



U.S. Department of  
Transportation

# **BUDGET ESTIMATES**

## **FISCAL YEAR 2015**

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### **PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

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SUBMITTED FOR THE USE OF THE  
COMMITTEES ON APPROPRIATIONS

**U.S. DEPARTMENT OF TRANSPORTATION**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**FY 2015 BUDGET REQUEST**  
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**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION FY  
2015 BUDGET REQUEST OVERVIEW**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) actively oversees more than 40,000 companies involved in the commercial transportation of petroleum products and hazardous materials. Pipelines carry natural gas and hazardous liquids over a 2.6 million mile network serving 66 million residential and business customers. On any given day, more than 6 million tons of hazardous materials safely move millions of miles across the nation's land, water, and air transportation corridors.

Oil and natural gas makes up most of the product transported under PHMSA's jurisdiction. Pipelines, in particular, supply more than two-thirds of the energy used in all facets of American life. With new discoveries, opportunities are only expected to grow as technological advances unlock previously inaccessible sources of energy across the country.

Protecting people and the natural environment is the fundamental mission PHMSA constantly works to achieve with partners in the states and industry. In order to accomplish that mission effectively, it is increasingly clear that the public needs PHMSA staffed sufficiently with the right people to keep an expanding industry growing and its vulnerable infrastructure from deteriorating. It means transitioning PHMSA and its state partners toward using the data they collect to analyze, reduce, and prevent otherwise unforeseen risks from becoming failures with human and environmental consequences.

The FY 2015 Budget request is focusing on the following three initiatives:

1. **Pipeline Safety Reform (PSR)** - An increase of \$23.5 million is requested for 52.0 full-time equivalents (FTEs), which includes inspection and enforcement (I&E), other staff and the National Pipeline Information Exchange (NPIX) initiative to strengthen PHMSA's data and analytical capabilities for enhanced strategic decision making.
2. **Emergency and Preparedness Information for Communities (EPIC)** - The request for EPIC is \$3.7 million, which includes 3.0 FTE.
3. **FY 2015 Hazardous Materials Research & Development Priorities** – An increase of \$4.7 million is requested for R&D to enhance their expertise on subject matters related to technical aspects with safe packaging and container storage for transport and chemical compound analysis. PHMSA's research efforts will help to address safety specifications for shipping containers, classification validation, pilot studies on preventing explosions in transport vehicles, and establishing best practices for unloading and loading hazmat. It will also help PHMSA continue research responsibilities set forth under MAP-21.

The Pipeline Safety, Regulatory, Certainty, and Job Creation Act of 2011 (P.L. 112-90) (Job Creation Act) has already allowed PHMSA to shore up its I&E staff across the country. However, PHMSA's multi-year PSR seeks to complete the job by hiring I&E staff with the right mix of talent stationed strategically to enhance data collection, analysis and information technology activities in cooperation with partner agencies in the states. All these efforts add to PHMSA's bank of knowledge aimed at reducing the risk of future pipeline failures.

PHMSA also must do more to create and disseminate knowledge among its stakeholders and to the general public. PHMSA is the information asset for those interested in the pipeline and hazmat transport business. For FY 2015, PHMSA proposes to shift its various current outreach efforts into higher gear through EPIC. People should know what's going on around them, especially if it affects their safety. EPIC will help correct one of the most significant factors contributing to pipeline and hazmat incidents today, lack of public awareness, as people unknowingly dig into pipelines or mispackage hazardous materials bound for destinations also unsuspecting of the risks involved. This PHMSA-wide EPIC initiative will prevent tragedies through two key objectives. First, in Pipeline Safety, \$2.1 million will be

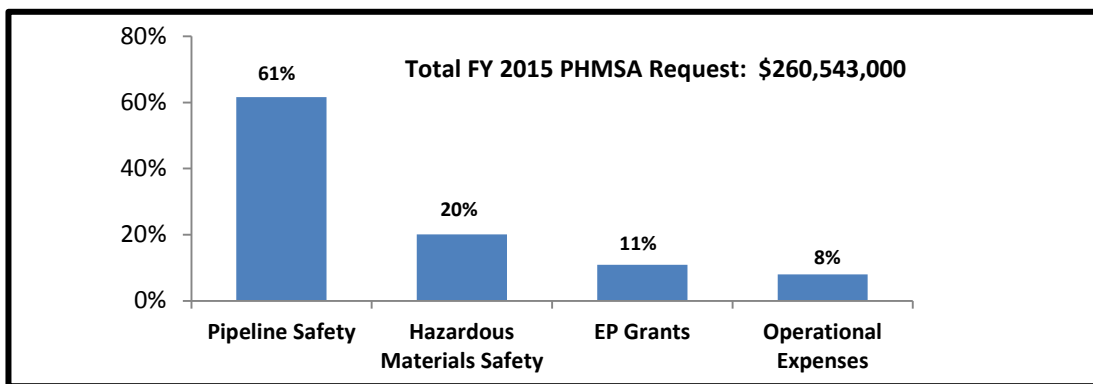
devoted to further spread the word about 811 “Call Before You Dig” activities through a public service advertising campaign. Second, the Hazardous Materials Safety program requests \$1.6 million for EPIC to increase contacts and training with communities so that they get the most benefits from the emergency preparedness grants available to them.

Spreading knowledge elsewhere is far from PHMSA’s lone focus, though. Ever mindful of its duty to sustain safety, PHMSA requests \$260.5 million for FY 2015, or \$50.5 million more than the FY 2014 enacted level. The FY 2015 Budget request supports the Job Creation Act and the proposed reauthorization following MAP-21, as well as the Pipeline Safety Reform initiative. Funding for initiatives mentioned above and ongoing operations will remain predominantly reliant on user fees; under the proposed FY 2015 Budget, fees make up 76 percent of resources while general funds account for 24 percent.

In particular, the FY 2015 Budget would dedicate:

- \$159.5 million to Pipeline Safety, which is \$40.9 million more than the FY 2014. This request includes 54.5 newly requested FTEs and funding for NPIX to continue carrying out Pipeline Safety Reform and other initiatives, and funding to States Pipeline Safety grants;
- \$52 million to Hazardous Materials Safety, which is \$7 million more than the FY 2014 appropriation. The request includes three newly requested FTEs, of which 2.5 FTEs will provide Outreach and Analytical Program Support for the EPIC initiative and a 0.5 FTE equivalent will be stationed in acquisition services to assist in the processing and management of \$4.7 million in research and development;
- \$28.3 million in Emergency Preparedness Grants that would go to first responders and communities engaged in the critical work of gaining and disseminating know-how aimed at reducing risk and harm posed by hazardous materials; and
- \$20.7 million would fund the Operational Expenses.

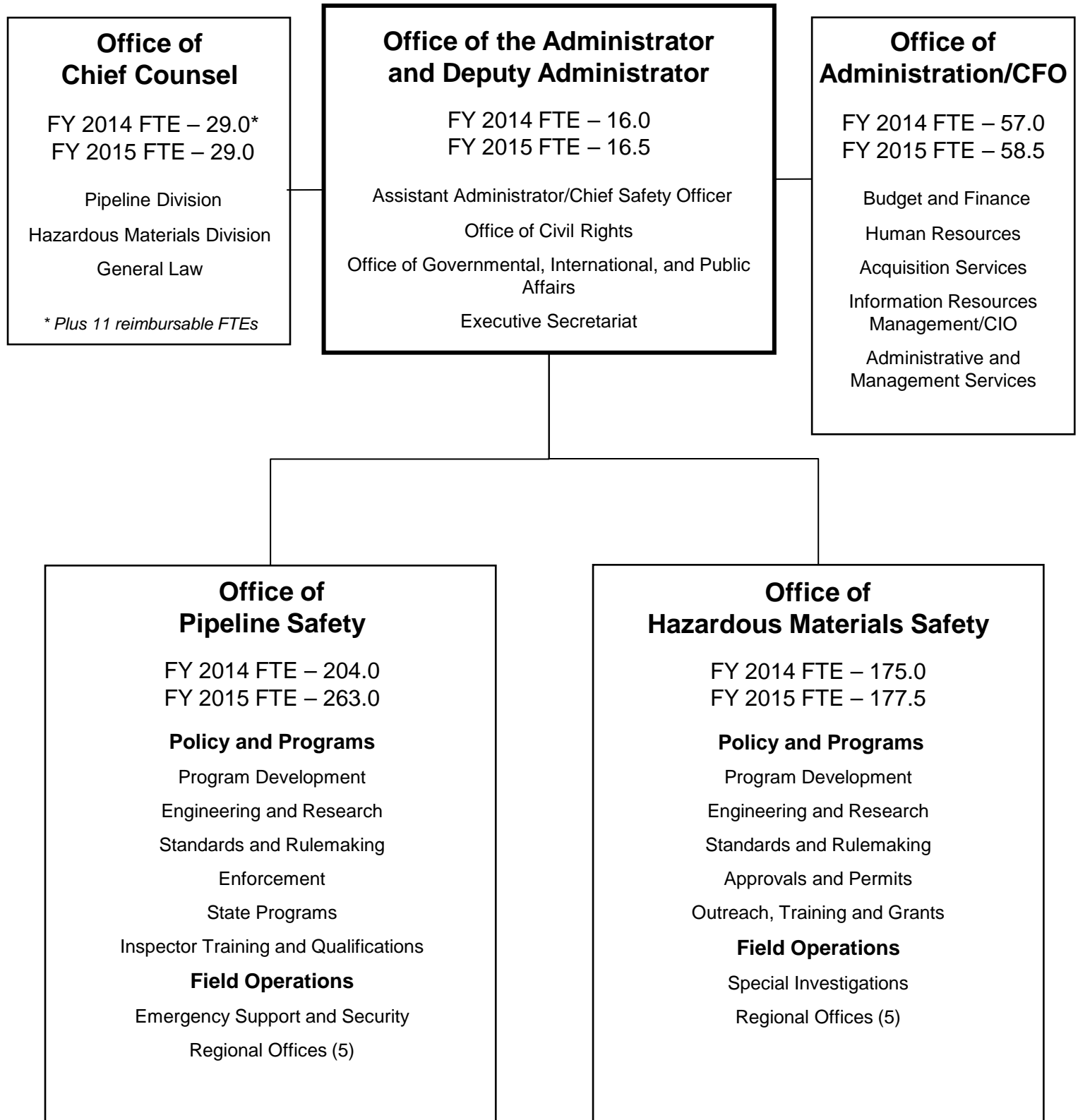
Below is a summary bar chart of the FY 2015 Budget request by percentage of program costs. Additional details and explanations covering these and the full complement of activities under PHMSA’s purview appear in the sections and pages that follow.



#### Safe Transportation of Energy Products Fund

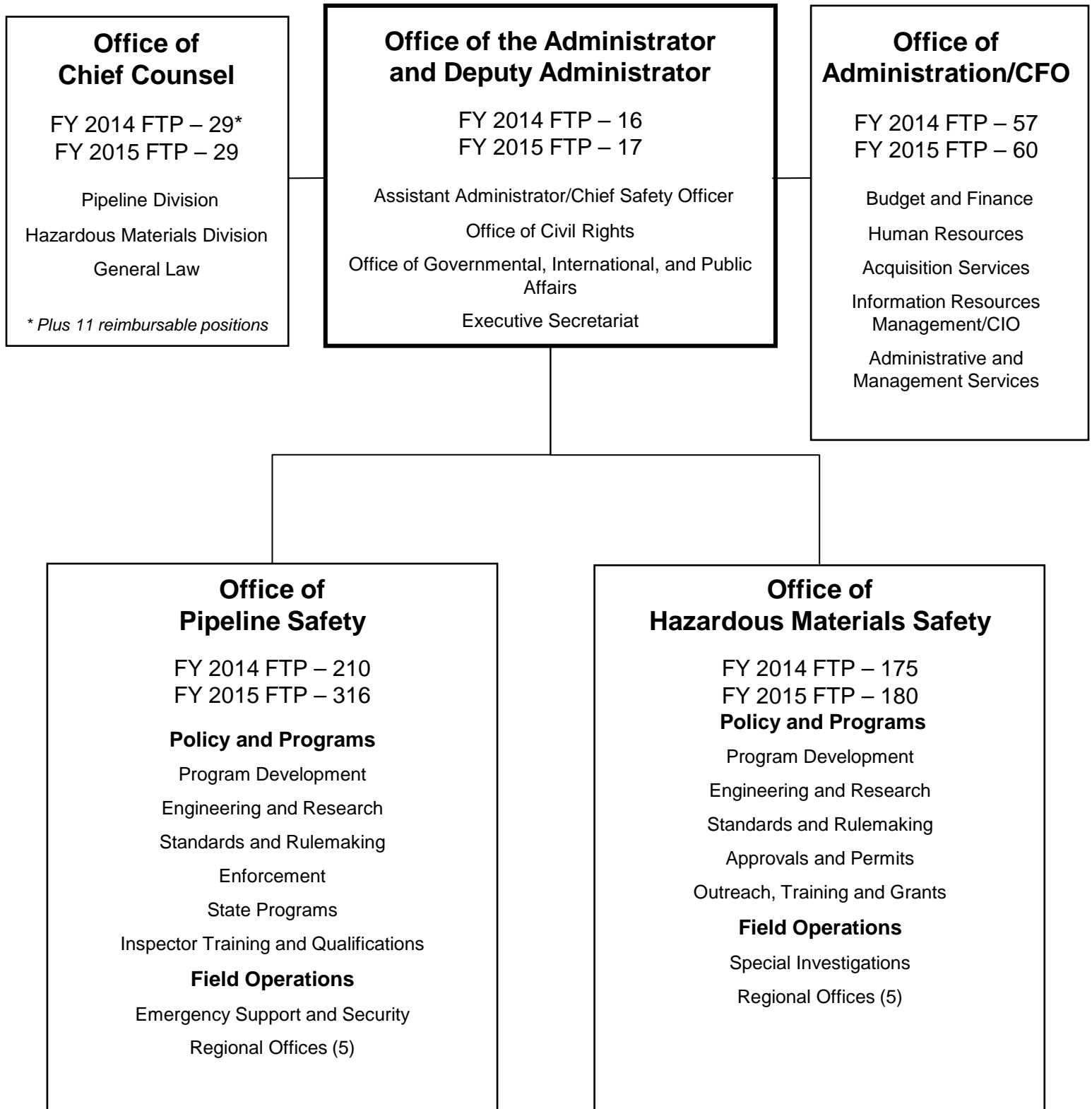
The Department of Transportation is requesting the creation of a new fund to support the multimodal prevention and response activities associated with the increased safety issues currently surrounding the transport of crude oil. The funds would be available for initiatives within the Federal Railroad Administration, the Pipeline and Hazardous Materials Safety Administration, and the Federal Motor Carrier Safety Administration. The Administrators of those Operating Administrations along with representatives of designated offices within the Office of the Secretary would jointly serve as a decision-making board for the use of the funds and would be responsible for their effective administration.

**Pipeline and Hazardous Materials Safety Administration (PHMSA)**  
**Full-Time Equivalents (FTEs) for FY 2014 and FY 2015 Budget Request**  
**Totals: FY 2014 FTE –492.0 / FY 2015 FTE – 544.5**



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

**Pipeline and Hazardous Materials Safety Administration (PHMSA)**  
**Full-Time Positions (FTP) for FY 2014 and FY 2015 Budget Request**  
**Totals: FY 2014 FTP – 498 / FY 2015 FTP – 602**



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

**Budget Summary  
Tables**

**EXHIBIT II-1**

**FY 2015 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<b><u>ACCOUNT NAME</u></b>	<b><u>FY 2013 ACTUAL</u></b>	<b><u>FY 2014 ENACTED</u></b>	<b><u>FY 2015 REQUEST</u></b>
<b>Pipeline Safety</b>			
Pipeline Safety Fund	85,936	98,514	136,500
Oil Spill Liability Trust Fund	17,601	18,573	19,500
Design Review Fees	0	0 <sup>1</sup>	2,000
General Fund	948	1,500	1,500
<b>Subtotal</b>	<b>\$104,485</b>	<b>\$118,587</b>	<b>\$159,500</b>
<b>Hazardous Materials Safety</b>			
General Fund	40,123	45,000	40,000
Special Permit and Approvals Fund	0	0	12,000
<b>Subtotal</b>	<b>\$40,123</b>	<b>\$45,000</b>	<b>\$52,000</b>
<b>Emergency Preparedness Grants</b>			
Emergency Preparedness Fund (Mandatory)	26,687	26,105 <sup>2</sup>	28,130
Emergency Preparedness Fund (Discretionary)	178	188	188
<b>Subtotal</b>	<b>\$26,865</b>	<b>\$26,293</b>	<b>\$28,318</b>
<b>Operational Expenses</b>			
General Fund	18,689	19,515	20,725
Pipeline Safety Fund	606	639	0
<b>Subtotal</b>	<b>\$19,295</b>	<b>\$20,154</b>	<b>\$20,725</b>
<b>TOTAL</b>	<b>\$190,768</b>	<b>\$210,034</b>	<b>\$260,543</b>

<sup>1</sup> The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or uses new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

<sup>2</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

**EXHIBIT II-2**

**FY 2015 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)**

<b><u>ACCOUNT NAME</u></b>	<b><u>FY 2013 ACTUAL</u></b>	<b><u>FY 2014 ENACTED</u></b>	<b><u>FY 2015 REQUEST</u></b>
<b>Pipeline Safety</b>			
Pipeline Safety Fund	85,936	98,514	136,500
Oil Spill Liability Trust Fund	17,601	18,573	19,500
Design Review Fees	0	0 <sup>1</sup>	2,000
General Fund	948	1,500	1,500
	<b>\$104,485</b>	<b>\$118,587</b>	<b>\$159,500</b>
<b>Hazardous Materials Safety</b>			
General Fund	40,123	45,000	40,000
Special Permit and Approvals Fund	0	0	12,000
	<b>\$40,123</b>	<b>\$45,000</b>	<b>\$52,000</b>
<b>Emergency Preparedness Grants</b>	<b>\$26,865</b>	<b>\$26,293<sup>2</sup></b>	<b>\$28,318</b>
<b>Operational Expenses</b>			
General Fund	18,689	19,515	20,725
Pipeline Safety Fund	606	639	0
	<b>\$19,295</b>	<b>\$20,154</b>	<b>\$20,725</b>
<b>TOTAL</b>	<b>\$190,768</b>	<b>\$210,034</b>	<b>\$260,543</b>

