Hazardous Materials Safety program identifies several areas for improvement and a need for additional resources. The proposed legislation was developed based on findings and recommendations from program audits and investigations conducted and communicated by both the Office of Inspector General (OIG) and the House Transportation and Infrastructure (T&I) Committee and by PHMSA's own more recent internal program-wide review and assessment on the Hazardous Materials Safety Special Permits and Approvals program.

Specifically, the proposed reauthorization seeks to:

- Enhance the special permit and approvals program in qualifying holders and expeditiously convert special permits into the Hazardous Materials Regulations (HMR) and permit the Secretary to collect fees for processing and enforcement of special permits and approvals;
- Bolster enforcement of the HMR through a hazardous material enforcement training program and increased civil penalties;
- Enhance hazardous materials technical assessment, research and development, and analysis program to accommodate new materials and technologies in a more export-oriented hazardous materials marketplace; and
- Improve data collection, analysis, and reporting.

In FY 2013, PHMSA proposes increases above its base and adjustments to base to address newly emerging safety, efficiency, and economic competitive issues. PHMSA has already taken steps to begin a program-wide enhancement and modernization effort for Hazardous Materials Safety. PHMSA acted to develop and implement action plans to address recommendations from the Office of Inspector General and the House Transportation & Infrastructure Committee. The action plans are focused on the following:

- **Data Management and Stewardship** - The continued evolution of the Hazardous Materials Intelligence Portal will greatly expand PHMSA's current capabilities, services and transparency, providing PHMSA and stakeholders with on-demand (internet based) access to trusted data and information. It will support PHMSA's goal to proactively make vital safety decisions thru improved data quality and the efficiencies gained through automation will allow PHMSA to direct limited resources toward events posing the greatest risk. PHMSA has already realized significant strides in the areas of data quality, process automation and transparency/customer satisfaction with the limited initial release of the Special Permits module.
- **Building an Analytical Capability to Better Assess Risks of Hazardous Materials in Transportation** - PHMSA has taken steps to improve monitoring the safety progress of hazardous

materials in transportation. We will conduct a review of our data collection, analysis and incident reporting and implement solutions to gaps identified. Also, a new risk management framework will build on current capabilities to formalize the initiation and conduct of new safety initiatives.

- Investing in our Employees through Training and Acquiring Tools Needed to Enhance Productivity - New staff, including an additional twelve investigator positions, will require intensive training to maximize productivity and shorten the learning curve. Standardized investigator and staff training will enhance PHMSA’s enforcement and analytical capabilities.
- Modernizing our Information System - to enable safety decisions (both strategic and operational) based on trusted and more complete data for guiding agency priorities and objectives. The modernization effort will eliminate technologies with fragmented information and instead create a one-stop shop for information to support safety decisions. This will result in improved efficiencies through automation allowing PHMSA to direct limited resources toward events posing the greatest risk.

Each of these activities have already aided the Hazardous Materials program in strengthening its business and government goals while indirectly shaping the future in hazardous materials safety transportation.

What Is the Request and What Will We Get for the Funds?

**FY 2013 – Hazardous Materials Safety Budget Request
(\$000)**

Program Activity	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	Difference from FY 2012 Enacted Budget
Operations/Contract Programs	\$ 37,324	\$ 40,622	\$ 48,948	\$ 8,326
Research and Development	1,696	1,716	1,725	9
Total	\$ 39,020	\$ 42,338	\$ 50,673	\$ 8,335

The FY 2013 Budget request is a total of \$50.673 million for Hazardous Materials Safety, an increase of \$8.335 million more than the FY 2012 enacted amount of \$42.338 million. Of this request, \$35.100 million is for salaries and benefits and other administrative expenses such as travel, rent, training, Working Capital Funds, supplies, equipment, uniforms for all investigators, etc., \$5.330 million is for contract programs, \$800,000 is for the Hazardous materials registration program, and \$1.725 million is for research and development.

FY 2013 Realignment, \$479,000

In FY 2013, \$479,000 will realign shared services and contract program costs to reflect actual spending and to reflect the appropriation language.

FY 2013 Adjustments to Base, \$208,000

FY 2013 Pay Raise 0.5 Percent, \$86,000

This adjustment to base provides a one-half percent pay raise.

One Additional Compensable Workday, \$89,000

Fiscal Year 2013 has one more working day than Fiscal Year 2012. This results in an increase of \$89,000 for pay and benefits.

GSA Rent, \$45,000

PHMSA maintains office space in its regional offices throughout the United States to accommodate hazardous materials, as well as pipeline inspections in all areas of the country. This increase is due to inflation on existing properties.

Working Capital Fund Adjustment, (\$82,000)

The Working Capital Fund (WCF) is a fully reimbursable fund that finances a range of administrative support services to DOT. This centrally managed account provides Department-wide functions such as information technology, facilities, operational support, and personnel administration. Centralizing WCF administrative support functions has enabled DOT to achieve economies of scale, reducing costs and increasing operational efficiencies, and has allowed DOT operating administrations to focus on and accomplish their goals. WCF allocates costs based on various algorithms, depending on the service provided. This request is associated with operating costs in these WCF activities. Request levels are based on estimates provided by the WCF, and determined by actual usage costs (including inflation).

Non-pay Inflation, \$70,000

PHMSA relies upon contract support for certain goods and services. Price escalation for goods and services during FY 2013 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities to execute their responsibilities in FY 2013.

FY 2013 Program Changes, \$7,648,000 and 22FTP/11.0FTE

Investigation and Enforcement, \$2,265,000 and 12 FTP/ 6.0 FTE

The President's Budget is requesting an additional 6.0 FTE for the expansion of our investigation staff. PHMSA regulates approximately 200,000 entities involved in hazmat transportation, including shippers, carriers and packaging manufacturers. However, at current staffing levels, PHMSA is only able to inspect 2% of facilities under its jurisdiction - far below the 10% level considered to be optimal. The additional Investigators will promote hazmat transportation safety through compliance, incident and accident inspections and investigations, performing safety reviews and fitness checks, and providing feedback and information. Recent initiatives, such as the Systems Integrity Safety Program, have proved effective by successfully reducing risk within one corporation. To expand this type of resource-intensive but cost-effective systems approach to more companies, will require an increase number and skills of investigators. The growth in the global marketplace for hazardous materials, including imports of such materials as fireworks and lithium batteries, and radioactive-contaminated cargo, will also add major new logistical challenges to the investigation function.

IT Modernization (Hazmat Information System), \$1,985,000 and 1 FTP/ 0.5 FTE

PHMSA continues to implement its comprehensive IT Modernization Plan to provide the necessary IT capabilities which will result in robust data analysis capabilities to drive program priorities, objectives, strategies, and decision making while aligning technology with business and data needs.

In FY 2012, the Special Permits module will be completed; the Field Operations module is expected to be completed in FY 2013. The requested funding will be used to design and build the “One Stop Shop” Informational Portal that will be used to host the Special Permits, Field Operations and all subsequent modules built within the IT Modernization initiative. Made available to staff, industry, citizens, modal and state and other business partners, this portal will provide access to PHMSA services via the Internet or Intranet from a computer or handheld device. Envisioned as a true enterprise platform, the portal design includes user customization, advanced search and dashboard and reporting capabilities. The design of the enterprise portal is an integral part of the overall PHMSA Modernization strategy in support of the Hazmat program. Additionally, one (1) Data Analyst is needed to review and assess data and information to identify existing and emerging risks, determine the underlying causes of hazardous materials incidents, and develop alternatives to address or counter these risks.

Hazardous Materials Program Evaluation, \$1,500,000

The funding will be used to evaluate the Hazardous Materials Safety program’s ability to maintain and sustain the safety record that has been achieved and to continue to reduce the risk of transporting hazmat. This will include development of a risk management framework to identify the factors contributing to risk, and provide the ability to focus resources in those areas that pose the greatest safety risk. PHMSA will continue to strengthen program data quality and audit hazardous materials programs, processes, and procedures to improve overall program effectiveness.

Research and Analysis, \$750,000

The President’s Budget requests \$750,000 to conduct a review of methods for collecting, analyzing, and reporting accidents and incidents involving the transportation of hazmat, including the adequacy of information requested on the accident and incident reporting forms to support risk analysis and enforcement planning; methods to verify that the information provided on such forms is accurate and complete; resources of PHMSA related to data collection, analysis, and reporting, including staff and information technology; and information systems for recording and reporting such accidents and incidents, including the ability of staff to adequately search the database and find information. The review will conclude with and make recommendations to PHMSA for improving the collection, analysis, reporting, and use of such data.

Special Permits & Approvals, \$633,000 and 6 FTP/ 3.0 FTE

PHMSA will need to recruit four Special Permits and Approvals (SP&A) specialists to support the expansion of program data collection and analysis, and meet new coordination requirements among the Technology, Enforcement and Standards Divisions. An extensive backlog resulted due to an unpredictable hiatus in recruitment. The backlog consists of unprocessed applications, particularly from fireworks manufacturers located overseas. The new SP&A staff will also provide capabilities currently provided by the Volpe Center to perform technical assessments of applications. In addition, PHMSA needs to recruit two scientist/engineers to provide technical assessments and evaluations of special permits and approvals applications, to ensure comparable level of safety is achieved. The scientist/engineers will also enhance PHMSA’s research and development capability to study and evaluate emerging hazardous materials safety issues and technologies.