<sup>1</sup> The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or uses new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

<sup>2</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

**EXHIBIT II-3**

**FY 2015 BUDGET REQUEST BY STRATEGIC AND PERFORMANCE GOALS  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
Appropriations, Obligations, and Exempt Obligations  
(\$000)**

<b>STRATEGIC &amp; PERFORMANCE GOALS by Performance Measure</b>	<b>FY 2013 ACTUAL</b>	<b>FY 2014 ENACTED</b>	<b>FY 2015 REQUEST</b>
<b>SAFETY</b>			
a. Reduce the number of natural gas and hazardous liquid pipeline incidents involving death or major injury	\$114,814	\$129,424	\$171,786
b. Reduce the number of hazardous materials transportation incidents involving death or major injury	\$75,954	\$80,610	\$88,757
Total - Safety Strategic Goal	\$190,768	\$210,034	\$260,543
<b>GRAND TOTAL</b>	<b>\$190,768</b>	<b>\$210,034</b>	<b>\$260,543</b>

**EXHIBIT II-3a**

**FY 2015 BUDGET REQUEST BY DOT OUTCOMES  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<b>DOT Outcome</b>	<b>Program</b>	<b>FY 2015 Request</b>
<b>SAFETY</b>		
Reduction in transportation-related deaths and injuries	Pipeline Safety	<b>\$171,786</b>
Reduction in transportation-related deaths and injuries	Hazardous Materials Safety	<b>\$88,757</b>

**EXHIBIT II-4**

**FY 2015 TOTAL BUDGETARY AUTHORITY  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<b><u>ACCOUNT NAME</u></b>	<b><i>Mandatory/ Discretionary</i></b>	<b>FY 2013 ACTUAL</b>	<b>FY 2014 ENACTED</b>	<b>FY 2015 REQUEST</b>
Pipeline Safety	<i>D</i>	104,485	118,587 <sup>1</sup>	159,500
Hazardous Materials Safety	<i>D</i>	40,123	45,000	52,000
Emergency Preparedness Grants	<i>M</i>	26,687	26,105 <sup>2</sup>	28,130
	<i>D</i>	178	188	188
		<u>26,865</u>	<u>26,293</u>	<u>28,318</u>
Operational Expenses	<i>D</i>	19,295	20,154	20,725
<b>TOTAL</b>		<b>\$190,768</b>	<b>\$210,034</b>	<b>\$260,543</b>
<i>Mandatory</i>		26,687	26,105	28,130
<i>Discretionary</i>		164,081	183,929	232,413
<b><u>PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS</u></b>				
Pipeline Safety User Fees	<i>D</i>	85,980	99,153	136,500
Proposed Pipeline Safety Design Review Fees	<i>D</i>	0	0	2,000
Emergency Preparedness Fund (EP Grants)	<i>M</i>	14,704	26,105	28,130
EP Grants Operational Expenses	<i>D</i>	0	188	188
Proposed Hazardous Materials Special Permits and Approvals Fund	<i>D</i>	0	0	12,000
Hazmat Registration Program	<i>M</i>	667	800	800
<b>TOTAL</b>		<b>101,351</b>	<b>\$126,246</b>	<b>\$179,618</b>

<sup>1</sup> The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or uses new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

<sup>2</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

**EXHIBIT II-5**

**FY 2015 OUTLAYS  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<b><u>ACCOUNT NAME</u></b>	<b><u>FY 2013 ACTUAL</u></b>	<b><u>FY 2014 ENACTED</u></b>	<b><u>FY 2015 REQUEST</u></b>
Pipeline Safety			
Pipeline Safety Fund	\$81,870	\$97,310	\$120,891
General Fund Share of Pipeline Safety	975	1,218	1,500
Trust Fund Share of Pipeline Safety	19,125	19,479	18,988
Subtotal, Pipeline Safety	<u>\$101,970</u>	<u>\$118,007</u>	<u>\$141,379</u>
 Hazardous Materials Safety	 \$40,244	 \$45,708	 \$49,760
Emergency Preparedness Grants			
Mandatory	\$23,865	\$30,166	\$31,959
Discretionary	67	119	116
Subtotal, Emergency Preparedness Grants	<u>\$23,932</u>	<u>\$30,285</u>	<u>\$32,074</u>
 Operational Expenses	 \$18,924	 \$20,982	 \$20,542
Research and Special Programs	\$23	\$346	\$0
 <b>TOTAL</b>	 <b>\$185,092</b>	 <b>\$215,327</b>	 <b>\$243,756</b>
<i>Discretionary</i>	<i>161,227</i>	<i>185,161</i>	<i>211,797</i>
<i>Mandatory</i>	<i>23,865</i>	<i>30,166</i>	<i>31,959</i>

**EXHIBIT II-6**  
**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**Appropriations, Obligation Limitations, and Exempt Obligations**  
**(\$0000)**

	FY 2014 Enacted	Baseline Changes					FY 2015 Baseline Estimate	Program Increases/ Decreases	FY 2015 Request
		Annualization of 2014 Pay Raises	Annualization of FY 2014 FTE	2015 Pay Raises	GSA Rent	WCF Increase/ Decrease			
<b>PHMSA ALL</b>									
<b>PERSONNEL RESOURCES (FTE)</b>	<b>492.0</b>						<b>487.0</b>	<b>57.5</b>	<b>544.5</b>
Direct FTE	481.0		6.0				487.0	57.5	544.5
Reimbursable FTE	11.0						0.0		0.0
<b>FINANCIAL RESOURCES</b>									
<b><u>ADMINISTRATIVE EXPENSES</u></b>									
Salaries and Benefits	\$63,936	\$159	\$870	\$484			\$65,489	\$8,562	\$74,051
Travel	\$5,243		\$102			\$35	\$5,380	\$963	\$6,343
GSA Rent	\$7,075		\$78	\$174			\$7,327	\$748	\$8,075
Other Administrative Expenses <sup>1</sup>	\$10,337		\$234			\$104	\$10,675	\$2,819	\$13,494
WCF	\$8,156					\$119	\$8,275		\$8,275
<b>Subtotal, Administrative</b>	<b>\$94,747</b>	<b>\$159</b>	<b>\$1,284</b>	<b>\$484</b>	<b>\$174</b>	<b>\$119</b>	<b>\$97,146</b>	<b>\$13,090</b>	<b>\$110,236</b>
<b>PROGRAMS</b>									
Pipeline Safety	\$19,072					\$191	\$19,263	\$16,622	\$35,885
Hazardous Materials Safety	\$8,491					\$85	\$8,576	\$1,082	\$9,658
Emergency Preparedness Grants	\$907						\$963		\$963
Operational Expenses	\$5,269					\$53	\$5,322	\$371	\$5,693
<b>Subtotal, Programs</b>	<b>\$33,739</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$329</b>	<b>\$34,124</b>	<b>\$18,075</b>	<b>\$52,199</b>
<b><u>RESEARCH AND DEVELOPMENT:</u></b>									
Pipeline Safety	\$12,188					\$122	\$12,310		\$12,310
Hazardous Materials Safety	\$2,300					\$23	\$2,323	\$4,634	\$6,957
<b>Subtotal, Research and Development</b>	<b>\$14,488</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$145</b>	<b>\$14,633</b>	<b>\$4,634</b>	<b>\$19,267</b>
<b><u>GRANTS:</u></b>									
Pipeline Safety	\$42,189					\$407	\$42,596	\$10,000	\$52,596
Emergency Preparedness Grants	\$24,871						\$26,800	(\$555)	\$26,245
<b>Subtotal, Grants</b>	<b>\$67,060</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$407</b>	<b>\$69,396</b>	<b>\$9,445</b>	<b>\$78,841</b>
<b>Subtotal, Programs, R&amp;D and Grants</b>	<b>\$115,287</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$881</b>	<b>\$118,153</b>	<b>\$32,154</b>	<b>\$150,307</b>
<b>GRAND TOTAL</b>	<b>\$208,009</b>	<b>\$159</b>	<b>\$1,284</b>	<b>\$484</b>	<b>\$174</b>	<b>\$119</b>	<b>\$215,299</b>	<b>\$45,244</b>	<b>\$260,543</b>

<sup>1</sup> This line item consolidates previously separate budget line items for Communications & Utilities, Printing, Training and Employee Development, Supplies, and Equipment.

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

Pipeline Safety	FY 2014 Enacted	Realignments	Baseline Changes				WCF Increase/ Decrease	GSA Rent	2015 Pay Raises	Annualization of FY 2014 FTE	1.0% Inflation	FY 2015 Baseline Estimate	Program Increases/ Decreases	FY 2015 Request
			Annualization of 2014 Pay Raises	Annualization of FY 2014 FTE	2015 Pay Raises	GSA Rent								
<b>PERSONNEL RESOURCES (FTE)</b>	<b>221.0</b>											<b>227.0</b>	<b>54.5</b>	<b>281.5</b>
Direct FTE	221.0			6.0						6.0		227.0	54.5	281.5
<b>FINANCIAL RESOURCES</b>														
<b>ADMINISTRATIVE EXPENSES</b>														
Salaries and Benefits	\$27,940		\$70	\$870	\$217							\$29,097	\$8,121	\$37,218
Travel	\$3,441			\$102							\$35	\$3,578	\$927	\$4,505
GSA Rent	\$3,878			\$78		\$123						\$4,079	\$709	\$4,788
Other Administrative Expenses <sup>1</sup>	\$5,676	\$0		\$234							\$59	\$5,969	\$2,126	\$8,095
WCF	\$4,203										(\$98)	\$4,105		\$4,105
<b>Subtotal, Administrative</b>	<b>\$45,138</b>	<b>\$0</b>	<b>\$70</b>	<b>\$1,284</b>	<b>\$217</b>	<b>\$123</b>					<b>\$94</b>	<b>\$46,828</b>	<b>\$11,881</b>	<b>\$58,709</b>
<b>PROGRAMS</b>														
Compliance/Pipeline Integrity Management <sup>2</sup>	\$10,048										\$101	\$10,149		\$10,149
Training, Information, & Community Assist. Services <sup>2</sup>	\$6,226										\$62	\$6,288	\$2,000	\$8,288
Mapping and Information Systems <sup>2</sup>	\$1,785										\$18	\$1,803	\$12,131	\$13,934
Implementing the Oil Pollution Act <sup>2</sup>	\$1,013										\$10	\$1,023	\$491	\$1,514
Pipeline Design Review	\$0											\$0	\$2,000	\$2,000
<b>Subtotal, Programs</b>	<b>\$19,072</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>					<b>\$191</b>	<b>\$19,263</b>	<b>\$16,622</b>	<b>\$35,885</b>
<b>RESEARCH AND DEVELOPMENT:</b>														
<b>Subtotal, Research and Development</b>	<b>\$12,188</b>										<b>\$122</b>	<b>\$12,310</b>		<b>\$12,310</b>
<b>GRANTS:</b>														
State Pipeline Safety Grants	\$38,088										\$381	\$38,469	\$10,000	\$48,469
State One-call Grants	\$1,058										\$11	\$1,069		\$1,069
State Damage Prevention Grants	\$1,543										\$15	\$1,558		\$1,558
Information Grants to Communities	\$1,500											\$1,500		\$1,500
<b>Subtotal, Programs, R&amp;D and Grants</b>	<b>\$42,189</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>					<b>\$407</b>	<b>\$42,596</b>	<b>\$10,000</b>	<b>\$52,596</b>
<b>Subtotal, Financial Resources</b>	<b>\$73,449</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>					<b>\$720</b>	<b>\$74,169</b>	<b>\$26,622</b>	<b>\$100,791</b>
<b>GRAND TOTAL</b>	<b>\$118,587</b>	<b>\$0</b>	<b>\$70</b>	<b>\$1,284</b>	<b>\$217</b>	<b>\$123</b>	<b>(\$98)</b>				<b>\$814</b>	<b>\$120,997</b>	<b>\$38,503</b>	<b>\$159,500</b>

<sup>1</sup> This line item consolidates previously separate budget line items for Communications & Utilities, Printing, Training and Employee Development, Supplies, and Equipment.

<sup>2</sup> These line items consolidate previously separate budget line items for Information and Analysis, Compliance, Emergency Notification, Community Assistant and Technical Services, Multimodal Hazmat Intelligence Portal, Alternative Fuels, and Onshore Facilities Response Plan Initiatives.

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

Hazardous Materials Safety	Baseline Changes							FY 2015 Baseline Estimate	Program Increases/ Decreases	FY 2015 Request
	2014 Enacted	Annualization of 2014 Pay Raises	Annualization of FY 2014 FTE	2015 Pay Raises	GSA Rent	WCF Increase/ Decrease	1.0% Inflation			
<b>PERSONNEL RESOURCES (FTE)</b>	<b>190.0</b>							<b>190.0</b>	<b>3.0</b>	<b>193.0</b>
Direct FTE	190.0							190.0	3.0	193.0
<b>FINANCIAL RESOURCES</b>										
<b>ADMINISTRATIVE EXPENSES</b>										
Salaries and Benefits	\$25,044	\$63		\$188				\$25,295	\$441	\$25,736
Travel	\$1,743							\$1,743	\$36	\$1,779
GSA Rent	\$2,192				\$35			\$2,227	\$39	\$2,266
Other Administrative Expenses <sup>1</sup>	\$1,931						\$19	\$1,950	\$138	\$2,088
WCF	\$3,299					\$217		\$3,516		\$3,516
<b>Subtotal, Administrative</b>	<b>\$34,209</b>	<b>\$63</b>	<b>\$0</b>	<b>\$188</b>	<b>\$35</b>	<b>\$217</b>	<b>\$19</b>	<b>\$34,731</b>	<b>\$654</b>	<b>\$35,385</b>
<b>PROGRAMS</b>										
Hazmat Information and Analysis <sup>2</sup>	\$2,388						\$24	\$2,412		\$2,412
Investigation and Enforcement	\$1,782						\$18	\$1,800		\$1,800
Training and Outreach <sup>2</sup>	\$3,548						\$35	\$3,583	\$1,082	\$4,665
<b>Subtotal, Programs</b>	<b>\$7,718</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$77</b>	<b>\$7,795</b>	<b>\$1,082</b>	<b>\$8,877</b>
Hazmat Registration Program	\$773						\$8	\$781		\$781
<b>RESEARCH AND DEVELOPMENT:</b>										
<b>Subtotal, Research and Development</b>	<b>\$2,300</b>						<b>\$23</b>	<b>\$2,323</b>	<b>\$4,634</b>	<b>\$6,957</b>
<b>Subtotal, Programs and R&amp;D</b>	<b>\$10,791</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$108</b>	<b>\$10,899</b>	<b>\$5,716</b>	<b>\$16,615</b>
<b>GRAND TOTAL</b>	<b>\$45,000</b>	<b>\$63</b>	<b>\$0</b>	<b>\$188</b>	<b>\$35</b>	<b>\$217</b>	<b>\$127</b>	<b>\$45,630</b>	<b>\$6,370</b>	<b>\$52,000</b>

<sup>1</sup> This line item consolidates previously separate budget line items for Communications & Utilities, Printing, Training and Employee Development, Supplies, and Equipment.

<sup>2</sup> These line items consolidate previously separate budget line items for Research and Analysis, Rulemaking Support, Emergency Preparedness, Multimodal Hazmat Intelligence Portal, the Hazardous Materials Program Evaluations, and the Hazmat Registration Program.

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

Emergency Preparedness Grants	Baseline Changes						
	FY 2014 Enacted	Annualization of 2014 Pay Raises	Annualization of FY 2014 FTE	2015 Pay Raises	GSA Rent	WCF Increase/ Decrease	1.0% Inflation
<b>PERSONNEL RESOURCES (FTE)</b>	<b>0.0</b>						<b>0.0</b>
<b>FINANCIAL RESOURCES</b>							
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries and Benefits <sup>1</sup>	\$425						\$465
Other Administrative Expenses	\$90						\$90
<b>Subtotal, Administrative</b>	<b>\$515</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$555</b>
<b>PROGRAMS</b>							
<b>Mandatory Programs:</b>							
Grants	\$24,871						\$26,800
Technical Assistance	\$139						\$150
Emergency Response Guidebook (WCF) <sup>2</sup>	\$580						\$625
<b>Subtotal, Mandatory Programs</b>	<b>\$25,590</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,575</b>
<b>Subtotal, Mandatory Budget Authority</b>	<b>\$26,105</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,130</b>
<b>Discretionary Programs</b>							
Training Curriculum Guidelines	\$188						\$188
<b>Subtotal, Discretionary Budget Authority</b>	<b>\$188</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$188</b>
<b>Subtotal, Programs</b>	<b>\$25,778</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,763</b>
<b>GRAND TOTAL</b>	<b>\$26,293</b> <sup>3</sup>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,318</b>

<sup>1</sup> Hazardous Materials and Emergency Preparedness Grants staff are allocated to the Hazardous Materials Safety Account, where a portion of their cost is paid through the EP Grants.

<sup>2</sup> The \$625,000 WCF funding for FY 2014 and FY 2015 will be used toward the printing of Emergency Response Guidebook (ERG) in FY 2016. The ERGs are printed once every four years.