Training and Outreach, \$305,000 and 1 FTP/ 0.5 FTE

The President’s Budget requests \$305,000 and a Compliance and Outreach Specialist to implement a special permits and approvals outreach plan and continue external communications efforts as our special permits and approval processes are refined and improved. This includes brochures and messages in Chinese to address the major manufacturer of fireworks and lithium batteries. Funding

will also focus in organizing the Hazardous Materials Emergency Preparedness (HMEP) Grants program by providing increased on-site support to Grantees; facilitating streamlined and automated grant administration; developing and implementing improved business processes and improved outreach; and improving customer service, efficiency, transparency and accountability. Specifically, the plan will include international outreach to China to address compliance of fireworks and lithium battery shipments. The compliance and outreach specialist will also provide assistance to state and local emergency responders and law enforcement officials on hazmat transportation issues.

Radioactive Materials (RAM), \$210,000 and 2FTP/ 1.0FTE

PHMSA is requesting an additional scientist and investigator, to address emerging threats from radioactive materials. Many current trends in unstable climate conditions, geological catastrophes, aging infrastructure can impact nuclear energy facilities and result in unforeseen consequences. The increasing prevalence of updating - operating older nuclear reactors beyond their original specifications - is also of concern. The U.S. Nuclear Regulatory Commission's (NRC) safety advisory panel has also expressed concern over large boosts, some by up to 20%, that the NRC began approving in 1998, that will increase the expected amount of radioactive material in transportation in the United States.

As a result of the recent tsunami in Japan and subsequent damage to the Fukushima Daiichi nuclear reactor in Japan, radioactive materials have been entering the U.S. and may be released into the environment. Most immediately, PHMSA is concerned about cargo containers arriving in U.S. ports with surface radioactive contamination. Concerns have centered mainly on contamination with Iodine-131 (I-131), Cesium-137 (Cs-137), and/or Strontium-90 (Sr-90).

PHMSA regulates the transport of hazardous materials to and from nuclear power plants. The positions requested will enable PHMSA to ensure the safe and secure transportation of radioactive materials and support critical research in the area of RAM contamination affects on public health. More specifically, these positions will ensure an adequate contingency plan is in place in the event of a nuclear crisis within the U.S., including access to PHMSA-permitted and approved transport casks and protection of materials on highways and rails; determine the existence of possible precursors to nuclear transportation incidents; and develop best practices for transporting nuclear waste that is currently stored on-site.

What Is This Program?

Overview:

PHMSA's Hazardous Materials Safety program is the only program that promulgates standards and requirements for the safe transportation of hazardous materials in the nation. To accomplish this, PHMSA administers a comprehensive, nationwide program designed to protect the public from the risks to life, health, property, and the environment inherent in the commercial transportation of hazardous materials by air, rail, vessel, and highway. Hazardous Materials Safety achieves its goals through: evaluating hazardous materials transportation safety risks, developing and enforcing standards for transporting hazmat, providing compliance assistance to hazardous materials shippers and carriers, offering assistance to state and local emergency responders and law enforcement officials on hazardous materials transportation issues, investigating hazardous materials incidents and failures; conducting research, and providing grants to improve emergency response to incidents.

The Office of Hazardous Materials Safety is comprised of staff at headquarters located in Washington, DC and five regional field offices (Atlanta, GA; Des Plaines, IL; Houston, TX; Ontario, CA; and West Trenton, NJ). Field office staff conducts inspections, investigations, training, and outreach.

A foundation of PHMSA's Hazardous Materials Safety program is the Hazardous Materials Regulations (HMR). The HMR address hazardous materials definitions and classification, hazard communication, shipper and carrier operations, and packaging and container performance specifications. In addition, the HMR delineates training requirements to people who prepare hazardous materials for shipment or transport hazmat. These regulations are designed to achieve three goals:

- 1) Ensure hazardous materials are packaged and handled safely during transportation and minimize the consequences should an incident occur.
- 2) Enhance efficiency by maintaining harmonization with the regulations of international bodies, while maintaining safety standards.
- 3) Provide effective communication for shippers, carriers, and emergency responders of the hazards of the materials being transported.

FY 2012 Base:

The Enacted Budget for FY 2012 was \$42.338 million for PHMSA's Hazardous Materials Safety program. Of this, \$32.173 million was for personnel compensation and benefits for 190.0 FTEs and other administrative expenses.

Hazardous Materials Safety's contract programs are cross-cutting efforts that support the overall safety objectives that fulfill public and environmental safety. In FY 2012, \$7.680 million was approved for these contract programs to assist the Office of Hazardous Materials Safety in achieving its goals. Contract programs include: operation and maintenance of the Hazardous Materials Information System (HMIS) – a transactional information system that supports day-to-day operations and development of the Hazardous Materials Intelligence Portal (HIP) – a data repository and business intelligence system that supports decision-making and program analyses.

In addition, up to \$800,000 was provided for the Hazardous Materials Registration to reimburse the Treasury for administrative support services. The purpose of the Registration program is to collect operating data from carriers, shippers and other hazardous materials handlers, and to collect fees to fund the \$28.3 million Hazardous Materials Emergency Preparedness Grants program.

In FY 2012, \$1.716 million was approved for research and development to maintain the capability to identify and better understand the inherent risks in transporting hazmat. PHMSA's initiatives focus on applied research. The research and development program will use these funds to improve safety by studying and evaluating emerging issues and technologies to allow staff to apply Federal resources where they will be most effective.

Anticipated FY 2012 Accomplishments:

In support of the Department's safety goals, PHMSA strives for the following achievements in FY 2012:

- Continue implementing the Special Permits and Approvals Action Plan and the Data Quality Improvement Plans, both initiated in late FY 2009. This includes improving business processes

and information technologies to achieve operational efficiency within the Office of Approvals, coordinating safety issues with our federal partners, enhancing our ability to perform fitness evaluations;

- Revise special permits application procedures by providing an on-line application capability and evaluating whether current required information is sufficient to enable us to evaluate fitness of applicants and safety impact of operations that would be authorized in special permit;
- Strengthen the regulatory framework by imposing more effective safeguards on the transportation of lithium cells and batteries of all types, including lithium cells and batteries packed with or contained in equipment;
- Incorporate several special permits into the HMR;
- Enhance packaging requirements, including test protocols and secondary closures, for certain combination packages authorized for the transportation by air;
- Address safety issues with flammable liquids retained in rigid aluminum piping (wetlines) on cargo tank motor vehicles;
- Represent the United States in international forums to promote safe transportation of hazardous materials through international standards;
- Continue work with Transport Canada to recognize standards for cylinders and certifications issued by the relevant approval bodies in both countries;
- Support the Department's Strategic and Economic Dialogue with China – specifically to advance the objectives of the Transportation Forum's Hazardous Materials Working Group;
- Produce and distribute 1.2 million publications and training materials and use these tools to enhance PHMSA's enforcement capabilities through standardized investigator and staff training; and
- Partner with labor groups and associations to provide hazardous materials training and leverage public contact opportunities and information distribution using social media networks.

Why Is This Particular Program Necessary?

PHMSA's national safety program minimizes the risks to life and property inherent in commercial transportation of hazardous materials by evaluating hazardous materials transportation safety risks, developing and enforcing standards, providing compliance assistance to shippers and carriers, providing assistance to state and local emergency responders and law enforcement officials on hazardous materials transportation issues, investigating hazardous materials incidents and failures, conducting research, and providing grants to improve emergency response to incidents [*see Emergency Preparedness Grants section*]. Through vigilance and perseverance, PHMSA's Hazardous Materials Safety program ensures hazardous materials are safely and securely packaged, handled, and transported and the dangers are properly communicated to transportation workers and emergency responders should an incident occur.

According to the Bureau of Transportation Statistics' and U.S. Census Bureau's 2007 Commodity Flow Survey, on a typical day, more than 6.1 million tons of hazmat, valued at about \$4 billion, are moved 886 million miles on the nation's interconnected transportation network.¹ These materials underpin the American economy and our way of life. Oil and natural gas are used to heat and cool homes and businesses, produce electricity, transport virtually all commercial products, travel to work or recreation, and provide raw materials for many products including plastics, fibers, paints, etc. We use a variety of chemicals to purify water, fertilize crops, create medicines, and manufacture

¹ http://www.bts.gov/publications/commodity_flow_survey/

clothing. These chemicals and energy products are essential to Americans' quality of life. They also introduce some inherent risk to the public, the environment, and property.

The HMR is the cornerstone of the PHMSA hazardous materials safety program and addresses hazardous materials definitions and classification, hazard communication, shipper and carrier operations, and packaging and container specifications. PHMSA achieves its mission and goals through priority rulemakings outlined in its regulatory agenda. Compliance with the HMR, whether achieved through training, outreach or inspections and enforcement, establishes the framework for a safe hazardous materials transportation system. The minimal rate of non-compliance among entities previously cited for violations provides a gauge of the effectiveness of our enforcement, outreach, and training activities.

For 2012, PHMSA expects to issue final rules to impose more effective safeguards, including design testing, packaging, and hazard communication measures for various types and sizes of lithium batteries in specific transportation contexts; enhance packaging requirements for air shipments of hazmat; improve the safety of hazardous materials loading and unloading operations involving cargo tanks; and prohibit the transportation of flammable liquids in the unprotected product piping of a cargo tank motor vehicle.

PHMSA will continue to improve its Special Permits and Approvals program. Monitoring issuance of special permits helps ensure that safety levels are maintained. PHMSA will incorporate the provisions of widely-used special permits with demonstrated safety records into regulations of general applicability.

How Do You Know the Program Works?

PHMSA anticipates achieving its hazardous materials safety goal for FY 2012, and its continuous monitoring and program improvement activities will minimize the impact of risks not yet obvious. The numbers of fatalities and serious injuries caused by hazardous materials in transportation have been declining significantly. In 2010, only 24 reported hazardous materials incidents resulted in a fatality or serious injury in the United States –While *any* death or injury is unacceptable, the risk to the American public is extremely low when compared to other causes of accidental death.

Why Do We Want/Need to Fund the Program at the Requested Level?

PHMSA supports the Department's Safety strategic goal by reducing the number of serious hazardous materials transportation incidents. To achieve this goal, PHMSA has taken great strides to improve and enhance its Hazardous Materials Safety program by acting on the findings and recommendations from a program review conducted by the U.S. House of Representatives Transportation and Infrastructure Committee (House T&I) staff and audits by the U.S. Department of Transportation's Office of the Inspector General (OIG) on the Hazardous Materials Safety Special Permits and Approvals program.

Specifically, PHMSA plans to:

- Continually improve hazardous material data collection, analysis, and reporting; technical assessments; and research and development to strengthen decision making capabilities when setting domestic and international hazardous materials transportation safety standards;

- Enforce the hazardous materials transportation safety standards and improve enforcement tools;
- Provide safety and compliance assistance to the hazardous materials safety community; and
- Enhance and streamline the special permit and approvals program.

Emergency Preparedness (EP) Grants

EMERGENCY PREPAREDNESS GRANTS

(EMERGENCY PREPAREDNESS FUND)

For necessary expenses to carry out 49 U.S.C. 5128(b), \$188,000, to be derived from the Emergency Preparedness Fund, to remain available until September 30, [2013]2014:
Provided, That not more than \$28,318,000 shall be made available for obligation in fiscal year [2012] 2013 from amounts made available by 49 U.S.C. 5116(i) and 5128(b)-(c):
Provided further, That none of the funds made available by 49 U.S.C. 5116 (i), 5128(b), or 5128(c) shall be made available for obligation by individuals other than the Secretary of Transportation, or his designee. (*Department of Transportation Appropriations Act, 2012.*)

EXHIBIT III-1

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
EMERGENCY PREPAREDNESS GRANTS**

**Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2011 <u>Actual</u>	FY 2012 <u>Enacted</u>	FY 2013 <u>Request</u>	Change FY 2012- FY 2013
Operations/Contract Programs	\$ 1,275	\$ 1,518	\$ 2,073	\$ 555
Grants	17,439	26,800	26,245	(555)
TOTAL	\$ 18,714	\$ 28,318	\$ 28,318	\$ 0
FTEs				
Direct Funded	0.0	0.0	0.0	0.0

Program and Performance Statement

Emergency Preparedness Grants – Federal hazardous material law (49 U.S.C. 5101 et seq.), established a national registration program for shippers and carriers of hazardous materials. The law also established fees to be collected from registrants. These fees finance emergency preparedness planning and training grants; development of a training curriculum guidelines for emergency responders and technical assistance to States, political subdivisions, and Indian tribes; publication and distribution of the Emergency Response Guidebook; and costs for staff to administer the program.

EXHIBIT III-2

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
EMERGENCY PREPAREDNESS GRANTS
PERFORMANCE RESULTS AND TARGETS**

Annual Performance Results and Targets

The PHMSA integrates performance results into its budget request to demonstrate alignment with the Department of Transportation’s Strategic Plan. PHMSA tracks the following DOT level performance measures to demonstrate program results:

DOT Goal/Outcome: Safety

Reduction in injuries and fatalities: Number of hazardous materials incidents involving death or major injury	2009	2010	2011	2012	2013
Target	36	22-36	22-34	22-34	21-33
Actual	29	24	27		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Emergency Preparedness Grants
Unavailable Collections
(In thousands of dollars)

Identification code 69-5282-0-2-407

	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
01.00 Balance, start of year	\$15,378	\$20,352	\$20,164
01.90 Adjustment to reconcile to unavailable beginning balance	0	0	0
01.99 Revised Balance, start of year	<hr/> 15,378	<hr/> 20,352	<hr/> 20,164
Receipts:			
02.20 Emergency preparedness fund (offsetting prop. receipts)	23,688	28,130	28,130
04.00 Total: Balances and collections	<hr/> 39,066	<hr/> 48,482	<hr/> 48,294
Appropriations:			
05.00 Emergency preparedness grants	(23,688)	(28,318)	(28,318)
06.10 Unobligated balance returned to receipts	4,974	0	0
05.99 Total Appropriations	<hr/> (18,714)	<hr/> (28,318)	<hr/> (28,318)
07.99 Balance, end of year	\$20,352	\$20,164	\$19,976

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Hazardous Materials Emergency Preparedness Grants
Program and Financing
(In thousands of dollars)

Identification code 021-50-5282-0

	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.01 Emergency Preparedness Grants	19,476	21,800	21,800
00.02 Competitive Training Grants	2,634	4,000	3,445
00.03 Supplemental Training Grants	1,057	1,000	1,000
00.04 Technical Assistance	0	150	150
00.05 Emergency Response Guidebook	739	625	625
00.06 Training Curriculum Guidelines	0	188	188
00.07 Administrative Expenses	536	555	1,110
00.08 Program Support	0	0	0
09.00 Total new obligations	<u>24,442</u>	<u>28,318</u>	<u>28,318</u>
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	188	188	0
Adjustments:			
10.21 Recoveries of prior year unpaid obligations	5,916	0	0
10.50 Total unobligated balance	<u>6,104</u>	<u>188</u>	<u>0</u>
Budget Authority:			
Appropriation:			
Discretionary:			
11.01 Appropriation (special fund)	188	188	188
Adjustments to appropriations:			
11.32 Appropriations temporarily reduced (-)	0	0	0
11.34 Appropriations precluded from obligation (-)	0	0	0
11.60 Total appropriation (discretionary)	<u>188</u>	<u>188</u>	<u>188</u>
Mandatory:			
12.01 Appropriation (special fund)	23,501	28,130	28,130
12.35 Appropriations precluded from obligation (-)	-4,974	-188	0
12.60 Total Appropriation (mandatory)	<u>18,526</u>	<u>27,942</u>	<u>28,130</u>
19.00 Total budget authority	18,714	28,130	28,318
19.30 Total budgetary resources available	24,818	28,318	28,318
19.40 Unobligated balance expiring (-)	188	0	0
19.41 Unexpired unobligated balance carried forward, end of year	188	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	189	377	377
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	377	377	377
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	42,190	39,207	22,962
30.20 Obligated balance, start of year, (net)	<u>42,190</u>	<u>39,207</u>	<u>22,962</u>
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	24,442	28,318	28,318
30.31 Obligations incurred, expired accounts	0	0	0
30.40 Outlays (gross) (-)	-21,463	-44,563	-25,563
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	-5,916	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-47	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	39,207	22,962	25,717
30.91 Uncollected customer payments from Federal sources, end of year (-)	0	0	0
31.00 Obligated balance, end of year	<u>39,207</u>	<u>22,962</u>	<u>25,717</u>
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	188	188	188
Gross outlays:			
40.10 Outlays from new authority	0	70	70
40.11 Outlays from balances	0	118	118
40.20 Total outlays, gross	<u>0</u>	<u>188</u>	<u>188</u>
40.70 Budget authority, net (discretionary)	188	188	188
40.80 Outlays, net (discretionary)	0	188	188
Mandatory:			
Gross budget authority:			
40.90 Budget authority, gross	18,526	27,942	28,130
Gross outlays:			
41.00 Outlays from new mandatory authority	2,779	10,339	10,408
41.01 Outlays from mandatory balances	18,684	34,036	14,967
41.10 Total outlays, gross	<u>21,463</u>	<u>44,375</u>	<u>25,375</u>
41.60 Budget authority, net (mandatory)	18,526	27,942	28,130
41.70 Outlays, net (mandatory)	21,463	44,375	25,375
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	18,714	28,130	28,318
41.90 Outlays, net (discretionary and mandatory)	21,463	44,563	25,563

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS
(In thousands of dollars)

Identification code 69-5282-0-1-407

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$190	\$363	\$363
11.5 Other personnel compensation	1	0	
11.9 Total personnel compensation	\$191	\$363	\$363
12.1 Civilian personnel benefits	\$49	\$102	\$102
24.0 Printing and reproduction	739	625	625
25.1 Advisory and assistance services	197	0	555
25.3 Other purchases of goods and services from government accounts	99	278	428
41.0 Grants, subsidies, and contributions	23,167	26,950	26,245
Subtotal, Direct obligations	24,442	28,318	28,318
99.0 Subtotal, Reimbursable obligations	0	0	0
99.9 Total new obligations	\$24,442	\$28,318	\$28,318

EMPLOYMENT SUMMARY

Direct:			
1001 Civilian full-time equivalent employment	0.0	0.0	0.0

**PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS**

**Emergency Preparedness Grants
(Discretionary)**

<u>YEAR</u>	<u>REQUEST</u>	<u>YEAR</u>	<u>ENACTED</u>
2001	\$200,000	2001	\$199,560 1/
2002	\$200,000	2002	\$200,000
2003	\$200,000	2003	\$198,700 2/
2004	\$200,000	2004	\$198,820 3/
2005	\$200,000	2005	\$198,400 4/
2006	\$200,000	2006	\$198,000 5/
2007	\$198,000	2007	\$198,000 6/
2008	\$188,000	2008	\$188,000
2009	\$188,000	2009	\$188,000
2010	\$188,000	2010	\$188,000
2011	\$188,000	2011	\$188,000
2012	\$188,000	2012	\$188,000
2013	\$188,000		

1/ Reflects 0.22% reduction of \$440 (Sec. 1403 of P.L. 106-554).