<sup>3</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

**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)**

Operational Expenses	Baseline Changes							FY 2015 Baseline Estimate	Program Increases/ Decreases	FY 2015 Request
	FY 2014 Enacted	Annualization of 2014 Pay Raises	Annualization of FY 2014 FTE	2015 Pay Raises	GSA Rent	WCF Increase/ Decrease	1.0% Inflation			
<b>PERSONNEL RESOURCES (FTE)</b>	<b>81.0</b>							<b>70.0</b>		<b>70.0</b>
Direct FTE	70.0							70.0		70.0
Reimbursable FTE	11.0							0.0		0.0
<b>FINANCIAL RESOURCES</b>										
<b>ADMINISTRATIVE EXPENSES</b>										
Salaries and Benefits	\$10,527	\$26		\$79				\$10,632		\$10,632
Travel	\$59							\$59		\$59
GSA Rent	\$1,005				\$16			\$1,021		\$1,021
Other Administrative Expenses <sup>1</sup>	\$2,640						\$26	\$2,666		\$2,666
WCF	\$654							\$654		\$654
<b>Subtotal, Administrative</b>	<b>\$14,885</b>	<b>\$26</b>	<b>\$0</b>	<b>\$79</b>	<b>\$16</b>	<b>\$0</b>	<b>\$26</b>	<b>\$15,032</b>	<b>\$0</b>	<b>\$15,032</b>
<b>PROGRAMS</b>										
Information Technology <sup>2</sup>	\$5,269						\$53	\$5,322	\$371	\$5,693
<b>Subtotal, Programs</b>	<b>\$5,269</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53</b>	<b>\$5,322</b>	<b>\$371</b>	<b>\$5,693</b>
<b>Subtotal, Programs</b>	<b>\$5,269</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53</b>	<b>\$5,322</b>	<b>\$371</b>	<b>\$5,693</b>
<b>GRAND TOTAL</b>	<b>\$20,154</b>	<b>\$26</b>	<b>\$0</b>	<b>\$79</b>	<b>\$16</b>	<b>\$0</b>	<b>\$79</b>	<b>\$20,354</b>	<b>\$371</b>	<b>\$20,725</b>

<sup>1</sup> This line item consolidates previously separate budget line items for Communications & Utilities, Printing, Training and Employee Development, Supplies, Equipment, and the Civil Rights intern program.

<sup>2</sup> This line item consolidates previously separate budget line items for Information Resources Management and E-government Initiatives.

**EXHIBIT II-7**

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

<b><u>ACCOUNT NAME</u></b>	<b>FY 2013<sup>1</sup> ACTUAL</b>	<b>FY 2014<sup>2</sup> ENACTED</b>	<b>FY 2015<sup>3</sup> REQUEST</b>	<b>CHANGE</b>
Pipeline Safety	3,742	4,203	4,105	(98)
Hazardous Materials Safety	3,205	3,299	3,516	217
Emergency Preparedness Grants	[625]	[625]	[625]	0
Operational Expenses	654	654	654	0
<b>TOTAL</b>	<b>\$7,601</b>	<b>\$8,156</b>	<b>\$8,275</b>	<b>\$119</b>

<sup>1</sup> PHMSA's FY 2013 WCF planned allocation is \$8.226 million, of which \$7.601 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.

<sup>2</sup> PHMSA's FY 2014 WCF request is \$8.781 million, of which \$8.156 million will be used for FY 2014 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.

<sup>3</sup> PHMSA's FY 2015 WCF request is \$8.900 million, of which \$8.275 million will be used for FY 2015 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-8**

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

	<b>FY 2013 ACTUAL</b>	<b>FY 2014 ENACTED</b>	<b>FY 2015 REQUEST</b>
<b><u>DIRECT FUNDED BY APPROPRIATION</u></b>			
Pipeline Safety	197	221	281
Hazardous Materials Safety	171	190	193
Operational Expenses	62	70	70
<b>SUBTOTAL, DIRECT FUNDED</b>	<b>430</b>	<b>481</b>	<b>544</b>
<b><u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u></b>			
Operational Expenses	7.8	11	0 <sup>1</sup>
<b>SUBTOTAL, REIMBURSEMENTS/ALLOCATIONS/OTHER</b>	<b>7.8</b>	<b>11</b>	<b>0</b>
<b>TOTAL FTEs</b>	<b>437.8</b>	<b>492</b>	<b>544</b>

<sup>1</sup> The reimbursable FTEs will be moved to Office of the Secretary in FY 2015

**EXHIBIT II-9**

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

	<b>FY 2013 ACTUAL</b>	<b>FY 2014 ENACTED</b>	<b>FY 2015 REQUEST</b>
<b><u>DIRECT FUNDED BY APPROPRIATION</u></b>			
Pipeline Safety	215	227	336
Hazardous Materials Safety	190	190	196
Operational Expenses	70	70	70
<b>Subtotal, Direct</b>	<b>475</b>	<b>487</b>	<b>602</b>
<b><u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u></b>			
Operational Expenses	11	11	0 <sup>1</sup>
<b>Subtotal, Reimbursements/Allocations/Other</b>	<b>11</b>	<b>11</b>	<b>0</b>
<b>TOTAL POSITIONS</b>	<b>486</b>	<b>498</b>	<b>602</b>

<sup>1</sup> The reimbursable FTEs will be moved to Office of the Secretary in FY 2015

**Pipeline and Hazardous Materials Safety Administration**  
**SUMMARY OF CHANGE FY 2014 TO FY 2015**

	<b><u>\$000</u></b>	<b><u>FTE</u></b>
<b>FY 2014 Enacted</b>	<b>212,059 <sup>1</sup></b>	<b>481.0</b>
<b>Adjustments to Base</b>		
Annualization of 2014 Pay Raise	159	0.0
Annualization of FY 2014 FTE	1,284	6.0
2015 Pay Raise of 1%	484	0.0
GSA Rent	174	0.0
Working Capital Fund	119	0.0
Non-pay Inflation of 1%	1,020	0.0
	<b>3,240</b>	<b>6.0</b>
<b>New or Expanded Programs</b>		
<b><u>Pipeline Safety</u></b>		
1. Pipeline Safety Reform – Staff (104 FTP)	11,336	52.0
<i>a. Inspection and Enforcement Personnel</i>	[9,047]	[41.5]
<i>b. Safety Training Instructors</i>	[436]	[2.0]
<i>c. State Safety Grant Specialists</i>	[654]	[3.0]
<i>d. Standards and Rulemaking/Enforcement Engineers</i>	[436]	[2.0]
<i>e. Accident Investigation Team Investigators</i>	[545]	[2.5]
<i>f. HR Specialist</i>	[218]	[1.0]
2. Information and Analysis: National Pipeline Information Exchange	12,131	0.0
3. Training, Information & Community Assistance Services: EPIC/Nationwide "Call Before You Dig" Campaign (1 FTP)	2,109	0.5
<i>a. Public Affairs Specialist</i>	[109]	[0.5]
<i>b. Program Cost</i>	[2,000]	[0.0]
4. Pipeline Safety Grants	10,000	0.0
5. Design Review	2,000	0.0
6. Implementing the Oil Pollution Act: Onshore Facilities Response Plan Initiatives (4 FTP)	927	2.0
<i>a. Inspection and Enforcement Personnel</i>	[436]	[2.0]
<i>b. Program Cost</i>	[491]	[0.0]
Subtotal, Pipeline Safety	38,503	54.5
<b><u>Hazardous Materials Safety</u></b>		
1. Research and Development	4,743	0.5
<i>a. Acquisition Specialist, 1 FTP</i>	[109]	[0.5]
<i>b. Program Cost</i>	[4,634]	[0.0]
2. Training and Outreach: EPIC/Public Outreach to Grantees & Analytical Program Support	1,627	2.5
<i>a. Transportation Specialists, 5 FTP</i>	[545]	[2.5]
<i>b. Program Cost</i>	[1,082]	[0.0]
Subtotal, Hazardous Materials Safety	6,370	3.0
<b><u>Emergency Preparedness Grants</u></b>		
1. Other Administrative Expenses	555	0.0
2. Grants	(555)	0.0
Subtotal, Operational Expenses	0	0.0
<b><u>Operational Expenses</u></b>		
1. Information Technology: IT Modernization	371	0.0
Subtotal, Operational Expenses	371	0.0
<b>Subtotal, New or Expanded Programs</b>	<b>45,244</b>	<b>57.5</b>
<b>FY 2015 Request</b>	<b>\$ 260,543</b>	<b>544.5</b>

<sup>1</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

**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 2013 <u>Actual</u>	FY 2014 <u>Enacted</u>	FY 2015 <u>Request</u>
<b>OBLIGATIONS BY PROGRAM ACTIVITY:</b>			
00.91 Total direct program	0	153	0
08.01 Reimbursable program	0	0	0
09.00 Total new obligations	0	153	0
<b>BUDGETARY RESOURCES:</b>			
10.00 Unobligated balance, brought forward, October 1	153	153	0
<b>Adjustments:</b>			
10.21 Recoveries of prior year unpaid obligations	0	0	0
10.50 Total unobligated balance	153	153	0
<b>Budget Authority:</b>			
<b>Appropriations, Discretionary:</b>			
11.00 Appropriation	0	0	0
11.60 Total appropriation (discretionary)	0	0	0
19.00 Total budget authority	0	0	0
19.30 Total budgetary resources available	153	153	0
19.40 Unobligated balance expiring	0	0	0
19.41 Unexpired unobligated balance carried forward, end of year	153	0	0
<b>CHANGE IN OBLIGATED BALANCE:</b>			
<b>Unpaid Obligations:</b>			
30.00 Unpaid obligations brought forward, October 1 (gross)	216	193	0
30.10 Obligations incurred, unexpired accounts	0	153	0
30.11 Obligations incurred, expired accounts	0	0	0
30.20 Outlays (gross)	-23	-346	0
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	0	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts	0	0	0
30.50 Unpaid obligations, end of year (gross)	193	0	0
<b>Uncollected Payments:</b>			
30.90 Uncollected customer payments from Federal sources, end of year	0	0	0
31.00 Obligated balance, start of year	216	193	0
32.00 Obligated balance, end of year	193	0	0
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>			
<b>Discretionary:</b>			
40.00 Budget authority, gross	0	0	0
<b>Gross outlays:</b>			
40.10 Outlays from new authority	0	0	0
40.11 Outlays from balances	23	346	0
40.20 Total outlays, gross	23	346	0
<b>Offsets against gross budget authority and outlays:</b>			
40.30 Offsetting collections from Federal sources	0	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	0	0	0
<b>Additional offsets against gross budget authority only:</b>			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts	0	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts	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)	0	0	0
40.80 Outlays, net (discretionary)	23	346	0
<b>Budget authority and outlays, net (total):</b>			
41.80 Budget authority, net (discretionary and mandatory)	0	0	0
41.90 Outlays, net (discretionary and mandatory)	23	346	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 Recover 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.

DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
RESEARCH AND SPECIAL PROGRAMS

**OBJECT CLASSIFICATION AND PERSONNEL SUMMARY**

(In thousands of dollars)

Identification code 69-0104-0-1-407	FY 2013 Annualized CR	FY 2014 Enacted	FY 2015 Request
Direct Obligations:			
25.3 Other purchases of goods and services from government accounts	\$0	\$153	\$0
99.9 Total new obligations	\$0	\$153	\$0

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**Budget Requests by  
Appropriation Account  
Exhibits and Narrative  
Justification**



## **PIPELINE SAFETY**

### **(PIPELINE SAFETY FUND)**

### **(OIL SPILL LIABILITY TRUST FUND)**

### **(PIPELINE SAFETY DESIGN REVIEW)**

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, [\$119,087,000]*\$158,000,000*, of which [\$18,573,000]*\$19,500,000* shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2016]*2017*; and of which [\$98,514,000]*\$136,500,000* shall be derived from the Pipeline Safety Fund, of which [\$54,436,000]*\$78,309,000* shall remain available until September 30, [2016]*2017*; and of which \$2,000,000, to remain available until expended, shall be derived as provided in this Act from the Pipeline Safety Design Review Fund[, as authorized in 49 U.S.C. 60117(n): *Provided*, That not less than \$1,058,000 of the funds provided under this heading shall be for the One-Call state grant program]. (*Department of Transportation Appropriations Act, 2014.*)

## EXHIBIT III-1

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

	<b>FY 2013 <u>Actual</u></b>	<b>FY 2014 <u>Enacted</u><sup>1</sup></b>	<b>FY 2015 <u>Request</u></b>	<b>Change from FY 2014 <u>Enacted</u></b>
Operations	\$ 58,358	\$ 64,210	\$ 94,594	\$ 30,384
Research and Development	6,558	12,188	12,310	122
Grants	39,569	42,189	52,596	10,407
<b>TOTAL</b>	<b>\$ 104,485</b>	<b>\$ 118,587</b>	<b>\$ 159,500</b>	<b>\$ 40,913</b>
<b>FTEs</b>				
Direct Funded	197.0	221.0	281.5	60.5

<sup>1</sup>As described in OMB's 7-Day After Report for the Consolidated Appropriations Act of 2014 (P.L. 113-76), CBO scores the Act with \$2 million in discretionary collections from the Pipeline Design Safety Review fee, while OMB assumes no collections. The 2014 President's Budget, as amended by a budget amendment transmitted on May 17, 2013 (House Document No. 113-31), requested that this fee be enacted as a discretionary receipt pursuant to the administrative provision proposed in appropriations language. P.L. 113-76 instead allows for the collection of the fee as a mandatory receipt pursuant to the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90). Because the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, appropriations language will continue to be sought that permits discretionary collections.

### **Program and Performance Statement**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for the Department's Pipeline Safety program. PHMSA provides safety oversight of the Nation's 2.6 million miles of gas and hazardous liquid pipelines, which are owned and operated by private industry. PHMSA, and its state pipeline safety partners, use a data-driven process to address the risks pipelines pose to the public and the environment. This includes data analysis, 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  
Summary Analysis of Change from FY 2014 to FY 2015  
Appropriations, Obligation Limitations, and Exempt Obligations**

<b><u>Pipeline Safety</u></b>	<b><u>\$000</u></b>	<b><u>FTE</u></b>
<b>FY 2014 Enacted Budget<sup>1, 2</sup></b>	<b>118,587</b>	<b>221.0</b>
<b>Adjustments to Base:</b>		
Annualization of 2014 Pay Raise	70	0.0
Annualization of 27 FY 2014 FTE	1,284	6.0
2015 Pay Raise of 1%	217	0.0
GSA Rent	123	0.0
Working Capital Fund	(98)	0.0
Non-pay Inflation of 1%	814	0.0
<b>Subtotal, Adjustments to Base</b>	<b>2,410</b>	<b>6.0</b>
<b>New or Expanded Programs:</b>		
1. Pipeline Safety Reform – Staff (104 FTP)	11,336	52.0
<i>a. Inspection and Enforcement Personnel</i>	<i>[9,047]</i>	<i>[41.5]</i>
<i>b. Safety Training Instructors</i>	<i>[436]</i>	<i>[2.0]</i>
<i>c. State Safety Grants Specialists</i>	<i>[654]</i>	<i>[3.0]</i>
<i>d. Standards and Rulemaking/Enforcement Engineer</i>	<i>[436]</i>	<i>[2.0]</i>
<i>e. Accident Investigation Team Investigator</i>	<i>[545]</i>	<i>[2.5]</i>
<i>f. HR Specialist</i>	<i>[218]</i>	<i>[1.0]</i>
2. Information and Analysis: National Pipeline Information Exchange	12,131	0.0
3. Training, Information & Community Assistance Services: EPIC/Nationwide “Call Before You Dig” Campaign (1 FTP)	2,109	0.5
<i>a. Public Affairs Specialist</i>	<i>[109]</i>	<i>[0.5]</i>
<i>b. Program Cost</i>	<i>[2,000]</i>	<i>[0.0]</i>
4. Pipeline Safety Grants	10,000	0.0
5. Design Review Fee	2,000	0.0
6. Oil Pollution Act: Onshore Facilities Response Plan Initiatives	927	2.0
<i>a. Inspection and Enforcement Personnel (4 FTP)</i>	<i>[436]</i>	<i>[2.0]</i>
<i>b. Program Cost</i>	<i>[491]</i>	<i>[0.0]</i>
<b>Subtotal, New or Expanded Programs</b>	<b>38,503</b>	<b>54.5</b>
<b>Subtotal, Adjustments to Base and Program Changes</b>	<b>40,913</b>	<b>60.5</b>
<b>FY 2015 Request</b> (reflects \$1.5 million transferred from Operational Expenses to Information Grants to Communities)	<b>\$ 159,500</b>	<b>281.5</b>

<sup>1</sup>Reflects \$1.5 million transferred from Operational Expenses to Information Grants to Communities.

<sup>2</sup>See footnote 1 from Table III-1 above.

## EXHIBIT III-2

### PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION PIPELINE SAFETY

#### 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

<b>Reduction in injuries and fatalities:</b> Number of pipeline incidents involving death or major injury	2011	2012	2013	2014	2015
Target Range	31-44	30-42	29-41	27-38	26-36
Actual	36	31	28 <sup>1</sup>		

##### DOT Goal/Outcome: Environmental Sustainability

<b>Reduction in pollution:</b> Hazardous liquid pipeline spills with environmental impacts.	2011	2012	2013	2014	2015
Target Range	84-104	80-99	88-111	85-107	83-104
Actual	117	123	119 <sup>1</sup>		

<sup>1</sup>Preliminary - Number subject to change due to time span between actual occurrence and final verification of details.