2/ Reflects a reduction of \$1,300 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

3/ Reflects a reduction of \$1,180 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

4/ Reflects reductions of \$1,600 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

5/ Reflects reduction of \$2,000 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

6/ Reflects the funding levels provided by a full-year continuing resolution.

**PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS**

**Emergency Preparedness Grants
(Appropriation Limitation)**

<u>YEAR</u>	<u>REQUEST</u>	<u>YEAR</u>	<u>ENACTED</u>
2001	\$0	2001	\$14,268,980 1/
2002	\$0	2002	\$14,300,000
2003	\$0	2003	\$14,298,700 2/
2004	\$0	2004	\$14,298,820 3/
2005	\$0	2005	\$14,298,400 4/
2006	\$0	2006	\$14,298,000 5/
2007	\$0	2007	\$14,298,000 6/
2008	\$0	2008	\$28,318,000
2009	\$0	2009	\$28,318,000
2010	\$0	2010	\$28,318,000
2011	\$0	2011	\$28,318,000
2012	\$0	2012	\$28,318,000
2013	\$0		

1/ Reflects 0.22% reduction of \$31,020 (Sec. 1403 of P.L. 106-554).

2/ Reflects a reduction of \$1,300 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

3/ Reflects a reduction of \$1,180 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

4/ Reflects reductions of \$1,600 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

5/ Reflects reduction of \$2,000 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

6/ Reflects the funding levels provided by a full-year continuing resolution.

Detailed Justification for Hazardous Materials Emergency Preparedness Grants

FY 2013 Request – \$28.318 million

What Do I Need To Know Before Reading This Justification?

The Hazardous Materials Emergency Preparedness (HMEP) grants program, as mandated by 49 U.S.C. 5101 et seq., provides Federal financial and technical assistance to states, territories, and Indian tribes to “develop, improve, and carry out emergency plans” within the National Response System and the Emergency Planning and Community Right-To-Know Act of 1986 (EPCRA, Title III), 42 U.S.C. 11001 et seq.

Training and planning grants are used to develop, improve, and implement emergency plans; to train public sector hazardous materials (hazmat) emergency response employees to respond to accidents and incidents involving hazardous materials; to determine flow patterns of hazardous materials within a state and between states; and to determine the need within a state for regional hazardous materials emergency response teams. A supplemental public sector training grant is also provided to the International Association of Fire Fighters (IAFF) for train-the-trainer instruction to increase the number of hazardous materials emergency response trainers nationwide. The \$21.8 million authorized is distributed among states via a formula that factors the area of a state, the number of highway miles, and the number of chemical facilities.

The Hazardous Materials Grant Program Oversight Initiative is seeking three additional major components to handle program gaps identified in the Program Review and the Inspector General (IG) Audit: consolidation of IT systems; business analysis contractor support; and increased on-site support to Grantees. These will assist grant administration; develop and implement improved business processes and outreach; improve customer service, efficiency, transparency and accountability.

PHMSA also maintains a Hazardous Materials Instructor Training Grants program, which provides up to \$4 million in funding to non-profit hazardous materials employee organizations to train hazardous materials instructors and to develop training and outreach tools to enhance and expand the hazardous materials training reach. These grants are competitively awarded.

The Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005 increased the authorization of the program from \$14.3 million per year to its present amount of \$28.3 million per year. SAFETEA-LU also authorized grants to nonprofit hazardous materials employee organizations for training instructors to train hazardous materials employees and, to the extent determined appropriate by the Secretary, for such instructors to train hazardous materials employees.

The HMEP grants program is completely funded by registration fees collected from persons who offer for transportation or transport certain hazardous materials in intrastate, interstate, or foreign commerce. In addition to grants, registration fees fund monitoring and technical

assistance, publication and distribution of the Emergency Response Guidebook (ERG), curriculum development, and staff costs to administer the program.

What Is the Request and What Will We Get for the Funds?

FY 2013 – Hazardous Materials Emergency Preparedness Grants Budget Request (\$000)

Program Activity	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	Difference from FY 2012 Enacted Budget
Operations/Contract Programs	\$ 1,275	\$ 1,518	\$ 2,073	\$ 555
Grants	17,439	26,800	26,245	(555)
Total	\$ 18,714	\$ 28,318	\$ 28,318	\$ 0

In FY 2013, the budget requests a total \$28.318 million for the HMEP Grants program.

FY 2013 Program Net Changes, \$0

Administrative Costs, +\$555,000, total: \$1,110,000

The proposed reauthorization identifies the need to increase administrative costs from two percent to four percent of funds made available for these activities. The Hazardous materials Grant Program Oversight Initiative proposes the addition of three major components to address program gaps identified in the Program Review and the IG Audit: consolidation of five independent IT systems; business analysis contractor support; and increased on-site support to Grantees. These will facilitate streamlined and automated grant administration; development and implementation of improved business processes and improved outreach; improved customer service, efficiency, transparency and accountability.

- **IT System Consolidation:** Currently, the Hazardous Materials Grant Program uses five systems to administer various parts of its programs to accept applications and reports from its 70 grantees: Grant.gov, PHMSA Grants Portal, Hazardous Materials Intelligence Portal (HIP), and SharePoint.
- **Business Analysis/Organizational Design:** The Grant Staff is comprised of Specialists who work directly with the grantee community to provide program guidance, monitor payments to third parties, answer questions and monitor grantee performance. Grant Specialists efforts are committed to administration and oversight of Hazardous Materials Grants. The Business Analysis (BA) function provides program level expertise dedicated to assisting in continually introducing programmatic improvements. The BA contractor will perform needs assessments, document user requirements for use by IT developers, and assist in drafting any needed Standard Operating Procedures (SOPs) associated with new processes and systems.

- **On-site Support to Grantees:** Site visits have become an integral component of the Grant Program’s efforts to standardize training capabilities among grantees and ensure that funds are expended efficiently and in compliance with program Guidelines. Visits also provide valuable communication between the program staff and the grantees.

Hazardous Materials Instructor Training Grants, -\$555,000, total: \$26,245,000

PHMSA proposes to reallocate Hazardous Materials Instructor Training (HMIT) funds to administrative support to provide increased services and oversight to all grantees. In FY 2010, \$2.3 million of the \$4 million authorized had been requested by HMIT Grantees; PHMSA anticipates this to grow to \$3.4 million in 2013.



Courtesy of Harris County, Texas Fire Department

Major activities included in this request are:

Training and Planning Grants to States, Territories, and Tribes, \$21.8 million

Training and planning grants are used to develop, improve, and implement emergency plans; to train public sector hazardous materials emergency response employees to respond to accidents and incidents involving hazardous materials; to determine flow patterns of hazardous materials within a state and between states; and to determine the need within a state for regional hazardous materials emergency response teams. Grants to states and territories have matching funds requirements; grants to tribes do not have such requirements.

Hazardous Materials Instructor Training Grants, \$3.4 million

Provides funding to non-profit hazardous materials employee organizations to train hazardous materials instructors and to develop training and outreach tools to enhance and expand the hazardous materials training reach. These grants are competitively awarded.

Supplemental Public Sector Training Grants, \$1.0 million

These training grants help increase the capacity and the availability of hazardous materials training instructors. Through these grants, training programs are more accessible, thus increasing awareness, and enhancing the knowledge base for local responders. For example, PHMSA provides grants to the IAFF to conduct “Train the Trainer” training sessions throughout the nation.

Emergency Response Guidebook, \$625,000

On an average cycle of four years, PHMSA develops, publishes, and distributes an updated version of its ERG. The ERG is developed jointly by the U.S. Department of Transportation, Transport Canada, and the Secretariat of Communications and Transportation of Mexico for use by “first responders” (i.e., those public safety personnel first dispatched to the scene of a hazardous materials spill, such as firefighters, police, and emergency services personnel). It is a guide for initial actions to be taken to protect first responders and the general public during hazardous materials incidents (see <http://www.phmsa.dot.gov/hazmat/library/erg>). This guidebook is also widely used by the transportation industry and is internationally recognized. PHMSA plans to publish and distribute approximately 1.8 million copies of the ERG in calendar year 2012.

Training Curriculum Development, \$188,000

Federal hazardous materials law requires the U.S. Secretary of Transportation to develop and periodically update a curriculum to train public sector emergency response and preparedness teams.

Oversight and Technical Assistance, \$150,000

Federal hazardous materials law requires the Department to provide technical assistance to a state, political subdivision of a state, or Native American tribes for carrying out emergency response training and planning for an accident or incident involving hazardous material.

Oversight Support, \$555,000

The Hazmat Grant Program Oversight Initiative proposes the addition of three major components to address program gaps identified in the Program Review and IG Audit: consolidation of IT Systems, Business Analysis Support, and the funding of on-site support to Grantees. These services will facilitate streamlined and automated grant administration, development and implementation of improved business processes and improved outreach.

What Is This Program?

Overview:

The Hazardous Materials Emergency Preparedness Grants Program supports the Department’s safety goals by ensuring communities are prepared and trained to respond to hazardous materials transportation incidents. This is one way in which PHMSA minimizes the risks to life and property inherent in commercial transportation of hazmat.

PHMSA’s HMEP grants program provides financial and technical assistance, as well as national direction and guidance to enhance state, territorial, tribal, and local hazardous materials emergency planning and training, and certain other non-profit organizations. PHMSA awards approximately 70 HMEP grants annually.

The HMEP grants program’s success strongly depends on the Hazardous Materials Registration Program that collects information and fees from persons who transport certain hazardous materials in intrastate, interstate, or foreign commerce. Registration fees fund

training and planning grants, monitoring and technical assistance, publication and distribution of the ERG, curriculum development, and staff costs to administer the program.

The HMEP grants program also ensures that recipients develop a wide spectrum of hazardous materials awareness. Awarding money to states, territories, and tribes allows for the hazardous materials safety office to educate people everywhere about the causes and effects of hazardous materials and in turn how to deal with and diffuse harmful situations. The Native American tribe territories are recognized as independent and thus receive grants separately.

FY 2012 Base:

In FY 2012, a total of \$28.3 million was enacted for this program as follows:

- Training and Planning Grants to States, Territories, and Tribes – \$21.8 million
- Hazardous Materials Instructor Training Grants – \$4.0 million
- Supplemental Public Sector Training Grants – \$1.0 million
- Emergency Response Guidebook – \$625,000
- Training Curriculum Development – \$188,000
- Oversight and Technical Assistance – \$150,000

Anticipated FY 2012 Accomplishments:

For FY 2012, the HMEP grants program will work to:

- Provide technical assistance in helping states and local communities update and develop at least 1,200 emergency plans;
- Help train, in part, 150,000 hazardous materials responders;
- Train 500 emergency response hazmat instructors; and
- Provide funding to non-profit hazardous materials employee organization through the agency's competitive training program to help train approximately 1,000 instructors.

PHMSA will continue to implement recommendations of its internal program evaluation to assure that the program is being carried out in the most efficient manner consistent with the statutory intent. A recent evaluation identified opportunities to improve the efficiency of grants management and enhance the outcomes of the grants (e.g., improving performance of emergency responders and quality of community plans). In response to the findings, the program developed an Action Plan in March 2011 with efforts scheduled through June 2012. Through these efforts, PHMSA plans to accomplish the following programmatic changes during FY 2012:

- Augment resources during the upcoming grant application period by leveraging technical expertise from within PHMSA, across DOT modes, and with the support of professionals from the responder community. The additional personnel will assist in the thorough evaluation of submitted applications for their technical merit, feasibility, and expected efficacy. Additionally, the grant program is developing a Training Plan for program personnel. The plan will emphasize employee development in the area of grants

management and administration, ensuring that the grants management staff is continuously improving their knowledge and skills.

- PHMSA has instituted a formal competency based training program in an effort to establish and maintain an educated, trained, and safety conscious workforce. As part of this effort a training needs assessment is being conducted to:
 - identify the organization's core (all staff), and technical (division specific) competencies,
 - identify specific training requirements to meet these two levels of competency,
 - define the Training Program protocols to include training request procedures, methods for approval, and records management, and
 - define the methodology for evaluating new and existing training programs and curriculum design.

Core competencies were identified for Grants staff and include grants management, grants laws, relevant regulations, guidelines, and grant compliance. Grants staff will be trained to the pre-determined competencies. Training will be provided by external and internal sources.

- Ensure grant recipients fully comply with program requirements and are held accountable by updating internal controls and oversight processes. This will be accomplished through enhanced Terms and Conditions that more clearly indicate requirements for program compliance. The grants team will closely monitor grantee performance, identify instances of non-compliance, and require corrective actions when necessary.
- Improve program management efficiency and effectiveness by streamlining, standardizing, and documenting key processes, including the review of Office of Management and Budget Standard Forms and program specific final reports through the development of Standard Operating Procedures (SOP) and training covering the full grant lifecycle.
- Grants Program staff will partner with the Hazardous Materials Safety Assistance Team (HMSAT), the education and outreach branch of PHMSA's Field Operations Division, to increase the program's ability to educate the responder community on PHMSA's grant programs. The program will also continue to work with emergency response organizations to share information regarding the program purpose and requirements for participants.
- Provide accurate and timely information and services that positively guide and influence grantees' use of Federal funding.

Increase transparency of the grants program by leveraging information technology. This includes planned updates to the programs web site to provide more current and useful information to current and prospective grantees and those interested in participating. The program also intends to continue the use of webinars to afford grantees a cost-effective and convenient method to participate in workshops and interact with program staff.

Why Is This Particular Program Necessary?

The HMEP grant program trains the nation's emergency responders in handling transportation accident involving hazardous materials. Other Federal departments address hazardous materials issues; however, no other grant programs address transportation-related issues. In many instances, the only training and planning funds that local responders receive, especially those in smaller cities and rural locales, are HMEP funds. There are more than 1.1 million firefighters in the nation. More than 800,000 of these emergency responders are volunteers. Attrition among the volunteer community is prevalent and there is always a need to train new recruits.

In addition, the HMEP grant program provides assistance and support to State, Tribal, Territory, and local hazardous materials training initiatives through the development and publication of, "*Guidelines for Response, Planning and Prevention Training for Incidents involving Hazardous Materials and Weapons of Mass Destruction (Guidelines)*" (see <http://www.phmsa.dot.gov/hazmat/grants> then go to "HMEP Curriculum Guidelines"). These guidelines have been developed by a team of experts, from training, planning, and response associations and organizations in the private sector as well as the Federal, State, Tribal, Territory, and local levels of the public sector. These experts serve as a valuable resource to the responder and hazardous materials grantee community.

The national safety program minimizes the risks to life and property inherent in commercial transportation of hazardous materials by ensuring communities are prepared and trained to respond to hazardous materials transportation incidents. PHMSA is working to continually improve the efficiency of grants management, and enhance the outcome of the grants (e.g. improving performance of emergency responders and quality of community plans).

Finally, more than 11 million copies of the ERG have been published and distributed without charge to the emergency response community to date. The ERG is considered the first and primary resource for the nation's responders. It is globally recognized and has been copied and translated by other nations in more than a dozen languages.

How Do You Know the Program Works?

Deaths and major injuries, related to the transportation of hazardous materials are low.

Incident Year	Total Number of Fatalities	Total Number Hospitalized
2010	8	17
2011	11	25

This is attributed, in part, to today's capable first responders and their ability to protect the public from harmful effects of hazardous materials releases when they occur. To date, more than 2.57 million emergency responders and nearly 2,700 emergency responder hazardous materials instructors have been trained with HMEP grant funds. Training statistics indicate that responders are being trained to higher competency levels to further enhance their abilities to respond safely and effectively to hazardous materials incidents/accidents in transportation.

In 1986 the Superfund Amendments and Reauthorization Act (SARA) was enacted into law. Part of the SARA provisions is Title III: the Emergency Planning and Community Right-to-Know Act (EPCRA). Title III, now more commonly known as EPCRA, establishes requirements for Federal, State, local, and tribal governments as well as industry regarding emergency planning and community right-to-know reporting on hazardous and toxic chemicals. EPCRA also conceptualizes the Local Emergency Planning Committee (LEPC) and identifies the responsibilities of these organizations, which include the evaluation of hazardous chemicals in storage, use or transportation of hazmat in the community and the development of plans to respond to emergencies involving these hazardous materials. Emergency response plans are also used by the state and local governments to identify the types and levels of hazardous materials training that local fire, rescue, emergency medical technicians (EMT), and police may need to effectively serve their communities. To date, more than 57,000 emergency plans have been updated since the inception of the program supporting unprecedented community preparedness.

Updated emergency plans are a critical component in increasing state, territorial, tribal, and local ability to safely and effectively handle hazmat transportation incidents by encouraging a comprehensive localized approach to planning. Through emergency response planning, communities identify the hazardous material flow patterns specific to their geographic areas; assess and determine the potential threats to the community based on this information; develop a better understanding of policies and jurisdictional authorities; and document procedures to address the risks of those hazardous materials, as determined. This leads to improved community coordination and targeted training initiatives increasing community preparedness. For example, in November 2011's Annual Report to Congress from the Hazardous Materials Grant Program, California noted that, in a time of tightening fiscal budgets, the HMEP Grant offers assistance and encourages both resource leveraging and coordination of priorities across hazmat response stakeholder organizations.