**DEPARTMENT OF TRANSPORTATION**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**PIPELINE SAFETY**  
**UNAVAILABLE COLLECTIONS**  
(In thousands of dollars)

Identification code 69-5172-0-2-407	<b>FY 2013</b> <b><u>Actual</u></b>	<b>FY 2014</b> <b><u>Enacted</u></b>	<b>FY 2015</b> <b><u>Request</u></b>
01.00 Balance, start of year	\$40,550	\$42,404	\$42,404
01.90 Adjustments	1,822	0	0
01.99 Balance, start of year, total	42,372	42,404	42,404
Receipts and offsetting receipts:			
02.60 Pipeline Safety Fund	85,980	99,153	136,500
02.61 Pipeline Safety Design Review Fund	0	0	2,000
02.99 Total receipts	85,980	99,153	138,500
04.00 Total: Balances and receipts	128,353	141,557	180,904
Appropriations:			
05.00 Pipeline Safety [021-50-5172-0-1101]	(91,318)	(99,153)	(138,500)
05.01 Pipeline Safety [021-50-5172-0-1132]	4,794	0	0
05.99 Total Appropriations (-)	(86,524)	(99,153)	(138,500)
06.10 Unobligated balance returned to receipts	575	0	0
07.99 Balance, end of year	\$42,404	\$42,404	\$42,404

**DEPARTMENT OF TRANSPORTATION**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**PIPELINE SAFETY**  
**PROGRAM AND FINANCING**  
(In thousands of dollars)

Identification code 69-5172-0-2-407	FY 2013 <u>Actual</u>	FY 2014 <u>Enacted</u>	FY 2015 <u>Request</u>
<b>OBLIGATIONS BY PROGRAM ACTIVITY:</b>			
00.01 Operations	59,341	77,649	94,323
00.02 Research and development	7,862	15,708	12,310
00.03 Grants	50,362	44,784	52,867
00.91 Total direct program	117,564	138,141	159,500
08.01 Reimbursable	214	0	0
09.00 Total new obligations	117,778	138,141	159,500
<b>BUDGETARY RESOURCES:</b>			
<b>Unobligated Balance</b>			
10.00 Unobligated balance, brought forward, October 1	23,259	19,554	0
10.21 Recoveries of prior year unpaid obligations	9,702	0	0
10.50 Total unobligated balance	32,961	19,554	0
<b>Budget Authority:</b>			
<b>Appropriation (Discretionary):</b>			
11.01 Appropriation (special or trust fund)	91,318	99,153	138,500
11.20 Appropriations transferred to other accounts (-)	-638	-639	0
11.21 Appropriations transferred from other accounts	998	1,500	1,500
11.32 Appropriations temporarily reduced	-4,794	0	0
11.60 Appropriation (total) (discretionary)	86,884	100,014	140,000
<b>Spending authority from offsetting collections (Discretionary):</b>			
17.00 Collected	19,146	18,573	19,500
17.01 Change in uncollected customer payments from Federal sources (+ or -)	-1,524	0	0
17.50 Spending authority from offsetting collections (total) (discretionary)	17,622	18,573	19,500
19.00 Total budget authority	104,506	118,587	159,500
19.30 Total budgetary resources available	137,467	138,141	159,500
19.40 Unobligated balance expiring (-)	-135	0	0
19.41 Unexpired unobligated balance carried forward, end of year	19,554	0	0
19.50 Other balances withdrawn (special and trust funds)	575	0	0
19.51 Unobligated balance expiring (special and trust funds) (-)	-135	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	2,030	2,052	2,052
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	2,052	2,052	2,052
19.54 Unobligated balance canceling (special and trust funds)	575	0	0
<b>CHANGE IN OBLIGATED BALANCE:</b>			
<b>Unpaid Obligations:</b>			
30.00 Unpaid obligations brought forward, October 1 (gross)	80,494	85,982	107,022
30.10 Obligations incurred, unexpired accounts	117,778	138,141	159,500
30.11 Obligations incurred, expired accounts	37	0	0
30.20 Outlays (gross) (-)	-101,991	-117,101	-141,891
30.40 Recoveries of prior year unpaid obligations, unexpired accounts (-)	-9,702	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts (-)	-635	0	0
30.50 Unpaid obligations, end of year (gross)	85,982	107,022	124,631
<b>Uncollected Payments:</b>			
30.60 Uncollected customer pymts, Fed sources, brought forward, October 1 (-)	-14,290	-12,766	-12,766
30.70 Change in uncollected customer pymts, Fed sources, unexpired accounts (+ or -)	1,524	0	0
30.90 Uncollected customer pymts, Fed sources, end of year (-)	-12,766	-12,766	-12,766
31.00 Obligated balance, start of year	66,204	73,215	94,255
32.00 Obligated balance, end of year	73,215	94,255	111,865

**PROGRAM AND FINANCING Cont'd**

<b>Identification code 69-5172-0-1-407</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>			
<b>Gross budget authority (discretionary):</b>			
40.00 Budget authority, gross	104,506	118,587	159,500
<b>Gross outlays (discretionary):</b>			
40.10 Outlays from new authority	38,496	58,108	78,155
40.11 Outlays from balances	63,495	58,993	63,736
40.20 Outlays, gross (total) (discretionary)	101,991	117,101	141,891
<b>Offsets against gross budget authority and outlays (discretionary):</b>			
40.30 Offsetting collections, Fed sources (-)	-19,127	-18,573	-19,500
40.33 Offsetting collections, non-Fed sources (-)	-19	0	
40.40 Offsets against gross budget authority and outlays (total) (-)	-19,146	-18,573	-19,500
<b>Additional offsets against gross budget authority only (discretionary):</b>			
40.50 Change in uncollected pymts, Fed sources, unexpired accounts (+ or -)	1,524	0	0
40.60 Additional offsets against budget authority only (total) (-)	1,524	0	0
40.70 Budget authority, net (discretionary)	86,884	100,014	140,000
40.80 Outlays, net (discretionary)	82,845	98,528	122,391
<b>Budget authority and outlays, net (total):</b>			
41.80 Budget authority, net (discretionary and mandatory)	86,884	100,014	140,000
41.90 Outlays, net (discretionary and mandatory)	82,845	98,528	122,391

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

Identification code 69-5172-0-2-407	<b>FY 2013</b> <u>Actual</u>	<b>FY 2014</b> <u>Enacted</u>	<b>FY 2015</b> <u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$21,033	\$21,793	\$28,295
11.3 Other than full-time permanent	212	0	0
11.5 Other personnel compensation	53	0	0
11.9 Total personnel compensation	21,298	21,793	28,295
12.1 Civilian personnel benefits	6,483	6,147	8,923
21.0 Travel and transportation of persons	2,564	3,508	4,505
22.2 Transportation of things	85	0	0
23.1 Rental payments to GSA	2,497	3,878	4,788
23.2 Rental payments to others	52	0	0
23.3 Communications, utilities, and miscellaneous charges	525	1,488	1,580
24.0 Printing and reproduction	126	79	25
25.1 Advisory and assistance services	11,858	29,657	34,208
25.2 Other services	340	1,393	2,039
25.3 Other purchases of goods and services from government accounts	6,654	5,641	6,650
25.4 Operation and maintenance of facilities	445	0	0
25.5 Research and development contracts	8,022	15,708	12,310
25.7 Operation and maintenance of equipment	5,838	640	395
26.0 Supplies and materials	166	117	180
31.0 Equipment	688	3,308	2,735
41.0 Grants, subsidies, and contributions	49,921	44,784	52,867
Subtotal, Direct obligations	\$117,564	\$138,141	\$159,500
99.0 Subtotal, Reimbursable obligations	214	0	0
99.9 Total new obligations	\$117,778	\$138,141	\$159,500

**EMPLOYMENT SUMMARY**

Identification code 69-5172-0-2-407	<b>FY 2013</b> <u>Actual</u>	<b>FY 2014</b> <u>Enacted</u>	<b>FY 2015</b> <u>Request</u>
10.01 Direct civilian full-time equivalent employment	197.0	221.0	281.5

# PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION HISTORY OF APPROPRIATIONS

## Pipeline Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2006	\$54,165,000	\$57,429,900 1/
2007	\$56,925,000	\$60,065,297 2/
2008	\$55,770,000	\$61,018,000
2009	\$74,481,000	\$75,481,000 3/
2010	\$87,334,000 3/	\$87,334,000 3/
2011	\$93,206,000 3/	\$88,836,000 2/, 3/ & 4/
2012	\$99,354,000 3/	\$91,679,000 3/
2013	\$155,500,000 3/	\$86,884,000 2/,3/ & /6
2014	\$133,000,000 5/	\$100,014,000 5/
2015	\$136,500,000 5/	

1/ Reflects reduction of \$580,100 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 inclusion of \$1.0 million in General Funds for Information Grants to Communities.

4/ Reflects reduction of \$215,838 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

5/ Reflects the inclusion of \$1.5 million in General Funds for Information Grants to Communities.

6/ Reflects reductions from sequestration (Sec. 1113 of Division B of P.L. 113-6)

## **Detailed Justification for the Pipeline Safety Program**

### **FY 2015 Request – \$159.5 million**

#### **What Do I Need To Know Before Reading This Justification?**

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As a regulatory agency PHMSA protects people and the environment from the risks of hazardous materials transportation.

PHMSA's nationwide Pipeline Safety program ensures the protection of the public and the environment from the risks inherent in the transportation of hazardous materials by pipeline.

PHMSA's Pipeline Safety program accomplishes its mission by educating and enforcing safety regulations. It conducts risk assessments, performs data analyses, conducts safety inspections and investigations, and makes grants to support state pipeline safety programs, outreach, training, and research.

PHMSA and its regulated community have reduced the number of pipeline incidents with death or major injury to below 40 since 2010, which is lower than the 10 year average. Moreover, the number of spill incidents has also decreased since 2002.

While most pipeline infrastructure in the U.S. is owned by the private sector or local utilities, PHMSA's safety regulations help ensure that infrastructure is assessed regularly and maintained in good condition. Strong safety programs help deliver products to market with minimal disruption, and make communities safer and more livable at the same time.

The primary funding source for Pipeline Safety is user fees, but the program also draws from the Oil Spill Liability Trust Fund and from the General Fund for Information Grants to Communities.

The Pipeline Safety Program budget request in FY 2015 totals \$159.5 million. This includes:

- \$136.5 million from User Fees;
- \$2.0 million from Design Review Fees;
- \$19.5 million from Oil Spill Trust Fund; and
- \$1.5 million from General Funds.

PHMSA requests \$37.9 million additional funds in user fees for FY 2015, of that \$2.4 million is for adjustments to the base, \$12.1 million to be used for IT Modernization and National Pipeline Information Exchange (NPIX), \$10 million for increases to Pipeline Safety Grants, \$2.1 million for Emergency and Preparedness Information for Communities (EPIC) and \$11.3 million will go toward increases in vital Inspection and Enforcement (I&E) staff and other key staff to enforce the Pipeline Safety Reform.

For FY 2015 PHMSA requests an additional \$927,000 from the Oil Spill Trust Fund to create Onshore Facilities Response Plan Initiatives to improve oil spill response planning.

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

### FY 2015 – Pipeline Safety Budget Request<sup>1</sup> (\$000)

Program Activity	FY 2013 Actual	FY 2014 Enacted <sup>2</sup>	FY 2015 Request	Change From FY 2014 Enacted
Administrative Expenses	\$40,627	\$45,138	\$58,709	\$13,571
Programs	17,731	19,072	35,885	16,813
Research and Development	6,558	12,188	12,310	122
Grants	39,569	42,189	52,596	10,407
<b>Total</b>	<b>\$104,485</b>	<b>\$118,587</b>	<b>\$159,500</b>	<b>\$40,913</b>

<sup>1</sup>The funds shown above include funding through the Oil Spill Liability Trust Fund

<sup>2</sup>The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) established a new fee for companies engaged in the design, permitting, and construction of new pipeline projects. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

In FY 2015, PHMSA requests a total of \$159.5 million for Pipeline Safety, an increase of \$40.9 million above the FY 2014 Enacted Budget of \$118.6 million.

#### **Administrative Expenses: \$58,709,000**

PHMSA's FY 2015 request includes \$58.7 million for administrative expenses supporting 281.5 FTEs, including salaries and benefits, travel, training, supplies, equipment including personal protection equipment, and uniforms for all inspectors.

#### **Programs: \$35,885,000**

Pipeline Safety's programs are designed to enhance the integrity of the safety mission, with activities ranging from collecting and analyzing data to improving safety standards; ensuring and managing pipeline integrity; training Federal Inspection and Enforcement staff; and collaborating with the U.S. Coast Guard's efforts in issuing emergency notifications when a pipeline incident occurs. Programs assist operators in facilitating permitting processes, increase stakeholder communications, and support damage prevention efforts. Contractors also focus on IT efforts to do away with "stovepiped" databases; researching opportunities such as stronger pipeline integrity for alternative fuels; and using

geospatial capabilities to monitor pipelines on a mapping system. In addition, PHMSA will expand on implementing the Oil Pollution Act in FY 2015 with *Onshore Facilities Response Plan Initiatives*, which are explained in detail in the program changes section.

### **Research and Development (R&D): \$12,310,000**

Pipeline Safety's Research and Development (R&D) program conducts and supports research to aid regulatory and enforcement activities and to provide the technical and analytical foundation necessary for planning, evaluating, and improving the Pipeline Safety program. The Pipeline Safety R&D Strategic Plan seeks to employ a collaborative approach with the stakeholders identified in Section 12(d)(2) of the Pipeline Safety Improvement Act of 2002 (P.L. 107-355) to address mutual pipeline challenges facing PHMSA and its regulated community. It embraces transparency through website posting of all program activities with the aim of removing technical and regulatory barriers.

PHMSA sponsors R&D projects focused on providing near-term solutions that will improve the safety, reduce environmental impact, and enhance the reliability of the nation's pipeline transportation system. Recent R&D projects are focused on leak detection; detection of mechanical damage; damage prevention; improved pipeline system controls, monitoring and operations; and improvements in pipeline materials. These projects, such as one using a device to internally inspect previously difficult to inspect pipeline interiors, are deploying technological solutions that can quickly be implemented to improve pipeline safety. Recent pipeline incidents have shown the need for increased R&D resources to address critical safety issues. The tragic pipeline incident in San Bruno, CA might have been prevented if the pipeline was internally inspected.

### **PHMSA Grant Programs: \$52,596,000**

PHMSA provides grants to support its state pipeline safety partners' inspection and enforcement activities, which, in turn, strengthen the safety of pipelines in American communities. More can be done to further broaden access to data, particularly with the trove of already available, as well as unnecessarily siloed and uncollected information. PHMSA actively seeks avenues to move from focusing on after-the-fact enforcement toward preventive action and analysis using interactive maps, seamless information sharing, and by adopting uniform standards covering the wealth of untapped data on the nation's pipelines. The types of Pipeline Safety grants are discussed in detail below:

***State Pipeline Safety Grants (\$48.5 million):*** PHMSA is authorized to reimburse a state agency up to 80 percent of the agency's cost of carrying out its pipeline safety program, including the cost of personnel and equipment. Actual federal reimbursement depends upon the availability of appropriated funds and the performance of a state's pipeline safety program as determined by PHMSA's annual Program Evaluation and Progress Report. The Program Evaluation considers a state's performance in achieving established goals for pipeline safety programs set by PHMSA. The Program Evaluation includes an on-site review of the state's inspection, compliance, accident investigation, training, and excavation damage prevention records and activities. PHMSA also provides grants in support of preventing excavation damage to underground facilities, which is a leading cause of pipeline incidents.

#### ***State One-Call Grant (\$1.1 million):***

These grants assist state agencies in promoting damage prevention, including publicizing changes already made to their state underground damage prevention laws, related compliance activities, training and public



**Know what's below.  
Call before you dig.**

education. Each state that has a certification or agreement with PHMSA may request up to \$45,000 to do pipeline safety inspections. The grants also can be used to procure one-call center computers and equipment and otherwise support state efforts to promote 811 “Call Before You Dig” outreach programs

***State Damage Prevention Grants (\$1.6 million):*** PHMSA is authorized to award grants to fund improvements in state damage prevention programs. Any state authority (or municipality with respect to intrastate gas transportation) that is or will be responsible for preventing damage to underground pipeline facilities is eligible as long as 1) the state participates in the oversight of pipeline transportation pursuant to an annual 49 U.S.C. §60105 certification or 49 U.S.C. §60106 agreement in effect with the PHMSA, and 2) is designated by the state’s governor, in writing, as the eligible recipient of the grant funding. The purpose of these grants is to support comprehensive state programs designed to prevent damage to underground pipelines.

***Information Grants to Communities (also known as Technical Assistance Grants)(\$1.5 million):*** These grants enable community entities and/or groups of individuals to obtain funding for technical assistance in the form of engineering or other scientific analysis of pipeline safety issues and help promote public participation in official proceedings. Funds are distributed directly to these entities.

The narrative below provides detailed information on increases requested by PHMSA for FY 2015, such as, adjustments to the base and new funding requests.

***FY 2015 Adjustments to Base: \$2,410,000***

PHMSA’s FY 2015 Adjustment to Base includes \$70,000 for annualization of 2014 Pay Raise at 1.0%, \$1.3 million for annualization of FY 2014 FTEs, \$217,000 for 2015 Pay Raise at 1.0%, \$123,000 for GSA rent increase and \$814,000 for non-pay inflation at 1%. This also includes a \$98,000 decrease in Working Capital Fund expenses.

***FY 2015 Program Changes: \$38,503,000 and 109 FTP/ 54.5 FTE***

***1) Pipeline Safety Reform (PSR) – Staff: \$11,336,000 for 104 FTP/ 52 FTE***

The PSR initiative, which received funding to begin in 2014, requires additional staff for increased I&E activities, expansion of integrity management rules, new research and development studies, new standards for damage prevention, grants management, accident investigation and human resources. The PSR requires scientists to research, lawyers to write better rules, support staff to make operations run smoothly, and senior management’s judgment to shift and strategically deploy current and new personnel both at headquarters and across the country.

Education and training programs are essential for fulfilling the mission of the Pipeline Safety Reform initiative. The pool of qualified Inspections and Enforcement personnel continues to decline. PHMSA is providing solutions for this workforce problem by offering innovative education and training programs designed to increase the numbers of talented individuals who will become the next generation of transportation professionals. The Pipeline Safety Inspector Training and Qualifications Division (TQ) is leading this effort by offering a wide variety of training activities designed to familiarize government and industry personnel with the requirements of pipeline safety regulations and to educate Federal and State pipeline safety

inspectors in the application of compliance requirements, inspection techniques, and enforcement procedures. The pipeline safety training center in Oklahoma City enables inspection and enforcement personnel to acquire the necessary training and technical skills required to support Pipeline Safety's efforts to increase safety in the transport of hazardous gases and liquids through the nation's pipelines.

PHMSA trains several hundred Federal and State investigators at its national T&Q facility throughout the year. A newly hired pipeline inspector's training takes approximately three years to complete and includes required classroom training courses interspersed with practical on-the-job training, which begins by assisting senior investigators and then progresses to more complex and independent assignments. Training time can be substantially reduced since many new Federal pipeline inspectors are former state pipeline inspectors who received the exact same training.