“State agency and local government training and exercising has improved joint response efforts by addressing such issues as inter-agency policy, jurisdictional authority, consensus decision making and action planning... The entire state is faced with budget cuts, downsizing and finding creative ways to meet these challenges. Local governments are struggling during these difficult times to meet the needs of the state. The can do attitude is alive and we all realize the mission must go on. The HMEP Grant provides resources, training, opportunity and hope.”

Why Do We Want/Need to Fund the Program at the Requested Level?

The HMEP grants program leverages Federal resources with local, state and private assets to support the nation’s emergency responders in specific instances involving hazardous materials incidents in transportation. State funds are paired with HMEP funds in conducting training and planning activities. Emergency response employees and hazardous materials transportation and shipper workers benefit from HMEP-trained instructors providing job-specific training. The Emergency Response Guidebook, published every four years, is present in most every emergency response vehicle in the United States as the recognized authority in safe response practices. Costs are borne by companies who pay registration fees to PHMSA.

Requests for additional grant funding are on the rise, as the need for more and better emergency responder training grows. There are more than 1.1 million firefighters in the nation. More than 800,000 of these emergency responders are volunteers. High attrition rates among the volunteer community means there is an ever present need to train new recruits.

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Operational Expenses

OPERATIONAL EXPENSES

(PIPELINE SAFETY FUND)

(INCLUDING TRANSFER OF FUNDS)

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, [\$21,360,000] \$21,047,000, of which \$639,000 shall be derived from the Pipeline Safety Fund: *Provided*, That \$1,000,000 shall be transferred to "Pipeline Safety" in order to fund "Pipeline Safety Information Grants to Communities" as authorized under section 60130 of title 49, United States Code. (*Department of Transportation Appropriations Act, 2012.*)

EXHIBIT III-1

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2011	FY 2012	FY 2013	Change
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>	<u>FY 2012 - FY 2013</u>
Operations	\$ 20,455	\$ 20,360	\$ 20,047	-\$ 313
<hr/>				
TOTAL	\$ 20,455	\$ 20,360	\$ 20,047	-\$ 313
FTEs				
Direct Funded	58.0	68.5	70.0	1.5
Reimbursable	8.0	11.0	11.0	0.0

Program and Performance Statement

Operational Expenses – The success of PHMSA's safety programs depends on the performance of support organizations that empower the program offices to meet their safety mandate. These support organizations include: the Administrator; Deputy Administrator; Assistant Administrator/Chief Safety Officer; Chief Counsel; Associate Administrator for Administration/Chief Financial Officer; Governmental, International and Public Affairs; Information Technology Services; Administrative Services; Budget and Finance; Office of Acquisition Services; Human Resources; and Civil Rights.

EXHIBIT III-1a

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES
SUMMARY ANALYSIS OF CHANGE FROM FY 2012 TO FY 2013
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

<u>Appropriation</u>	<u>AMOUNT</u>	<u>FTE</u>
FY 2012 Enacted Budget (reflects \$1 million transferred to Pipeline Safety for Information Grants to Communities.)	\$ 20,360	68.5
FY 2013 Realignments:		
Working Capital Fund	(1,077)	0.0
Subtotal, Realignments	(1,077)	0.0
FY 2013 Adjustments to Base:		
Annualization of FY 2012 FTE	287	1.5
FY 2013 Pay Raise	39	0.0
One Additional Compensable Workday	39	0.0
GSA Rent	(132)	0.0
Working Capital Fund Increase/Decrease	29	0.0
Non-pay Inflation of 0.5%	37	0.0
Subtotal, Adjustments to Base	299	1.5
FY 2013 Program Changes:		
IT Modernization	465	0.0
Subtotal, Program Changes	465	0.0
Subtotal, Realignments, Adjustments to Base, and Program Changes	(313)	1.5
Total, Operational Expenses	\$ 20,047	70.0

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION OPERATIONAL EXPENSES

In order to ensure the best possible performance results, the Pipeline Safety and the Hazardous Materials Safety offices are supported by the Operational Expenses account. Per the Department of Transportation's Strategic Plan, the Operational Expenses account supports the PHMSA Administrator's and the Secretary's vision of making "Safety" PHMSA's number one goal.

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Operational Expenses
Program and Financing
(In thousands of dollars)

Identification code 021-50-1400-0

	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	20,330	20,360	20,047
08.01 Reimbursable program	766	0	0
<u>09.00 Total new obligations</u>	<u>21,096</u>	<u>20,360</u>	<u>20,047</u>
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	0	0	0
Non-expenditure transfers:			
10.10 Unobligated balance transferred to other accounts (-)	0	0	0
10.11 Unobligated balance transferred from other accounts	0	0	0
Adjustments:			
10.20 Adjustment to unobligated balance carried forward, October 1 (+ or -)	0	0	0
10.21 Recoveries of prior year unpaid obligations	0	0	0
10.29 Unobligated balance withdrawn	0	0	0
<u>10.50 Total unobligated balance</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget authority:			
Appropriation:			
Discretionary:			
11.00 Appropriation	20,857	20,721	20,408
11.01 Appropriation (special or trust fund)	0	0	0
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts (-)	-998	-1,000	-1,000
11.21 Appropriations transferred from other accounts	638	639	639
Adjustments to appropriations:			
11.30 Appropriations permanently reduced (-)	-42		
<u>11.60 Total Appropriation</u>	<u>20,455</u>	<u>20,360</u>	<u>20,047</u>
Spending authority from offsetting collections:			
17.00 Collected	803	0	0
17.01 Change in uncollected customer payments from Federal sources (+ or -)	-38	0	0
<u>17.50 Spending authority from offsetting collections</u>	<u>766</u>	<u>0</u>	<u>0</u>
19.00 Total budget authority	21,221	20,360	20,047
19.30 Total budgetary resources available	21,221	20,360	20,047
19.40 Unobligated balance expiring (-)	-125	0	0
19.41 Unexpired unobligated balance carried forward, end of year	0	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	7,096	4,925	4,998
30.01 Adjustments to unpaid obligations, brought forward, October 1 (+ or -)	1	0	0
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	290	282	282
30.11 Adjustments to uncollected customer payments, brought forward October 1	0	0	0
<u>30.20 Obligated balance, start of year, (net)</u>	<u>7,387</u>	<u>5,207</u>	<u>5,280</u>
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	21,096	20,360	20,047
30.31 Obligations incurred, expired accounts	703	0	0
30.40 Outlays (gross) (-)	-21,939	-20,287	-20,088
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	38	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	-45	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-2,032	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	4,925	4,998	4,957
30.91 Uncollected customer payments from Federal sources, end of year (-)	282	282	282
<u>31.00 Obligated balance, end of year</u>	<u>5,207</u>	<u>5,280</u>	<u>5,239</u>
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	21,221	20,360	20,047
Gross outlays:			
40.10 Outlays from new authority	16,607	13,845	14,808
40.11 Outlays from balances	5,332	6,442	5,280
<u>40.20 Total outlays, gross</u>	<u>21,939</u>	<u>20,287</u>	<u>20,088</u>
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	-756	0	0
40.33 Offsetting collections from non-Federal sources (-)	0	0	0
40.34 Offsetting governmental collections (from non-Federal sources) (-)	0	0	0
40.40 Total offsets against gross budget authority and outlays (-)	-756	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	38	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	-47	0	0
40.52 Offsetting collections credited to expired accounts	0	0	0
40.53 Anticipated offsetting collections	0	0	0
<u>40.60 Total additional offsets against budget authority only</u>	<u>-10</u>	<u>0</u>	<u>0</u>
40.70 Budget authority, net (discretionary)	20,455	20,360	20,047
40.80 Outlays, net (discretionary)	21,184	20,287	20,088
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	20,455	20,360	20,047
41.90 Outlays, net (discretionary and mandatory)	21,184	20,287	20,088

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES
(In thousands of dollars)

Identification code 69-1400

	FY 2011	FY 2012	FY 2013
	Actual	Enacted	Request
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$6,016	\$7,959	\$8,175
11.3 Other than full-time permanent	688	0	0
11.5 Other personnel compensation	137	0	0
11.9 Total personnel compensation	<u>\$6,841</u>	<u>\$7,959</u>	<u>\$8,175</u>
12.1 Civilian personnel benefits	1,811	2,229	2,289
21.0 Travel and transportation of persons	102	57	59
23.1 Rental payments to GSA	1,397	960	851
23.2 Rental payment to others	8	0	0
23.3 Communications, utilities, and miscellaneous charges	413	260	270
24.0 Printing and reproduction	55	30	0
25.1 Advisory and assistance services	1,657	1,106	1,112
25.2 Other services	220	830	766
25.3 Other purchases of goods and services from government accounts	2,823	377	730
25.4 Operation and maintenance of facilities	81	0	0
25.7 Operation and maintenance of equipment	4,454	6,440	5,666
26.0 Supplies and materials	81	38	46
31.0 Equipment	385	74	83
Subtotal, Direct obligations	<u>\$20,330</u>	<u>\$20,360</u>	<u>\$20,047</u>
99.0 Subtotal, Reimbursable obligations	766	0	0
99.9 Total new obligations	<u>\$21,095</u>	<u>\$20,360</u>	<u>\$20,047</u>

EMPLOYMENT SUMMARY

Direct:			
1001 Civilian full-time equivalent employment	58.0	68.5	70.0

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS**

Operational Expenses

<u>YEAR</u>	<u>REQUEST</u>	<u>YEAR</u>	<u>ENACTED</u>
2006	\$17,027,000	2006	\$16,708,230 1/
2007	\$17,721,000	2007	\$18,031,000 2/
2008	\$18,130,000	2008	\$18,130,000
2009	\$18,130,000	2009	\$18,130,000 3/
2010	\$18,968,000	2010	\$20,132,000
2011	\$21,383,000 2/	2011	\$20,455,000 4/
2012	\$21,158,000 3/	2012	\$20,360,000
2013	\$20,047,000 3/		

1/ Reflects reduction, of \$168,770 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

2/ Reflects the funding levels provided by a full-year continuing resolution.

3/ Reflects the exclusion of \$1,000,000 to be transferred to Pipeline Safety for the Information Grants to Communities program.

4/ Reflects reduction of \$40,992 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

Detailed Justification for the Operational Expenses Program

FY 2013 Request – \$20.047 million

What Is the Request and What Will We Get for the Funds?

FY 2013 – Operational Expenses – Budget Request (\$000)

Program Activity	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	Difference from FY 2012 Enacted Budget
Operations/Contract Programs	\$ 20,455	\$ 20,360	\$ 20,047	-\$ 313
Total	\$ 20,455	\$ 20,360	\$ 20,047	-\$ 313

In FY 2013, the Budget requests a total of \$20.047 million for Operational Expenses, a decrease of \$313,000 from the FY 2012 enacted amount of \$20.360 million. Of this request, \$14.351 million is for salaries and benefits and other administrative expenses and \$5.696 million for contract programs.

FY 2013 Realignment, Working Capital Fund, (\$1,077,000)

In FY 2013, \$1.1 million will realign the shared services costs to the program areas to better align budgeted costs to actual costs.

FY 2013 Adjustments to Base, \$299,000

Annualization of 2012 Requested FTE, \$287,000

This adjustment to base provides half year funding for 1.5 FTE enacted in FY 2012.

FY 2013 Pay Raise 0.5 Percent, \$39,000

This adjustment to base provides a one-half percent pay raise from January 1, 2013 through September 30, 2013.

One Additional Compensable Workday, \$39,000

Fiscal Year 2013 has one extra working day than Fiscal Year 2012. This results in a net increase of \$39,000 in pay and benefits.

GSA Rent, \$(132,000)

PHMSA maintains office space in its regional offices throughout the United States to accommodate hazardous materials, as well as pipeline inspections in all areas of the country. This decrease is due to PHMSA's space saving initiative.

Working Capital Fund Adjustment, \$29,000

The Working Capital Fund (WCF) is a fully reimbursable fund that finances a range of administrative support services to DOT. This centrally managed account provides Department-wide functions such as information technology, facilities, operational support, and personnel administration. Centralizing WCF administrative support functions has enabled DOT to achieve

economies of scale, reducing costs and increasing operational efficiencies, and has allowed DOT operating administrations to focus on and accomplish their goals. WCF allocates costs based on various algorithms, depending on the service provided. This increase is associated with operating costs in these WCF activities. Request levels are based on estimates provided by the WCF, and determined by actual usage costs (including inflation).

Non-pay Inflation, \$37,000

PHMSA relies upon contract support for certain goods and services. Price escalation for goods and services during FY 2013 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities to execute their responsibilities in FY 2013.

FY 2013 Program Changes, \$465,000

Information Technology (IT) Modernization, \$465,000

PHMSA is entering the third year of its multi-year modernization initiative. This initiative was designed to enable safety decisions (both strategic and operational) based on trusted and more complete data for guiding agency priorities and objectives. The modernization effort will eliminate technologies with fragmented information and instead create a one-stop shop for information to support safety decisions. This will result in improved efficiencies through automation allowing PHMSA to direct limited resources toward events posing the greatest risk. In FY2012 (year two), PHMSA implemented the new Special Permits subsystem; completed the business process re-engineering, requirements analysis, and design phases for the Field Operations (Enforcement) subsystem; and began development activities for Field Operations. In FY2013 (year three), PHMSA will complete and implement the new Field Operations data driven capability as well as the modernization of its Hazmat Registration process. Also in year three, PHMSA will begin the requirements and planning phases of the Incident Reporting framework. The IT Modernization initiative will provide PHMSA and its modal partners a 360 degree view of shippers and carriers. This vital step forward will enable PHMSA and its modal partners to leverage agency-wide data to further reduce safety risks through trending and predictive analysis practices.

What Is This Program?

Overview:

PHMSA's Operational Expenses account supports the following offices: the Administrator; Deputy Administrator; Assistant Administrator/Chief Safety Officer; Chief Counsel; Associate Administrator for Administration/Chief Financial Officer; Governmental, International and Public Affairs; Information Technology Services; Administrative Services; Budget and Finance; Acquisition Services; Human Resources; and Civil Rights.

Offices/Functions

PHMSA Leadership – The Administrator and Deputy Administrator direct all aspects of PHMSA's national programs.

Safety Oversight and Evaluation – The Office of the Assistant Administrator/Chief Safety Officer (CSO) establishes agency-wide safety and security policies, objectives, and priorities relating to hazardous materials and pipeline safety.

Office of the Chief Counsel – The Office of Chief Counsel serves as the principal legal officer and advisor for PHMSA. This office is responsible for legal oversight of the hazardous materials safety and pipeline safety programs. The office provides services such as drafting proposed legislation, drafting or reviewing all regulatory actions (such as any Notices of Proposed Rulemaking (NPRM)), reviewing all procurement and grant actions, and managing the ethics and financial disclosure programs. The office also prosecutes enforcement actions for violations of hazardous materials safety and pipeline safety transportation laws and regulations.

The Office of Governmental, International, and Public Affairs – The Office of Governmental, International, and Public Affairs promotes public and government understanding of PHMSA programs, activities, policies, and strategies. In addition, this office coordinates all PHMSA international activities to ensure consistency with departmental international initiatives.

Civil Rights Office – PHMSA’s Office of Civil Rights administers and ensures PHMSA’s implementation of civil rights and Equal Employment Opportunities precepts and initiatives.

Associate Administrator for Administration/Chief Financial Officer – The Associate Administrator for Administration is responsible for planning, developing, coordinating, implementing and administering a comprehensive program of activities to satisfy administrative management needs within the agency. The Associate Administrator also directs and coordinates financial management programs and support services for PHMSA. This office works closely with each of PHMSA’s program offices to ensure agency budgetary and financial goals are met. Significant functions in this office include agency budget formulation, execution, and justification as well as monitoring current year financial activities such as financial statements, financial and managerial internal controls, and audits.

This office provides reliability and increases the performance of the agency’s safety programs through the following divisions:

- Budget and Finance
- The Information Resources Management Office/Chief Information Officer (CIO)
- Acquisition Services
- Human Resources Management
- Administrative Services

Budget and Finance – PHMSA’s Office of Budget and Finance works closely with the program offices to ensure budgetary and financial goals are met. Major functions of this office include budget formulation, execution, and justification as well as monitoring current year financial activities such as financial statements, financial and managerial internal controls, and audits.

Information Technology (IT) Services – IT underpins PHMSA’s ability to achieve its safety goals and objectives. PHMSA’s Office of the CIO provides agency-wide policy, IT strategic planning, investment oversight, Enterprise Architecture, privacy and security services, project management, and the vital infrastructure and application development support services and tools to enable mission execution.

Increase in Transparency and Procurement Reform – To end waste, fraud, and abuse in the agency, the Office of Acquisition Services strives to close out completed contracts and orders, reviews all service contracts to ensure that personal services are not being procured and that governmental functions are not being performed by contractors, ensures correct information is relayed to the public, and improves how PHMSA spends taxpayer funds through the management of existing contracts.

Human Capital Management – PHMSA’s Office of Human Resources contributes to strategic human capital and workforce planning, recruiting and hiring, and leadership succession planning.

Facility, Real Estate and Property Management – The Office of Administrative Services addresses all real property issues including space design both at headquarters and regional buildings, construction support, asset management, and directives and records management.

FY 2012 Base:

In FY 2012, a Budget of \$20.360 million was enacted for Operational Expenses. Of this, \$15.155 million was for personnel salaries and benefits for 68.5 FTE and other administrative expenses. Also included in the FY 2012 Budget was \$5.205 million for contract programs for: the civil rights intern program, information resource management, information technology infrastructure, and e-government initiatives.

Anticipated FY 2012 Accomplishments:

In compliance with Departmental and agency mission goals, PHMSA strives for the following achievements in FY 2012:

- Award 6% of obligated dollars to Women-Owned Small Businesses (WOSB) and 5% of obligated dollars to Service Disabled Veteran-Owned Small Businesses Enterprises (SDVOSB);
- Actively manage the “Multi-Sector Workforce” (as required by OMB Memorandum M-09-26) thru collaboration among program, human capital, acquisition, and budget/finance offices to achieve a high performing workforce consisting of a core of federal employees, supported by a contractor workforce (only when determined to be efficient and cost effective);
- Maintain 95% fill rate for PHMSA billets and facilitate accelerated hiring process through standardization of position descriptions and recruitment packages.
- Address PHMSA’s human capital planning needs through development of workforce and succession plan.
- Ensure PHMSA is positioned to maintain top-performing talent through various retention efforts including a restructured on-boarding process for new employees and a newly established Learning Community tasked with streamlining the learning and development resources for existing employees.
- To improve data quality goals, the Office of Pipeline Safety’s National Pipeline & Liquid Nitrogen Gas (LNG) Operator Registry/Validation/Notifications and the Office of Hazardous Materials Safety’s Special Permits modules will each use innovative IT approaches to include both self-service and guided user interfaces while simultaneously enforcing data quality standards to improve data product. Each will be supported by data automation and concrete reporting tools that will significantly strengthen PHMSA’s decision support capabilities.