Conducive to the requested level of FTEs, recruitment packages will be built prior to budget enactment allowing for vacancies to be posted as soon as the budget is enacted. The hiring packages have been standardized so that new vacancies can be quickly advertised with virtually no changes. This has allowed PHMSA to decrease the average hiring time from 180 days in 2010 to 69 days in the first quarter of 2014. The budget and program offices work closely together to monitor personnel compensation & benefits spending throughout the year to ensure that hiring is at a sustainable rate and does not exceed our budget.

*a. Inspection and Enforcement Personnel: \$9,047,000 for 83 FTP/ 41.5 FTE*

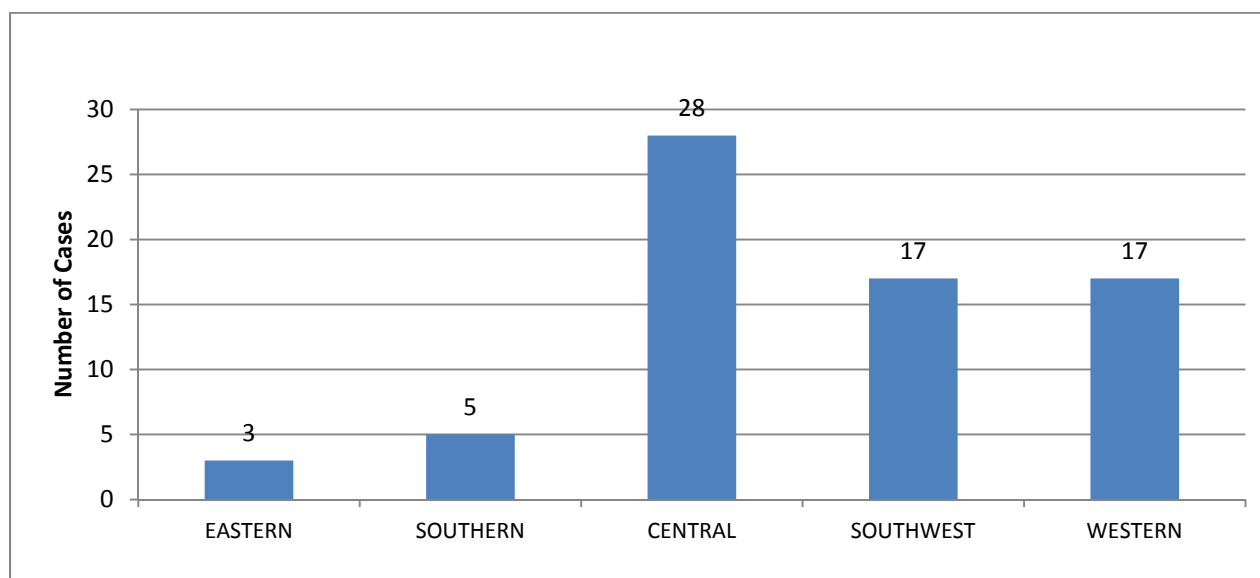
A growing industry along with pipeline infrastructure vulnerabilities evoke the need for additional PHMSA I&E personnel in FY 2015. This request is part of the PSR that began in FY 2014 and will conclude in 2016.

The pressing dangers of aging pipelines, the introduction of increasingly vulnerable pipeline materials, and the significant growth in new pipeline infrastructure demand PHMSA not only sustain but increase current I&E staffing levels to prevent incidents involving major injury to humans and damage to property and the environment. I&E staff must maintain a constant presence, inspecting pipeline infrastructure and enforcing laws and regulations to preserve public safety. Increasing the number of PHMSA I&E personnel will both expedite approvals and inspections necessary for pipeline expansion and increase the number of inspections and enforcement activities associated with the aging and vulnerable pipeline infrastructure.

Although PHMSA fulfilled the goal of reaching 135 I&E staff, as cited in Section 31 of the Job Creation Act of 2011, additional FTEs are needed to respond to a variety of situations. Pipeline investigations, for instance, often require considerable technical resources to conduct and document, and on-the-scene staff must be distributed as needed across PHMSA's five regions to be most effective and efficient. A growing staff creates opportunities along with the inevitable challenges. PHMSA is exploring ways to accommodate this emergent group of professionals and specialists, ranging from staff located remotely and "hoteling" office space to planning how additional front-line staff impacts regional office space and operations throughout the country.

More importantly, truly strengthening staff requires much more than blindly adding people to the payroll. Where new and redeployed employees work is one of a host of questions that

must be strategically considered. Trouble spots are appearing in certain parts of the country. For example, the central part of the U.S. incurs approximately one-third of all pipeline accidents. Plus, research and analysis have shown that most of the investigations now in progress are being conducted by PHMSA's Central Region office. Figure 1 (below) shows, by PHMSA region, the number of enforcement cases with no action taken for more than 90 days. This metric provides an indication of the number of cases that are either highly complex or have not received timely attention due to resources being applied elsewhere. It also informs PHMSA leaders about the types of talent they need to retain, retrain, and recruit.



**Figure 1: Enforcement Cases Requiring Region Action with No Action Taken for > 90 Days**

*b. Safety Training Instructors: \$436,000 for 4 FTP/ 2.0 FTE*

PHMSA requests \$436,000 for four additional training instructors. It takes an average of three years to fully train one pipeline inspector, followed by ongoing training requirements to keep inspectors up-to-date with advances in pipeline technology and inspection techniques. PHMSA needs to maintain instructor staff levels commensurate with the number of I&E staff.

*c. State Safety Grants Specialists: \$654,000 for 6.0 FTP/ 3.0 FTE*

The State Pipeline Safety Grants program is an important component of the national pipeline safety program and will require six additional positions for a grants management team to monitor this program effectively and organize state grant operations. The additional FTEs will greatly improve program consistency and ensure maximum utilization of grant funding. They will support standardization of all State Pipeline Safety grant programs and make certain that work is consistent with Federal safety oversight programs.

*d. Standards and Rulemaking/Enforcement Engineer: \$436,000 for 4.0 FTP/ 2.0 FTE*

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) required new regulations as well as adjustments to amounts of civil penalties, requiring more staff to meet these demands for rulemaking. These positions write standards, regulations, and interpretations of regulations; propose or adopt changes to the regulations,

develop safety advisories and standardize agency policies; manage advisory committees, and manage the development, issuance, and compliance with Special Permits and State Waivers. The addition of these positions will facilitate PHMSA's ability to comply with these statutory mandates and its overall program mission of protecting our citizens and the environment from the risks inherent in the transportation of hazardous materials by pipeline.

*e. Accident Investigation Team: \$545,000 for 5.0 FTP/ 2.5 FTE*

The President's Budget requests \$545,000 to increase accident investigation resources. The NTSB conducts accident investigations and holds hearings on selected major safety accidents. PHMSA participates as a party to these investigations -- which are only a small fraction of all 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 new positions to join the Accident Investigation Team. These positions will supplement existing investigative staff to review more 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.

*f. HR Specialist: \$218,000 for 2.0 FTP/ 1.0 FTE*

PHMSA will recruit two Human Resources positions to ensure I&E staffing remains at its current level and to meet the additional personnel requests of pipeline safety professionals. PHMSA's Office of Human Resources has begun to implement new standards which are decreasing the overall start-to-finish recruitment cycle and hiring process.

To reduce vacancies in all positions, PHMSA advertises on USAJOBS, social network sites, attends virtual and in-person job fairs and uses Veterans' Recruitment Appointment, Presidential Management Fellows, and in-school undergraduate student hiring programs. PHMSA understands maximization of human capital is a continuous process and will continue to offer developmental training and other opportunities as funds permit. To increase employee retention in the most difficult to fill positions, PHMSA uses hiring above minimum pay levels and creditable service for annual leave accrual.

*2) National Pipeline Information Exchange (NPIX), Common Inspection Capability (CIC) and to complete the Pipeline Hotline and Online Reporting Tool (PHORT) \$12,131,000*

In support of PSR in FY 2015, 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 these activities will cost \$12.1 million.

There are 2.6 million miles of pipeline within the United States, of which approximately 80 percent is jurisdictional to the States. This translates to PHMSA possessing only 20% of the pipeline inspection and enforcement data. This is a significant performance gap and risk management challenge for both PHMSA and its State partners. Making so-called "big data" meaningful is one of the chief ongoing challenges facing PHMSA. Some could contend that data are simultaneously everywhere and nowhere useful. For several years, though, IT modernization has been a central part of PHMSA's work to get ahead of problems presented by aging pipeline networks. Reliable and well-used data prevent incidents. Disseminating data to the correct parties can better inform decision making on matters such as improving the material

integrity of pipelines or pinpointing network vulnerabilities, and continually subjecting well-organized data sets to rigorous analysis can yield insights about which pipelines pose higher risks for failure.

In FY 2015 PHMSA plans to develop a National Pipeline Information Exchange (NPIX) that will be a one-stop-shop and data repository for pipeline safety information that brings together disparate data and information from PHMSA, States, Industry, and other Federal Sources. As the hub for Pipeline Safety information, the NPIX will provide on demand access to national level data and information to drive safety agendas and decision support. It envisions an interactive national map providing viewers with a 360 degree view to identify, categorize, and rank pipeline risks without jeopardizing security. Inspection results would be responsibly added to the interactive map alongside data describing pipe characteristics as well as improvements. NPIX will enable PHMSA and its State partners to transition from tactical to strategic decision making by leveraging a national view of the pipeline infrastructure.

Currently PHMSA's inspection capabilities have grown over time to support new requirements and Agency needs; however, with each need comes a new independent inspection module. The current PHMSA inspection process includes at least seven types of inspections/investigations that are not integrated and do not share information easily. To compound the issue, the states each leverage their own diverse inspection/investigation processes and IT systems. The state systems do not share data with PHMSA or with each other. These capabilities need to be integrated in order to support PHMSA's risk management objectives by providing a holistic view into pipeline inspection data and corresponding activities. The Common Inspection Capability (CIC) will establish a common/standard business model for both PHMSA and the States for executing inspection activities, providing the means to enable PHMSA and States to utilize common tools and processes for conducting the various types of inspection activities. In FY 2015, PHMSA plans to implement the first of three phases of the CIC by establishing an initial three common inspection/investigation processes for use by PHMSA and its State partners. Remaining activities for FY 2015 will include upgrades to current geospatial and mobile capabilities to support the Office of Pipeline Safety's staff in the planning and execution of inspection activities. Through the execution of NPIX, PHORT, CIC and enhanced geospatial and mobile capabilities, PHMSA and its inspectors will begin to realize the benefits of timely and accurate access to data and information, and the vision of risk-model based inspections will take shape.

The NPIX and CIC will be developed over a two year (FY2015-2016) period. PHMSA plans to leverage the success of the FY 2014 pilot to incorporate an additional 20 states (for a total of 25) into NPIX. PHMSA anticipates gained efficiencies throughout the NPIX life cycle due to improved and repeatable processes developed thru similar data and corresponding architectures at the State levels. This translates to increased efficiencies when integrating additional states. PHMSA will establish the cloud, shared service-hosted Pipeline Hotline and On-Line Reporting Tool (PHORT), which will serve as an anonymous reporting of near misses and/or unethical behavior within the Pipeline Safety Community.

### *3) Emergency and Preparedness Information for Communities (EPIC)/*

*Nationwide "Call Before You Dig" Campaign: \$2,190,000 and 1 FTP/ 0.5 FTE*

PHMSA requests \$2.2 million in program funding to strengthen outreach efforts under its new EPIC initiative. PHMSA will ramp up and use its data as more of an asset in spreading knowledge and awareness to the public. Outreach efforts will include primarily guiding funds

toward expanding the existing advertising campaign “Call Before You Dig,” which instructs the public to take pipeline safety measures by calling 811 before starting any excavation project. PHMSA will rely on social media and a public affairs specialist to manage the “Call Before You Dig” campaign to ensure the agency meets its nationwide awareness target. This will involve not only communicating the safety precautions the public needs to take before excavating but also introducing the nation to the original source behind these safety efforts -- PHMSA’s Pipeline Safety program.

This effort is a major part of a PHMSA-wide shift to intensify ongoing outreach activities. Using a variety of methods to raise the public’s awareness about pipeline safety issues builds confidence and promotes better public decision-making.

Specifically, the 811 “Call Before You Dig” campaign’s goal outcome is to drastically reduce outside force damage to pipelines, which is one of the leading causes of serious pipeline incidents. These incidents result in more injuries, fatalities, and property damage than other types of pipeline failures. People living or working near pipelines need to be aware how they can impact the safety of pipelines by reporting any excavation near buried lines. The 811 “Call Before You Dig” campaign will focus on enhancing the use of that message, which is modeled after the successful “Click-it-or-Ticket” campaign used to encourage safety belt use. The campaign will leverage previously produced public service announcements through national television, radio and print by using a combination of paid and free media. As part of the campaign, PHMSA will host information booths at a variety of trade shows, including some unusual venues like equipment manufacturer events and shows for emergency response officials. Since the inception of the “Call Before You Dig” campaign in 2007, data shows that damage to underground facilities has declined. From 2010 to present, the data shows a decrease in the number of damages per 1000 notification tickets from 3.8 to 3.5. Excavation damage was the cause of nearly 34% of serious pipeline incidents involving injury or fatality from 1994 through 2013. For 2011 through 2013, this percentage has decreased to 25.6%.

Another component of PHMSA’s enhanced EPIC outreach effort calls for hiring one Public Affairs Specialist to boost public education and transparency efforts. The Public Affairs Specialist will be responsible for ensuring that the public and the regulated communities are consistently informed about pipeline safety. PHMSA recognizes that it cannot rely on 20th century tools and services in the 21st century social media age to communicate safety risks and priorities. To that end, PHMSA will integrate social media tools within critical business processes. The need for more public outreach is specifically outlined in the previous Secretary’s Call to Action, the recent Congressional reauthorization, as well as those issued by Office of Inspector General and National Transportation Safety Board. PHMSA wants to execute a modern communications strategy to provide more accurate and timely information to Congress, the public and the regulated community.

Without funding, there is an increased likelihood of the public not being aware of or having access to useful information on pipeline safety.

#### *4) Pipeline Safety Grants: \$10,000,000*

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. Additionally, industry continues to hire experienced pipeline safety inspectors away due to more competitive

salaries, and the increase of shale production in the United States is growing the pipeline industry. This grant program is an important component of the national pipeline safety program as states oversee approximately 80 percent of the intrastate pipeline infrastructure.

The requested increase also supports the new Pipeline Safety Reform (PSR) initiative to standardize all State Pipeline Safety grant programs and will help ensure State safety programs work in concert with the Federal safety oversight program to move toward a risk reduction and incident prevention regulatory posture. A significant portion of the pipeline infrastructure states oversee is over 50 years old; some of it is considered a high risk and should be repaired, rehabilitated, re-qualified or replaced. The Department's April 2011, Call to Action challenged 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"<sup>1</sup> in Federal funding for State Pipeline Safety programs. PHMSA proposes under certain qualifying conditions to raise Federal reimbursement rates 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.

5) *Design Review Fee: \$2,000,000*

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or uses new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language. PHMSA is responsible for reviewing the design of pipeline facilities for code compliance including material specifications, material manufacturing, and documentation.

6) *Oil Pollution Act: Onshore Facilities Response Plan Initiatives: \$927,000 and 4 FTP/ 2.0 FTE (Funding will be provided through the Oil Spill Liability Trust Fund)*

The two I&E FTEs, at a cost of \$436,000 drawn from the Oil Spill Liability Trust Fund, will augment existing regional-based inspectors to evaluate oil spill response plans, amendments,

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

and revisions submitted for approval; take action against operators that do not submit adequate plans; participate in emergency scenario oil spill exercises; ensure compliance with PHMSA regulations; and provide improved visibility and transparency of PHMSA's plan review and approval processes.

The Budget requests an additional \$491,000 for the establishment of a web-based, Facility Response Plan Approval system to automate, improve, and make PHMSA's review process readily accessible to the public. Moreover, the system will simplify public requests for access to response plans submitted to PHMSA for review, as authorized by P.L. 112-90. This will help to eliminate the manual process currently used and help to broaden public access to the plan review process.

## **What Is This Program?**

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### **Overview:**

PHMSA's comprehensive, nationwide Pipeline Safety program is committed to protecting people and the environment while reducing the risks inherent in the transportation of hazardous materials by pipeline. PHMSA's Pipeline Safety program oversees an energy transportation network of 2.6 million miles of pipelines. That's enough to circle the Earth about 100 times. These pipelines are owned and operated by approximately 3,000 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; investigating pipeline incidents and taking action to prevent recurrence; 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.

The Office of Pipeline Safety is comprised of staff at headquarters in Washington, DC and five regional field offices (West Trenton, NJ; Atlanta, GA; Kansas City, MO; Houston, TX; and Lakewood, CO). Field office staff conducts inspections, investigations, outreach, and work on-the-ground with state partners. 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 consistent application of safety regulations throughout the natural gas and hazardous liquid pipeline industry. Fewer pipeline-related deaths and injuries occur when companies operate their facilities in compliance with Federal and state safety requirements.

It is PHMSA and the state pipeline safety partners' responsibility to assure compliance, and when noncompliance is found, to take strong, effective enforcement action. Most state pipeline safety partners work collaboratively with PHMSA in ensuring that pipelines within their borders meet or exceed applicable Federal regulatory standards. States conduct approximately 80 percent of inspections of pipelines under Federal authority, and a few states serve as agents of the Secretary of Transportation in inspecting facilities of pipelines that cross state lines.

Working with teams of Federal, state, local environmental and emergency response agencies, and company representatives, PHMSA participates in operator planned scenario-based tabletop drills, spill control equipment deployment exercises, and in area response drills sponsored by the U.S. Coast Guard.