- Assure appropriate training of the acquisition work force (contract specialists, project managers, and contracting officer technical representatives) in accordance with OMB and Federal Acquisition Institute (FAI) guidelines; and
- In accordance with the President's cost savings initiative, PHMSA will launch a FY 2012 Workspace Consolidation initiative. This will implement a double occupancy per workspace for contract employees and thereby delay the need to secure additional space when the agency reaches full occupancy. This will result in a cost savings of approximately \$30,000 per workspace.

Why Is This Particular Program Necessary?

The success of PHMSA's safety programs depends on the vigorous performance of support organizations that help the program offices meet their safety mandate. Activities from the Operational Expenses account contributes to the success of the Pipeline and Hazardous Materials Safety Offices' performance results through program support activities. As a result, Operational Expenses demonstrates alignment with the Department of Transportation's Strategic Plan.

Why Do We Want/Need to Fund the Program at the Requested Level?

In FY 2013, PHMSA requests a total of \$20.047 million and 70.0 FTE for Operational Expenses. This funding level will ensure the success of PHMSA's safety programs, which depends on its entire team of professionals, administrative, and technical personnel and enables the individual program offices to meet PHMSA's collective safety mandate.

In addition, funding will continue to contribute to one of PHMSA's most essential program initiatives, the IT Modernization Plan. This plan is a seven-year, agency-wide strategy to provide PHMSA with necessary IT capabilities to produce robust data analysis, objectives, and strategies while aligning technology with business and data needs. Currently in its third year, the plan contains a roadmap that allows the organization to address various PHMSA Lines of Business (LOB). This roadmap focuses on business and IT modernization while year seven focuses on maturing and maintaining the processes and capabilities developed in years one through four. This seven year plan is designed to provide immediate short-term benefits, while establishing the overall foundation for PHMSA's future IT initiatives.

Without continuing IT Modernization funding support in FY 2013, the integrity and quality of PHMSA's data and information will continue to erode resulting in further data and analysis inefficiencies, decisions that are based on fragmented data (absence of a 360-degree view of data) and operational and decision support challenges. Additionally, the IT systems supporting the business will struggle to provide the transparency, automation, collaboration and analysis support to enable PHMSA to effectively, efficiently, and economically execute critical mission services.

Administrative Provisions

ADMINISTRATIVE PROVISIONS
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

- PHMSA's Hazardous Materials Safety program proposes to collect fees as discussed in Sec.1 below from companies and individuals involved in the transport of hazardous materials seeking special permits or approvals under the Hazardous Materials Regulations (HMR). The fees will relieve the Pipeline and Hazardous Materials Safety Administration's costs associated with the special permit and approval processes.

Sec. 1. Establishment. (a) There is established a Hazardous Materials Approvals and Permits fund for the administration of special permits and approvals. (b) The Secretary of Transportation shall collect a reasonable fee, to the extent and in such amounts as provided in advance in appropriations acts, for the administration of special permits and approvals, as specified in paragraph (c) below, which shall be deposited in the fund established in paragraph (a). (c) For 2013, fees for permits and approvals shall be as follows: (1) New Special Permits: \$3,000 per application, under 49 C.F.R. 107.105. (2) Modification of a Special Permit: \$3,000 per application modification, under 49 C.F.R. 107.121. (3) Renewal Special Permit: \$1,000 per application, under 49 C.F.R. 107.109. (4) Party Status Special Permit: \$1,000 per application, under 49 C.F.R. 107.107. (5) Cylinder Manufacturer Approvals: \$3,000 per application for approval, under 49 C.F.R. 107.805 (6) All Other Approvals: \$700 per application, under 49 C.F.R. 107 Subpart H and Subpart I.

- PHMSA's Pipeline Safety program proposes to collect a fee as described in Sec. 2 below from companies engaged in the design, permitting and construction of new pipeline projects. PHMSA's Pipeline Safety program proposes to remove the threshold limitations in §60117(n)(1)(B) for the current fiscal year. This threshold limits the program's ability to recover fees for conducting facility design safety reviews to pipeline projects that have construction costs of at least \$2.5 billion or that use new or novel technologies or designs. By amending the provision as set forth in Section 2 below, PHMSA's Pipeline Safety program would be able to recover costs associated with conducting facility design safety reviews in connection with any proposal to construct, expand or operate a gas or hazardous liquid pipeline facility or liquefied natural gas pipeline facility. Any such funds collected will be deposited in the Pipeline Safety Design Review Fund that has been created in the Treasury, and are available under § 60117(n)(3) to the Pipeline Safety program, in amounts specified in appropriations Acts.

Sec. 2. Notwithstanding section 60117(n)(1)(B) of title 49, United States Code, the Secretary may require the person proposing any project for the construction, expansion, or operation of a gas or hazardous liquid pipeline facility or liquefied natural gas pipeline facility to pay the costs incurred by the Secretary relating to a facility design safety review, regardless of the design and construction costs of the project or whether the project uses new or novel technologies or design.

- PHMSA is proposing to increase the maximum Federal reimbursement of a State's expenditure during the year for personnel, equipment, and activities under § 60107(a) from 80% to 100 % for any State granted a waiver under § 60107(b). This will allow

PHMSA to increase the amount it is able to provide to the safety program of certain States and is necessary to counteract the effects of economic hardship in those States. Only States that are granted a maintenance of effort waiver under § 60107(b) would be eligible for 100 percent Federal reimbursement of their personnel, equipment, and activities under § 60107(a).

Sec. 3. Notwithstanding section 60107(a) of title 49, United States Code, applicable appropriations to the Pipeline and Hazardous Materials Safety Administration shall be available in fiscal year 2013 to pay up to 100 percent of the cost outlined in section 60107(a) to any State granted a maintenance of effort waiver under section 60107(b).

FY 2013 Language Justification:

Sec. 1 PHMSA anticipates that costs associated with administering the Permits and Approvals program will progressively increase for several years as PHMSA institutes program safety improvements, as mandated by the House Transportation and Infrastructure Committee and the DOT Inspector General. Increasing compliance oversight of special permits and approvals is a primary component of such oversight. We anticipate thorough engineering evaluation of each permit application for new package designs, increasingly stringent monitoring of a company's fitness/competence to hold a special permit or approval, continuous evaluation of the technologies or materials subject to a special permit, certification of fireworks designs from newly chartered Fireworks Examination Agencies located in the Far East, and accelerated incorporation of special permit provisions into the HMR.

Sec. 2 For the Pipeline Safety fees for Cost Recovery for Design Review, we made changes to specify that during fiscal year 2013, the fees may be collected for facility design safety reviews we conduct for any proposal to construct, expand or operate a gas or hazardous liquid pipeline facility or liquefied natural gas pipeline facility, regardless of the design and construction costs of the project or whether the project uses new or novel technologies or design.

Sec. 3 Under current law, PHMSA is authorized to provide States "not more than 80 percent"¹ in Federal funding for State Pipeline Safety programs. Thus, PHMSA is proposing to increase the maximum Federal reimbursement for any State granted a Maintenance of Effort waiver under § 60107(b) to ensure Pipeline Safety standards are preserved in these States regardless of the economic situation. States that qualify under this waiver will be considered for reimbursement during the year for personnel, equipment, and activities under § 60107(a) from 80% to 100%. This will allow PHMSA to increase the amount it is able to provide to these qualified State's safety programs and also provide the means for these State to counteract the effects of economic hardship. Note: *Only* States that are granted a maintenance of effort waiver under § 60107(b) would be eligible for 100 percent Federal reimbursement of their personnel, equipment, and activities under § 60107(a).

¹ <http://www.gpo.gov/fdsys/pkg/PLAW-109publ468/html/PLAW-109publ468.htm>

IV –Research, Development and Technology

BUDGET AUTHORITY**(In thousands of dollars)****EXHIBIT IV-1****PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

	FY 2011	FY 2012	FY 2013	FY 2013	FY 2013
	Actual	Enacted	Request	Applied	Development
A. Pipeline Safety	\$7,465	\$7,545	\$13,862	\$0	\$13,862
1. Pipeline Safety	\$6,871	\$6,920	\$12,931	\$0	\$12,931
2. Administrative Expenses*	\$594	\$625	\$931	\$0	\$931
B. Hazardous Materials Safety	\$2,202	\$2,298	\$2,595	\$2,595	\$0
1. Hazardous Materials Safety	\$1,696	\$1,716	\$1,725	\$1,725	\$0
2. Administrative Expenses*	\$506	\$582	\$870	\$870	\$0
TOTAL PHMSA	\$9,667	\$9,843	\$16,457	\$2,595	\$13,862

*Administrative costs displayed here are for salaries and benefits related to FTEs that work on R&D. These costs are not part of the R&D program funds; they are in addition to.