## Why Is This Particular Program Necessary?

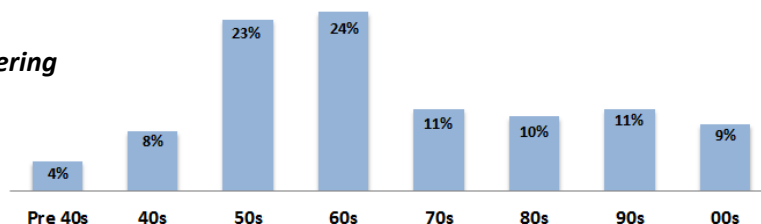
With 2.6 million miles of pipelines crossing nearly every state and thousands of communities, millions of Americans rely on their flawless operation. PHMSA oversees pipelines to ensure uninterrupted service and to protect against the potential for chaos and tragedy when a community lives through a pipeline leak, rupture or explosion.

The Pipeline Safety Program has identified the following top risk factors for pipeline accidents and failures:

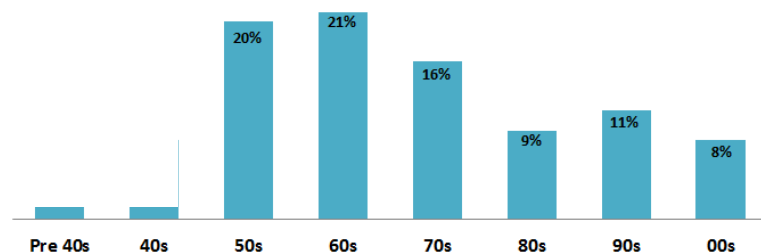
1. **Aging pipelines** – The safety issue facing everyone concerns the very real risks posed by breakdowns in aging pipelines. As the bar charts details below, much of the nation’s pipeline infrastructure was built during the post-World War II boom years. About one-third of the nation’s natural gas and hazardous liquid pipelines are over 50 years old or are of an unknown vintage. Many more pipelines will approach a half-century of service in short order. While age itself is not a determining factor in the integrity and safety of a pipeline, certain materials degrade over time and require additional monitoring, rehabilitation, repair, or replacement.
2. **Vulnerable pipeline material** – Some pipelines were manufactured using methods or materials which have been shown to be problematic and require special integrity testing and monitoring.
3. **Substantial growth in new pipeline infrastructure transporting newly identified energy sources (i.e., shale gas) to consumers.** The pipeline infrastructure is rapidly expanding with the development of energy resources like the Marcellus shale and the Bakken formation and the need for increased transportation of natural gas and hazardous liquids to consumers.

**Total U.S. Pipelines Built, By Decade and Type**

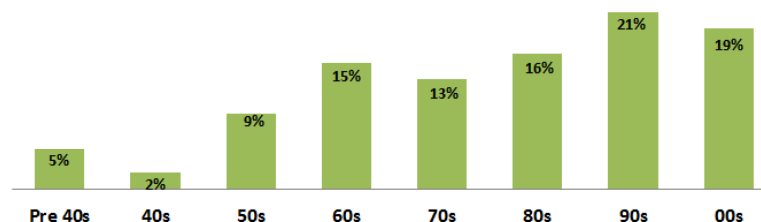
### *Gas Transmission and Gathering*



### *Hazardous Liquid*



### *Gas Distribution*



Source: U.S. Department of Transportation, "Pipeline Safety Update," September 2012," p. 47

A related challenge examines the materials from which pipelines are made. Yesterday's technology is no match for today's advances in the science that makes better pipelines. Even so, many construction projects under PHMSA's purview require close regulatory oversight. Despite PHMSA's work with trade associations and the standard setting community, poor quality steel continues to make its way into the Nation's pipeline network. PHMSA engineers invest significant time and effort evaluating proposed and newly constructed pipeline projects, as well as providing guidance to the industry as a whole.

The April 2011 "Call to Action" challenged pipeline operators to step up and repair, rehabilitate or replace high risk pipelines. The industry has responded with several major replacement and rehabilitation projects, but much more needs to be done. In 2012, PHMSA created a publicly available state-by-state inventory of cast iron and bare steel pipeline and as NPIX moves forward, its mapping tools enable the capture of this type of information in greater detail. Cast iron pipe lies beneath some of the country's oldest and largest urban environments, where pipeline replacement is most difficult and expensive when combined with complexities of digging up streets and avoiding other underground utility lines. Roughly 50 percent of cast iron pipelines carrying natural gas are underground in Massachusetts, New Jersey, New York and Pennsylvania. Some operating cast iron pipelines are over 120 years old. Repairing, rehabilitating or replacing these high risk pipelines is a costly burden on consumers who, through state rate-setting protocols, will ultimately pay for the improved safety.

PHMSA inspectors have responded to help identify problematic federally regulated pipelines, as yearly inspection totals have risen 60 percent over the past three years. PHMSA has directed considerable resources toward accident investigation and applying lessons learned across the industry. PHMSA research and development efforts have led to technology advancements that help identify and mitigate complex failure mechanisms before pipelines fail. Preventing pipeline incidents due to material weaknesses goes hand in hand with PHMSA's promotion of damage prevention activities. As part of the EPIC initiative, the nationwide "Call Before You Dig" 811 phone number continues to raise public awareness and combat unintended excavation damage, a leading cause of harm to pipelines.

Throughout all these activities, the pipeline industry continues to grow with the discovery of energy in new regions. A recent challenge to pipeline safety is the widespread and projected decade-long expansion of the gathering line segment of the pipeline infrastructure which is not currently subject to PHMSA's safety oversight. Many of these gathering lines, which can operate at high pressures, are in relative proximity to people. If the proposed safety regulations for these pipelines are implemented in 2014, PHMSA will need to invest significant resources into assuring these pipelines are designed and constructed in accordance with Federal regulations and safety standards.

PHMSA is working with industry to modernize infrastructure and apply technology to detect vulnerabilities earlier to avoid otherwise unforeseen disasters. PHMSA is taking a hard look at the causes and characteristics of pipeline failures to identify means to prevent future incidents. As an example, the PHMSA R&D program has helped develop technology that will allow small diameter pipelines with sharp turns to be internally inspected for defects. Traditional internal inspection devices are limited to larger diameter pipelines with long, smooth bends. This and other similar technology will increase the percentage of pipelines that can be internally inspected. This means more defects can be identified for repair before they cause pipeline failure. Individual

states are also examining the need to accelerate the replacement of high risk pipe to ensure public safety and the reliability of critical pipeline infrastructure into the future.

Through training, effective damage awareness and prevention programs, PHMSA's unique ability to engage all stakeholders to take responsibility toward improving safety is the linchpin to continued pipeline reliability. With the anticipated increase in transportation of products such as shale oil and gas, ethanol, hydrogen, carbon dioxide, and potentially biofuels, PHMSA will make sure a solid regulatory framework helps prevent accidents and sustain safety. As a result, PHMSA will keep raising the bar on pipeline safety, working with private industry to ensure compliance with critical rules that protect people and the environment from potential dangers and developing new regulations that will ensure safety but allow private companies to increase their efficiencies and deliver their products and services to the American public.

### **How Do You Know the Program Works?**

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PHMSA's true successes arise from its proactive engagement to anticipate and prevent small problems from becoming large ones. For example, through their diligence, PHMSA inspectors have prevented major incidents by examining aging pipelines, finding corrosion, seam and coatings failures, and ordering repairs for these weaknesses. In newer pipes, they discovered poor quality steel, cracks in plastic pipe, and breakdowns of high-frequency electric resistance welds.

PHMSA and its regulated community have experienced many challenges but have reduced the number of pipeline incidents with death or major injury below 40 since 2010, which is lower than the 10-year average. Moreover, the number of spill incidents also has gone down since 2002.

Keeping in mind the lessons learned from recent tragic accidents, PHMSA redoubled its efforts to apply the best technologies and investigative techniques to prevent future tragedies. They included addressing such areas as automatic or remote control shutoff valves, advanced tools to predict or detect natural gas leaks, and instituting the rule that any personnel whose action may have contributed to an accident is drug and alcohol tested.

PHMSA is providing increased transparency for many aspects of pipeline safety enforcement. Communities can log onto the PHMSA website<sup>2</sup> and review enforcement actions. PHMSA has also significantly upgraded its incident data availability and accuracy and is improving its "Stakeholder Communications" website.<sup>3</sup> This transparency not only increases public and stakeholder awareness and involvement, it incentivizes improved operator performance.

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. PHMSA intends to ensure operator accountability through strong, effective enforcement. Due to such efforts, proposed civil penalties for pipeline owner/operators totaled approximately \$7,442,600 in 2013. These penalties are paid directly to Treasury and do not fund PHMSA.

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<sup>2</sup> <http://www.phmsa.dot.gov/pipeline/enforcement>

<sup>3</sup> <http://primis.phmsa.dot.gov/comm/>

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

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While most pipeline infrastructure in the United States is owned by the private sector or local utilities, PHMSA's safety regulations and oversight make certain the infrastructure is regularly assessed and in good condition. Strong safety programs keep the economy moving by getting products to market, while simultaneously making communities safer and more livable.

With the FY 2015 President's Budget, PHMSA will continue to strengthen the quality and quantity of its data, ensure quality training of pipeline safety inspectors and continue to leverage its resources to deliver a cost-effective program with an impressive safety record.

The following items will contribute to ongoing progress resulting from the President's FY 2015 Budget request:

- Continue the PSR initiative through efforts like:
  - The National Pipeline Information Exchange (NPIX), which plans to bring the total number of states involved in the program to 25.
  - Developing the necessary inspection components required to enable the Common Inspection Capability (CIC). This will allow states to utilize a CIC tool or at least upload their inspection results using defined standards.
  - Improve integrity management oversight, and implement revised regulations based on a decade of lessons learned: Integrity management was first implemented for liquid and gas pipelines in 2002 and 2004, respectively.
- Increased funding for Pipeline Safety I&E staff and program support personnel to provide more robust inspection and enforcement oversight to the pipeline system.
- Expanding the Accident Investigation Team to review all pipeline accidents not covered by the NTSB. In FY 2015, PHMSA's Accident Investigation Team will have completed specialized root cause training and should increase on-site investigations by 20 percent.
- Continuation of NPIX to enable PHMSA to build a comprehensive database of pipeline safety information that integrates information from PHMSA, states, industry, and other Federal sources. In 2015, PHMSA will use the NPIX to identify safety concerns across both Federal and state-regulated pipelines and provide information for risk-based inspection prioritization.
- Funding for public outreach to accelerate national awareness through the new Emergency and Preparedness Information for Communities (EPIC) campaign to further educate the public about pipelines and excavation projects.
- Reviews of 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. In FY 2015, PHMSA will implement many of the findings from these studies.
- Implement 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. PHMSA continues to work toward effective state enforcement of one-call laws.

The fact remains that pipeline incidents with death or major injury have been reduced. The long term trend is an average decline of 10 percent every three years. A challenge remains with so-called low probability, high consequence incidents, like that which occurred in Mayflower, Arkansas in March 2013. Nonetheless, in the past decade, the risk of hazardous liquid pipeline spills with

environmental consequences has declined by an average of five percent per year, and PHMSA's Strategic plan outlines a path forward to further reduce those risks.

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## **PIPELINE SAFETY**

### **(PIPELINE SAFETY FUND)**

#### **(OIL SPILL LIABILITY TRUST FUND)**

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. Funding from the Oil Spill Liability Trust Fund contributes to some of Pipeline Safety's expenses and is included in the Pipeline Safety request. This section is simply provided as additional information about the fund. Funding from the Oil Spill Liability Trust Fund is accounted for by an expenditure transfer from which obligations are made and tracked separately from other Pipeline Safety funds.

### EXHIBIT III-1

#### PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION PIPELINE SAFETY SHARE OF OIL SPILL LIABILITY TRUST FUND<sup>1</sup>

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

	<b>FY 2013 <u>Actual</u></b>	<b>FY 2014 <u>Enacted Budget</u></b>	<b>FY 2015 <u>Request</u></b>	<b>Change from FY 2014 <u>Enacted Budget</u></b>
Operations	\$ 11,110	\$ 11,723	\$ 12,650	\$ 927
Research and Development	2,059	2,173	2,173	0
Grants	4,433	4,677	4,677	0
<b>TOTAL</b>	<b>\$ 17,602</b>	<b>\$ 18,573</b>	<b>\$ 19,500</b>	<b>\$ 927</b>

<sup>1</sup>The Oil Spill Liability Trust Fund is used by Pipeline Safety as part of their overall budget.

#### **Program and Performance Statement**

The Oil Pollution Act of 1990 requires the preparation of spill response plans by operators that store, handle, or transport oil to minimize the environmental impact of oil spills and to improve public and private sector response. The Pipeline and Hazardous Materials Safety Administration (PHMSA) reviews response plans submitted by operators of onshore oil pipelines to ensure the plans comply with PHMSA regulations. These plans also must be regularly updated by the operator and submitted for subsequent review by PHMSA. PHMSA also seeks to improve oil spill preparedness and response through data analysis, spill monitoring, mapping pipelines in areas unusually sensitive to environmental damage, and advanced technologies to detect and prevent leaks from hazardous liquid pipelines. These and related activities are funded in part by the Oil Spill Liability Trust Fund.

**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)

<b>Identification code 69-8121-0-7-407</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>
<b>OBLIGATIONS BY PROGRAM ACTIVITY:</b>			
09.00 Total new obligations	17,602	18,573	19,500
<b>BUDGETARY RESOURCES:</b>			
<b>Budget Authority:</b>			
<b>Appropriation (Discretionary):</b>			
11.01 Appropriation (special or trust fund)	18,573	18,573	19,500
11.32 Appropriations temporarily reduced	-971		0
11.60 Appropriation (total) (discretionary)	17,602	18,573	19,500
19.00 Total budget authority	17,602	18,573	19,500
19.30 Total budgetary resources available	17,602	18,573	19,500
<b>CHANGE IN OBLIGATED BALANCE:</b>			
<b>Unpaid Obligations:</b>			
30.00 Unpaid obligations brought forward, October 1 (gross)	14,235	12,711	11,805
30.10 Obligations incurred, unexpired accounts	17,602	18,573	19,500
30.20 Outlays (gross) (-)	-19,125	-19,479	-18,988
30.50 Unpaid obligations, end of year (gross)	12,711	11,805	12,316
31.00 Obligated balance, start of year	14,235	12,711	11,805
32.00 Obligated balance, end of year	12,711	11,805	12,316
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>			
<b>Gross budget authority (discretionary):</b>			
40.00 Budget authority, gross	17,602	18,573	19,500
<b>Gross outlays (discretionary):</b>			
40.10 Outlays from new authority	5,775	9,101	9,555
40.11 Outlays from balances	13,351	10,378	9,433
40.20 Outlays, gross (total) (discretionary)	19,125	19,479	18,988
40.70 Budget authority, net (discretionary)	17,602	18,573	19,500
40.80 Outlays, net (discretionary)	19,125	19,479	18,988
<b>Budget authority and outlays, net (total):</b>			
41.80 Budget authority, net (discretionary and mandatory)	17,602	18,573	19,500
41.90 Outlays, net (discretionary and mandatory)	19,125	19,479	18,988

**OBJECT CLASSIFICATION AND PERSONNEL SUMMARY**

(In thousands of dollars)

<b>Identification code 69-8121-0-7-407</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>
Direct Obligations:			
94.00 Financial Transfers	\$17,602	\$18,573	\$19,500
99.90 Total new obligations	\$17,602	\$18,573	\$19,500

# PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION HISTORY OF APPROPRIATIONS

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

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>	
2006	\$19,000,000	\$14,850,000	1/
2007	\$18,810,000	\$14,850,000	2/
2008	\$18,810,000	\$14,850,000	
2009	\$18,810,000	\$18,810,000	
2010	\$18,905,000	\$18,905,000	
2011	\$18,905,000 2/	\$18,867,000	3/
2012	\$21,510,000	\$18,573,000	
2013	\$21,510,000	\$17,602,000	4/
2014	\$18,573,000	\$18,573,000	
2015	\$19,500,000		

1/ Reflects reduction of \$150,000 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 \$37,810 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10)

4/ Reflects reductions from sequestration (Sec. 1113 of Division B of P.L. 113-6)

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

**FY 2015 Request – \$19.5 million<sup>1</sup>**  
**(Included in the Pipeline Safety Account)**  
**(\$000)**

<b>Program Activity</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Enacted Budget</b>	<b>FY 2015 Request</b>	<b>Change From FY 2014 Enacted Budget</b>
Administrative Expenses	\$284	\$300	\$736	\$436
Program	10,826	11,423	11,914	491
Research and Development	2,059	2,173	2,173	0
Grants	4,433	4,677	4,677	0
<b>Total</b>	<b>\$17,602</b>	<b>\$18,573</b>	<b>\$19,500</b>	<b>\$927</b>

<sup>1</sup>Funds shown above are already included in the Pipeline Safety Program's total funding.

### Overview:

The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to prevent, remove, and mitigate damage from oil spills into water and environmentally sensitive areas. As part of 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 a safe and environmentally friendly manner.

The details on additional funding request and the program changes in Oil Spill Liability Trust fund can be found in Pipeline Safety's narrative tab.

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**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, [\$45,000,000] \$52,000,000, of which [\$2,300,000] \$6,957,000 shall remain available until September 30, [2016] 2017: *Provided, That amounts collected from special permits and approval fees established in this Act (estimated to be \$12,000,000 in fiscal year 2015), 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 2015, so as to result in a final fiscal year 2015 appropriation from the general fund estimated at \$40,000,000:* 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, 2014.)*

**EXHIBIT III-1**

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

	<b>FY 2013 <u>Actual</u></b>	<b>FY 2014 <u>Enacted</u></b>	<b>FY 2015 <u>Request</u></b>	<b>Change From FY 2014 <u>Enacted</u></b>
Operations	\$ 38,497	\$ 42,700	\$ 45,043	\$ 2,343
Research and Development	1,626	2,300	6,957	4,657
<b>TOTAL</b>	<b>\$ 40,123</b>	<b>\$ 45,000</b>	<b>\$ 52,000</b>	<b>\$ 7,000</b>
<b>FTEs</b>				
Direct Funded	171.0	190.0	193.0	3.0

**Program and Performance Statement**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for advancing the safe transportation of hazardous materials, based on a comprehensive technical and analytical foundation to ensure that resources are effectively applied to minimize fatalities and injuries, mitigate the consequences of incidents that occur, and enhance safety. The program carries out its mission based on a foundation of five Cs: Classifying hazardous materials to ensure they are packaged and handled safely during transportation; Containing hazardous materials properly in accordance with the Hazardous Materials Regulations; Communicating to transportation workers and emergency responders regarding the hazards of materials being transported; ensuring Compliance with the Hazardous Materials Regulations by enforcing safety standards, investigating incidents/failures and educating stakeholders; and Crisis Management to mitigate the consequences of incidents through grant and outreach programs.

# EXHIBIT III-1a

## PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

### Summary Analysis of Change from FY 2014 to FY 2015 Appropriations, Obligation Limitations, and Exempt Obligations

<b><u>Hazardous Materials Safety</u></b>	<b><u>\$000</u></b>	<b><u>FTE</u></b>
<b>FY 2014 Enacted</b>	<b>45,000</b>	<b>190.0</b>
<b>Adjustments to Base:</b>		
Annualization of 2014 Pay Raises	63	0.0
2015 Pay Raise of 1%	188	0.0
GSA Rent	35	0.0
Working Capital Fund	217	0.0
Non-pay Inflation of 1%	127	0.0
	<hr/>	<hr/>
<b>Subtotal, Adjustments to Base</b>	<b>630</b>	<b>0.0</b>
<b>New or Expanded Programs:</b>		
Research and Development: FY 2015 R&D Risk Priorities	4,743	0.5
<i>a. Acquisitions Specialist, 1 FTP</i>	<i>[109]</i>	<i>[0.5]</i>
<i>b. Program Cost</i>	<i>[4,634]</i>	<i>[0.0]</i>
Training and Outreach:		
EPIC/Public Outreach to Grantees & Analytical Program Support	1,627	2.5
<i>a. Field Transportation Specialists, 5 FTP</i>	<i>[545]</i>	<i>[2.5]</i>
<i>b. Program Cost</i>	<i>[1,082]</i>	<i>[0.0]</i>
	<hr/>	<hr/>
<b>Subtotal, New or Expanded Programs</b>	<b>6,370</b>	<b>3.0</b>
	<hr/>	<hr/>
<b>Subtotal, Adjustments to Base and New or Expanded Programs</b>	<b>7,000</b>	<b>3.0</b>
	<hr/>	<hr/>
<b>FY 2015 Request</b>	<b>\$ 52, 000</b>	<b>193.0</b>

## EXHIBIT III-2

### PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION HAZARDOUS MATERIALS SAFETY

#### 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 performance measures to demonstrate program results:

##### DOT Goal/Outcome: Safety

<b>Reduction in injuries or fatalities:</b> Number of hazardous materials incidents involving death or major injury	2011	2012	2013	2014	2015
Target Range	22-34	22-34	21-33	20-32	20-31
Actual	32	32	29 <sup>1</sup>		

<sup>1</sup>Preliminary - Number subject to change due to time span between actual occurrence and final verification of details.

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS SAFETY  
PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-1401-0-1-407	FY 2013 <u>Actual</u>	FY 2014 <u>Enacted</u>	FY 2015 <u>Request</u>
<b>OBLIGATIONS BY PROGRAM ACTIVITY:</b>			
00.91 Total direct program	40,077	48,552	52,000
08.01 Reimbursable program	1,197	0	0
09.00 Total new obligations	41,274	48,552	52,000
<b>BUDGETARY RESOURCES:</b>			
<b>Unobligated Balance</b>			
10.00 Unobligated balance, brought forward, October 1	3,755	3,552	0
10.21 Recoveries of prior year unpaid obligations	6	0	0
10.50 Total unobligated balance	3,760	3,552	0
<b>Budget Authority:</b>			
<b>Appropriation (Discretionary):</b>			
11.00 Appropriation	42,338	45,000	52,000
11.30 Appropriations permanently reduced	-2,215	0	0
11.60 Appropriation (total) (discretionary)	40,123	45,000	52,000
<b>Spending authority from offsetting collections (Discretionary):</b>			
17.00 Collected	779	0	0
17.01 Change in uncollected customer pymts, Fed sources	310	0	0
17.50 Spending authority from offsetting collections (total) (discretionary)	1,088	0	0
19.00 Total budget authority	41,212	45,000	52,000
19.30 Total budgetary resources available	44,972	48,552	52,000
19.40 Unobligated balance expiring	-146	0	0
19.41 Unexpired unobligated balance carried forward, end of year	3,552	0	0
<b>CHANGE IN OBLIGATED BALANCE:</b>			
<b>Unpaid Obligations:</b>			
30.00 Unpaid obligations brought forward, October 1 (gross)	11,882	11,866	14,710
30.10 Obligations incurred, unexpired accounts	41,274	48,552	52,000
30.11 Obligations incurred, expired accounts	198	0	0
30.20 Outlays (gross)	-41,282	-45,708	-49,760
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	-6	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts	-202	0	0
30.50 Unpaid obligations, end of year (gross)	11,866	14,710	16,950
<b>Uncollected Payments:</b>			
30.60 Uncollected customer pymts, Fed sources, brought forward, October	-158	-310	-310
30.70 Change in uncollected customer pymts, Fed sources, unexpired acco	-310	0	0
30.71 Change in uncollected customer pymts, Fed sources, expired accoun	158	0	0
30.90 Uncollected customer pymts, Fed sources, end of year	-310	-310	-310
31.00 Obligated balance, start of year	11,724	11,556	14,400
32.00 Obligated balance, end of year	11,556	14,400	16,640

**PROGRAM AND FINANCING Cont'd**

<b>Identification code 69-1401-0-1-407</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>			
<b>Gross budget authority (discretionary):</b>			
40.00 Budget authority, gross	41,212	45,000	52,000
<b>Gross outlays (discretionary):</b>			
40.10 Outlays from new authority	31,565	30,600	35,360
40.11 Outlays from balances	9,716	15,108	14,400
40.20 Outlays, gross (total) (discretionary)	41,282	45,708	49,760
<b>Offsets against gross budget authority and outlays (discretionary):</b>			
40.30 Offsetting collections, Fed sources	-984	0	0
40.33 Offsetting collections, non-Fed sources	-54	0	0
40.40 Offsets against gross budget authority and outlays (total)	-1,038	0	0
<b>Additional offsets against gross budget authority only (discretionary):</b>			
40.50 Change in uncollected pymts, Fed sources, unexpired accounts	-310	0	0
40.51 Change in uncollected pymts, Fed sources, expired accounts	259	0	0
40.60 Additional offsets against budget authority only (total)	-51	0	0
40.70 Budget authority, net (discretionary)	40,123	45,000	52,000
40.80 Outlays, net (discretionary)	40,244	45,708	49,760
<b>Budget authority and outlays, net (total):</b>			
41.80 Budget authority, net (discretionary and mandatory)	40,123	45,000	52,000
41.90 Outlays, net (discretionary and mandatory)	40,244	45,708	49,760

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS SAFETY**

**OBJECT CLASSIFICATION AND PERSONNEL SUMMARY**

(In thousands of dollars)

Identification code 69-1401-0-1-407	FY 2013 <u>Actual</u>	FY 2014 <u>Enacted</u>	FY 2015 <u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$17,188	\$19,566	\$20,106
11.9 Total personnel compensation	17,623	19,566	20,106
12.1 Civilian personnel benefits	5,033	5,478	5,630
21.0 Travel and transportation of persons	1,392	1,743	1,779
22.0 Transportation of things	5	0	0
23.1 Rental payments to GSA	2,012	2,192	2,266
23.2 Rental payments to Others	22	0	0
23.3 Communications, utilities, and miscellaneous charges	278	405	443
24.0 Printing and reproduction	308	437	283
25.1 Advisory and assistance services	3,950	5,508	6,507
25.2 Other services	173	212	232
25.3 Other purchases of goods and services from government accounts	4,810	5,528	6,701
25.5 Research and development contracts	1,666	5,852	6,957
25.7 Operation and maintenance of equipment	2,604	1,373	580
26.0 Supplies and materials	113	123	127
31.0 Equipment	56	135	389
42.0 Insurance claims and indemnities	31	0	0
Subtotal, Direct obligations	\$40,077	\$48,552	\$52,000
99.0 Subtotal, Reimbursable obligations	1,197	0	
99.9 Total new obligations	\$41,274	\$48,552	\$52,000

**EMPLOYMENT SUMMARY**

Identification code 69-1401-0-1-407	FY 2013 <u>Actual</u>	FY 2014 <u>Enacted</u>	FY 2015 <u>Request</u>
10.01 Direct civilian full-time equivalent employment	171.4	190.0	193.0

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

**Hazardous Materials Safety**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>	
2006	\$26,324,000	\$25,876,620	1/
2007	\$27,225,000	\$26,723,000	2/
2008	\$27,003,000	\$28,000,000	
2009	\$28,000,000	\$32,000,000	
2010	\$35,500,000	\$37,994,000	
2011	\$40,434,000 2/	\$39,020,000	2/ & 3/
2012	\$50,089,000	\$42,338,000	
2013	\$50,673,000	\$40,123,000	2/ & 4/
2014	\$51,801,000	\$45,000,000	
2015	\$52,000,000		

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).

4/ Reflects sequestered amount (Sec. 1113 of Division B of P.L. 113-6).

## Detailed Justification for Hazardous Materials Safety

FY 2015 Request – \$52 million

### What Do I Need To Know Before Reading This Justification?

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PHMSA's Hazardous Materials Safety program oversees the safe transport of hazardous materials (hazmat) by air, rail, highway and water.

The total Hazardous Materials Safety Program budget request in FY 2015 is \$52 million. This includes:

- \$40 million from General Funds
- \$12 million from Special Permits and Approvals Fees

The Hazardous Materials Safety program strives to frame its mission around **five C's**. These five C's are described in detail below:

**(1) Classify** - The Hazardous Materials Regulations (HMR) establish the procedures and criteria for shippers to determine the hazard class, proper shipping name, identification number and packing group of hazmat.

**(2) Contain** - PHMSA evaluates, develops and prescribes the nationwide standards and specifications for containment packaging of hazmat in transportation.

**(3) Communicate** - Essential elements of hazard warning information are required to be communicated through a redundant system of shipping papers, package markings and labels, and placards on transport vehicles and bulk packaging--both to minimize the likelihood of an incident and mitigate the consequences of a hazmat-related emergency.

**(4) Compliance** - PHMSA enforces the regulations to ensure compliance with safety and security standards. Compliance is ensured through inspections, the HMR, and the Hazardous Materials Information Center that responds to inquiries regarding the HMR and an outreach program that provides training and assistance at no cost to the regulated community. PHMSA has primary jurisdiction over approximately 300,000 known hazmat shippers, carrier and testing entities, as well as exclusive jurisdiction over the design, manufacture, maintenance and testing of hazmat packaging, including cylinders.

**(5) Crisis Management** - The Hazardous Materials Transportation Safety and Security Reauthorization Act of 2005 authorizes the U.S. DOT to provide assistance to public sector employees through the Hazardous Materials Emergency Preparedness Grants program. Activities and resources exist within this program to provide emergency response training and planning grants to states, territories, and American Indian tribes. Because nearly all this program's spending is mandatory, its budget is separate from that of Hazardous Materials Safety and can be found in the *Emergency Preparedness Grants* tab of this document.

### Safe Transportation of Energy Products Fund

The Department of Transportation is requesting the creation of a new fund to support the multimodal prevention and response activities associated with the increased safety issues currently surrounding the transport of crude oil. The funds would be available for initiatives within the Federal Railroad Administration, the Pipeline and Hazardous Materials Safety Administration, and the Federal Motor Carrier Safety Administration. The Administrators of those Operating

Administrations along with representatives of designated offices within the Office of the Secretary would jointly serve as a decision-making board for the use of the funds and would be responsible for their effective administration.

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

#### **FY 2015 – Hazardous Materials Safety Budget Request (\$000)**

<b>Program Activity</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Enacted</b>	<b>FY 2015 Request</b>	<b>Change From FY 2014 Enacted Budget</b>
Administrative Expenses	\$ 30,490	\$ 34,209	\$ 35,385	\$ 1,176
Programs	8,007	8,491	9,658	1,167
Research and Development	1,626	2,300	6,957	4,657
<b>Total</b>	<b>\$ 40,123</b>	<b>\$ 45,000</b>	<b>\$ 52,000</b>	<b>\$ 7,000</b>

The FY 2015 Budget request is \$52.0 million for Hazardous Materials Safety, an increase of \$7.0 million from the FY 2014 Enacted Budget.

#### **Administrative Expenses: \$35,385,000**

Of this FY 2015 request, \$35.4 million is for administrative expenses, supporting 193.0 FTE including salaries and benefits and other administrative expenses such as travel, training, supplies, equipment--including personal protection equipment-- and uniforms for all investigators.

#### **Programs: \$9,658,000**

The Office of Hazardous Materials Safety's programs are designed to propel its mission forward through multiple activities including monitoring Special Permit and Approval applications, verifying incident reports, and measuring day-to-day performance via the Hazmat Information System. Tasks also consist of analyzing incidents involving transportation of hazmat; developing educational tools for outreach and training; and supporting the U.S. Coast Guard's efforts in issuing emergency notifications when a hazmat incident occurs. Moreover, hazmat programs help reduce "stovepiped" databases through a one-stop Multimodal Hazmat Intelligence Portal, and ensure collected registration fees support the grants to states and American Indian tribes for emergency response planning.

#### **Research and Development (R&D): \$6,957,000 million**

In addition, Hazardous Materials Safety's R&D program directs basic and applied research for the purpose of minimizing risks associated with the transportation of hazmat. The research program supplies information necessary to guide future changes in regulations, industry safety practices, and global intermodal transport efficiency demands for hazmat.

The Hazardous Materials R&D program intends to continue to implement strategies outlined in its 2012-2017 R&D Strategic Plan. The following narrative provides detailed information on

changes requested by PHMSA for FY 2015, such as adjustments to the base and new funding requests.

***FY 2015 Adjustments to Base: \$630,000***

PHMSA's FY 2015 adjustments to the base include \$63,000 for annualization of 2014 pay raise at 1.0%, \$188,000 for 2015 pay raise at 1.0%, \$35,000 for GSA rent increase and \$127,000 for non-pay inflation at 1.0%. This also includes a \$217,000 increase in Working Capital Fund expenses.

***FY 2015 Program Changes: \$6,370,000 and 6 FTP/ 3.0 FTE***

- 1) *Research and Development: FY 2015 R&D Risk Priorities \$4,743,000 and 1 FTP/0.5 FTE*  
The Hazardous Materials Safety's R&D program directs basic and applied research for the purpose of minimizing risks associated with the transportation of hazmat. This funding request supports PHMSA's efforts to build a workforce with subject matter expertise in technical aspects related to safe packaging and container storage for transport and chemical compound analysis. PHMSA will continue to implement other Research areas created under MAP-21, such as research, pilot studies and method improvements. The various activities PHMSA plans to carry out in FY 2015 associated with these goals are discussed in further detail below.

Liquefied Natural Gas Bulk Tank Standard Design

PHMSA needs to research, identify and establish a baseline comprehensive bulk tank car standard design for the safe transport of liquefied natural gas (LNG). The objective of this research is to determine the need for a specialized cryogenic car to carry LNG, based on the increased transportation of this commodity, and in comparison to other standards (for example, Canada). LNG has become an increased commodity in the U.S. as it is in abundance in the U.S. and it is considered a clean fuel, therefore a more desirable fuel source.

Validation of Classification of HazMat (*Specific NTSB recommendation R-14-6<sup>1</sup>*)

PHMSA would perform the validation of the current regulatory methodology and validity for the classification of crude oil in the Bakken and throughout the US (for example, mining of crude oil by fracking and its effects on material characteristics.) This funding would allow research to establish the relative importance of standard operating procedures (SOPs) for sample collection, testing, and chemical analysis that may be applied to a range of HazMat's characterization besides crude oil.

Best Practices for Loading and Unloading of HazMat (*Specific NTSB recommendations I-02-01<sup>2</sup> and I-02-02<sup>2</sup>*)

PHMSA plans to identify the best practices for transportation loading and unloading of bulk HazMat, including flammable liquids and liquefied natural gas. This research includes an engineering analysis of fill, transfill, and offloading operations across the many bulk tank designs, couplings, and materials. Research to better pinpoint the safety risks and gaps will allow the agency to make better decisions and aid industry in preventing serious risk, ultimately improving standards.

Odorant Fade of Liquefied Petroleum Gases (LPG)

PHMSA will be able to identify the high posing risks of odorant fade in the rail and highway bulk transport of liquefied natural and petroleum gases. This gap analysis of current practices

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<sup>1</sup> For this NTSB safety recommendation, please visit the report link: <http://phmsa.dot.gov/hazmat/regs/ntsb/rail>

<sup>2</sup> For this NTSB safety recommendation, please visit the report link: <http://phmsa.dot.gov/hazmat/regs/ntsb/closed>

will aim to prevent additional deaths and injuries from propane and LPG explosions as result of odor fade. The information derived from this research will establish the foundation to pursue a nation-wide uniform transportation system for odorant levels and detection when transporting propane and LPG. The analysis will assess the performance of current practices and identify gaps and vulnerabilities in regulations and procedures on odorization of LPGs. Additionally, research will be conducted to determine the effectiveness of alternate methods to odorize widely used and transported flammable gases.

#### Hazardous Communication for Emergency Responders

Funding will allow PHMSA to complete a study to collaborate with emergency responders and stakeholders to determine the suitability and efficacy of Hazardous Communication for emergency response awareness in communities along HazMat routes. This outreach study will determine the who, what, and where of information flow to ensure the timely communication of HazMat shipments, while still maintaining chemical security.

#### Continued Technical Support for MAP-21 Deliverables

Funding will continue to provide critical technical support for MAP-21 deliverables, in particular, efforts to provide the key analytical resources to reform the Hazardous Materials Incident Reporting process and system under the Data Assessment and Improvement Project. This project uses subject matter expertise to ensure that revisions of DOT Form 5800.1 are technically sound and address missing packaging information and chemical data that support the proper classification and safe transportation of hazardous materials.

#### Prevention of Transport Vehicles Participating in Explosions

Funding will allow PHMSA to research and identify practices, designs and equipment to prevent fire and flame exposure to highway transport vehicles carrying organic peroxides, ammonium nitrate, explosives and products containing explosives. This research will examine ways to protect the vehicle from additional sources of fuel (for example, the tires) to prevent the transport truck fire from becoming an explosion several minutes into an incident for the protection of first responders, the traveling public, and by-standers. PHMSA will research products that upon exposure to heat decompose (to include but not limited to organic peroxides, ammonium nitrate, explosives and products containing explosives) to reduce the risks of prolonged fire-induced decomposition/energy release/explosions if an incident occurs while in highway transportation.

The requested funds will enable PHMSA to carry out each of the activities described above. PHMSA would have to continue using existing financial and labor resources that compromise the effectiveness of other program areas within the Hazardous Materials division to address MAP-21 mandates and NTSB recommendations. The Hazardous Materials R&D program has carefully outlined the R&D priorities and financial resources necessary for FY 2015 to keep the nation safe from potential hazardous materials transportation incidents. This plan is tailored to address risks identified through recent crude oil rail incidents as well as the increase in both crude oil and LNG transport over the last few years.

Outside sources are essential in helping PHMSA gather the data and information to help improve safety. Unlike its counterparts dedicated to safety, the PHMSA Acquisition Services Division has remained unchanged since 2006, with 10 full-time permanent positions for the entire division. Thus, as part of the R&D request, PHMSA will need \$109,000 to fund a Contract Specialist to process the increased acquisition workload that will develop as a result of the high volume of research ahead.

2) *Training and Outreach: Emergency and Preparedness Information for Communities (EPIC)/Public Outreach to Grantees and Analytical Program Support: \$1,627,000 and 5 FTP/ 2.5 FTE*

PHMSA provides its Emergency Preparedness Grant through state governments and other entities such as territories and American Indian tribes. We currently have no process or means to directly communicate with our grantees. Sometimes, simply knowing about available resources makes all the difference in improving performance. In recent years, through site visits and reviews, PHMSA realized that the grantees required a lot more education on the correct and timely usage of funds in order to get their granted funds fully reimbursed.

In order to maximize the utility of these emergency preparedness funds, PHMSA is proposing to intensify its outreach to grantees. In conjunction with the EPIC initiative, in FY 2015, PHMSA will ramp up and use its data as more of an asset in spreading knowledge and awareness to the public and agency stakeholders. The new outreach efforts will be designed to assist grantees in identifying and incorporating planning and training activities that qualify for grants. PHMSA is requesting resources to expand the Hazardous Materials Safety Assistance Team (HMSAT) in the field by five (one per region). With the HMSAT expansion, PHMSA will be able to more successfully conduct outreach campaigns, site visits, and grassroots training with potential state, local and tribal grantees.

PHMSA is also requesting funds to further review and analyze the financial oversight over grant programs. One portion of the program cost requested will be used to further address recommendations cited in the Office of the Inspector General's (OIG's) findings from January 2012 to improve management and oversight of the Hazmat Grant program and PHMSA's independent program evaluation. The other portion will fund analytical program support such as financial assistance, specifically for developing and implementing a process to regularly review grantee expenditures before approving reimbursement requests, which was one of the OIG's recommendations<sup>3</sup>. This financial oversight includes carrying out internal audits, tracking expenditures, reviewing grantees' financial reports, and recording the data gathered. The goal is to vastly improve coordination among Federal, State, local, and tribal organizations to help save lives and protect America's communities by increasing the knowledge, speed, effectiveness, and efficiency of first responders and local emergency planning committees.

More outreach will mean more knowledge for the grantees and better public safety results for everyone involved. Stepped up outreach also means a stronger and more effectively managed grant program with equally strong performance measures to gauge success.

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## **What Is This Program?**

### **Overview:**

PHMSA's Hazardous Materials Safety program sets standards and requirements for the safe transportation of hazmat. To succeed, PHMSA administers a comprehensive, nationwide program that protects the public from the inherent risks to life, health, property, and the environment in the commercial transportation of hazmat by air, rail, vessel, and highway. The Office of Hazardous Materials Safety achieves its goals through: evaluating hazmat transportation safety risks; developing and enforcing standards for transporting hazmat; providing compliance assistance to hazmat shippers and carriers; offering assistance to state and local emergency responders and law enforcement officials; investigating hazmat incidents and failures; conducting research; and

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<sup>3</sup> Office of Inspector General Audit Report, AV-2012-040, January 12, 2012, p. 13 Web link: <http://www.oig.dot.gov/sites/dot/files/PHMSA%20HMEP%20Grants%20Audit%20Report%5E1-12-12.PDF>

awarding grants to improve emergency response to incidents. To carry out each of these activities, the program relies upon all available agency tools for assessing data and evaluating alternative safety strategies, including regulatory policies as necessary and appropriate.

The Office of Hazardous Materials Safety is comprised of staff at headquarters 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.

The HMR is the nation's baseline safety standard for hazmat transportation and the foundation of PHMSA's Hazardous Materials Safety program. The HMR addresses hazmat definitions and classifications, hazard communications, shipper and carrier operations, and packaging and container performance specifications. In addition, the HMR lays out training requirements for people who prepare hazmat for shipment or transport.

The HMR is designed to achieve three goals:

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



A snapshot of one of the slides from a training presentation illustrating the significance of properly marking packages containing hazardous materials.

Using outreach to enhance public education helps PHMSA promote safety. Through training seminars and workshops, PHMSA is able to increase industry awareness and help businesses locate resources needed to comply with the HMR and provide technical assistance to the emergency response and planning community. The Hazardous Materials Transportation – State and Local Education (HMT-SALE) program is one outreach tool that provides a means to share information on hazmat transportation safety and security issues, identify training needs, and capitalize on PHMSA resources to meet State and local government education needs.

Rulemakings are also a pivotal aspect of the Hazardous Materials Safety program. Part of PHMSA's mission is to keep safety regulations up to date with current findings, new information, and/or emerging technologies. For example, lithium battery transportation has been a subject of safety advisories based on commercial lithium battery shipments suspected of causing several potentially catastrophic in-flight incidents. In FY 2014, PHMSA plans to issue final rules to

harmonize newly adopted international standards to increase safeguards regarding design testing, packaging, and the transportation of lithium cells and batteries of all types.

In the past two years, PHMSA has streamlined its regulatory program by incorporating 88 special permits into the HMR, eliminating the need for 2,370 permit holders to continually reapply, while extending the benefits of those special permits to the market at-large. In FY 2015, PHMSA will continue incorporating special permits into the HMR.

To increase stakeholder accessibility and keep the public up to date on the latest training, PHMSA regularly produces free web-based training modules covering both hazmat transportation and security awareness. Internally, PHMSA is developing guidance on employee training and development to improve organizational performance, promote professional development, and establish both general and technical competencies for all Hazardous Materials program employees.

One of the most prevalent tools that PHMSA uses to share safety information with the public and the hazmat community is social media. Through social media outlets, PHMSA can be monitored by a wide variety of stakeholders, including hazmat professionals, emergency responders and the chemical industry. It's also been effective in identifying people who would benefit from PHMSA's training and education initiatives. Using social media, PHMSA was able to publicize the 2012 *Emergency Response Guidebook (ERG)* smartphone application which targets members of professional organizations that represent firefighters and emergency responders. In addition, the Hazardous Materials Safety program frequently shares hazmat training articles through social media services to further promote the importance of collaboration and preparation.

### **Why Is This Particular Program Necessary?**

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According to the Bureau of Transportation Statistics and the most recent U.S. Census Bureau 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<sup>4</sup>. These materials underpin the American economy and our way of life. We use a variety of chemicals to purify water, fertilize crops, create medicines, and manufacture clothing. These chemicals and energy products are essential to Americans' quality of life. They also pose some inherent risk to the public, the environment, and property.

PHMSA's Hazardous Materials Safety program ensures hazmat are safely and securely packaged, handled, and transported. If an incident occurs, any dangers are properly communicated to transportation workers and emergency responders. To prevent future incidents, PHMSA evaluates hazmat transportation safety risks; develops and enforces standards; provides compliance assistance to shippers and carriers; assists state and local emergency responders and law enforcement officials; investigates accidents and failures; conducts research; and provides grants to improve emergency response [*see the tab labeled Emergency Preparedness Grants tab*].

With the HMR as the cornerstone of the Hazardous Materials Safety program, 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 hazmat transportation system. The historical rate of non-compliance among entities previously cited for violations serves as a gauge for the effectiveness of PHMSA's enforcement, outreach, and training activities. That rate has held steady, averaging 15

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<sup>4</sup> [http://www.bts.gov/publications/commodity\\_flow\\_survey/](http://www.bts.gov/publications/commodity_flow_survey/)

percent over the past decade. These accomplishments will be continued through the FY 2015 President's Budget request.

Specifically, PHMSA will undertake the following activities:

- Strengthening paperless hazard communications with pilots in three regions;
- Enhancing emergency responder training with enhanced outreach in our grants program;
- Improving data collection, analysis, and reporting;
- Promoting uniform performance standards for training hazmat inspectors and investigators;
- Promoting transparency in special permit procedures and evaluations;
- Supporting efforts to convert well-established special permits into regulations of general applicability; and
- Evaluating and finalizing action regarding wetlines safety.

Such activities will enable PHMSA to address the challenges of shipping hazardous materials. New products surrounded by novel packaging and coming from unfamiliar ports of call raise the premium for safety. The Hazardous Materials Safety program is responsible for ensuring the safe and virtually uninterrupted flow of hazmat across the United States.

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### **How Do You Know the Program Works?**

Hazmat incidents with death or major injury have declined an average of four percent every three years over the long term (1988-2013). During the same period, though, most measures of risk exposure – for example freight shipments, hazmat ton-miles, and, more recently, a surge in oil shipments on rail cars have risen.

In 2012, twenty-nine reported hazmat 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 relative to the volume of hazmat shipped and when compared to other causes of accidental death such as motor vehicle traffic deaths.

The Hazardous Materials Safety program exists to prevent these tragedies, but needs to be innovative and well-funded in order to do so.

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

To achieve the Department's safety strategic goal of reducing the number of hazmat transportation incidents involving death or major injury, PHMSA has made great strides in its Hazardous Materials Safety program. Millions of tons of hazmat, worth an estimated \$4 billion, travel across the nation every day with very few incidents. PHMSA's programs support the safe transportation of hazardous materials through inspections, enforcement of regulations, classification of materials, and applied research. PHMSA's efforts support the safe, reliable, efficient, and timely transportation of hazardous materials by all modes—motor vehicle, rail, aircraft, and vessel.

The continuous safe transportation of hazmat requires that PHMSA be equipped to stay current with new technologies in packaging, new types of hazmat, and new entries into the hazmat market from an increasingly international marketplace. With the requested funding, PHMSA will act on and disseminate increased information and technologies to emergency responders across the country, and use them to better oversee the hazmat transportation industry.

**Emergency Preparedness  
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, [2015]2016: *Provided*, That not more than \$28,318,000 shall be made available for obligation in fiscal year [2014]2015 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, 2014.*)

***Note:** In FY 2015, PHMSA proposes to increase administrative costs from two percent to four percent of funds made available for the activities in 49 USC Sec. 5116 (i)(4) of the Hazardous Materials Transportation Safety and Security Reauthorization Act of 2005. The proposal for this increase is located in the Administrative Provisions tab of this document.*

### EXHIBIT III-1

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

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

	<b>FY 2013 <u>Actual</u></b>	<b>FY 2014 <u>Enacted</u><sup>1</sup></b>	<b>FY 2015 <u>Request</u></b>	<b>Change From FY 2014 Enacted Budget</b>
Operations	\$ 1,440	\$ 1,422	\$ 2,073	\$ 651
Grants	25,425	24,871	26,245	1,374
<b>TOTAL</b>	<b>\$ 26,865</b>	<b>\$ 26,293</b>	<b>\$ 28,318</b>	<b>\$ 2,025</b>
<b>FTEs</b>				
Direct Funded	0.0	0.0	0.0	0.0

<sup>1</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

#### **Program and Performance Statement**

Federal hazardous material law (49 U.S.C. 5101 et seq.) established a national registration program for shippers and carriers of hazardous materials in 1992. The law also established collection of fees from registrants. These fees finance emergency preparedness planning and training grants; development of training curriculum guidelines for emergency responders and technical assistance to states, political subdivisions, and American Indian tribes; publication and distribution of the *Emergency Response Guidebook*; and administrative staff costs for operating the program.

## EXHIBIT III-2

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

#### 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 performance measures to demonstrate program results:

##### **DOT Goal/Outcome: Safety**

<b>Reduction in injuries and fatalities:</b> Number of hazardous materials incidents involving death or major injury	2011	2012	2013	2014	2015
Target Range	22-34	22-34	21-33	20-32	20-31
Actual	32	32	29 <sup>1</sup>		

<sup>1</sup>Preliminary - Number subject to change due to time span between actual occurrence and final verification of details.

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS**

**UNAVAILABLE COLLECTIONS**

(In thousands of dollars)

Identification code 69-5282-0-2-407

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>
Unexpended balance, start of year			
01.00 Balance, start of year	\$26,867	\$14,709	\$16,922
01.90 Adjustments	0	0	0
01.99 Balance, start of year, total	26,867	14,709	16,922
Receipts and offsetting receipts:			
02.20 Emergency preparedness fund (offsetting prop. receipts)	14,704	28,318	28,318
04.00 Total: Balances and collections	41,572	43,027	45,240
Appropriations:			
05.00 Emergency Preparedness Grants [021-50-5282-0-1201]	-14,704	-28,130	-28,130
05.01 Emergency Preparedness Grants [021-50-5282-0-1203]	-13,112	0	0
05.02 Emergency Preparedness Grants [021-50-5282-0-1232]	1,443	2,025	0
05.90 Adjustments	-489	-188	-188
05.99 Total Appropriations (-)	-26,862	-26,293	-28,318
06.10 Unobligated balance returned to receipts	0	188	0
07.99 Balance, end of year	\$14,709	\$16,922	\$16,922

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS**

**PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-5282-0-2-407	FY 2013	FY 2014	FY 2015
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
<b>OBLIGATIONS BY PROGRAM ACTIVITY:</b>			
00.01 Emergency Preparedness Grants	20,681	20,230	21,800
00.02 Competitive Training Grants	3,750	3,712	3,445
00.03 Supplemental Training Grants	949	928	1,000
00.04 Technical Assistance	142	139	150
00.05 Emergency Response Guidebook	593	580	625
00.06 Training Curriculum Guidelines	188	188	188
00.07 Administrative Expenses	526	515	1,110
00.91 Total direct program	26,829	26,293	28,318
08.01 Reimbursable program	0	0	0
09.00 Total new obligations	26,829	26,293	28,318
<b>BUDGETARY RESOURCES:</b>			
<b>Unobligated Balance</b>			
10.00 Unobligated balance, brought forward, October 1	188	178	178
10.21 Recoveries of prior year unpaid obligations	1	0	0
10.31 Refunds and recoveries temporarily precluded from obligation	-2	0	0
10.50 Unobligated balance (total)	186	178	178
<b>Budget Authority:</b>			
<b>Appropriation (Discretionary):</b>			
11.01 Appropriation (special or trust fund)	188	188	188
11.32 Appropriations temporarily reduced	-10	0	0
11.34 Appropriations precluded from obligation	0	-178	-178
11.60 Appropriation (total) (discretionary)	178	10	10
<b>Appropriation (Mandatory):</b>			
12.01 Appropriation (special fund)	14,704	28,130	28,130
12.03 Appropriation (previously unavailable)	13,112	0	0
12.32 Appropriations temporarily reduced	-1,443	-2,025	0
12.35 Appropriations precluded from obligation	313	0	0
12.60 Appropriation (total) (mandatory)	26,687	26,105	28,130
<b>Spending authority from offsetting collections (Mandatory):</b>			
18.24 Spending authority from offsetting collections precluded from obligation	2	0	0
18.50 Spending authority from offsetting collections (total) (mandatory)	2	0	0
19.00 Total budget authority	26,866	26,114	28,140
19.30 Total budgetary resources available	27,053	26,293	28,318
19.40 Unobligated balance expiring	-46	0	0
19.41 Unexpired unobligated balance, end of year	178	178	178
19.50 Other balances withdrawn (special and trust funds)	0	188	188
19.51 Unobligated balance expiring (special and trust funds)	-46	0	
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	385	385	197
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	385	197	196
19.54 Unobligated balance canceling (special and trust funds)	0	188	0

**PROGRAM AND FINANCING Cont'd**

Identification code 69-5282-0-2-407	FY 2013 <u>Actual</u>	FY 2014 <u>Enacted</u>	FY 2015 <u>Request</u>
<b>CHANGE IN OBLIGATED BALANCE:</b>			
<b>Unpaid obligations:</b>			
30.00 Unpaid obligations brought forward, October 1	40,072	42,967	38,975
30.10 Obligations incurred, unexpired accounts	26,829	26,293	28,318
30.20 Outlays (gross)	-23,933	-30,285	-32,074
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	-1	0	0
30.50 Unpaid obligations, end of year	42,967	38,975	35,218
31.00 Obligated balance, start of year, (net)	40,072	42,967	38,975
32.00 Obligated balance, end of year	42,967	38,975	35,218
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>			
<b>Gross budget authority (discretionary):</b>			
40.00 Budget authority, gross	178	10	10
<b>Gross outlays (discretionary):</b>			
40.10 Outlays from new authority	0	66	66
40.11 Outlays from balances	67	53	50
40.20 Outlays, gross (total) (discretionary)	67	119	116
40.70 Budget authority, net (discretionary)	178	10	10
40.80 Outlays, net (discretionary)	67	119	116
<b>Gross budget authority (mandatory):</b>			
40.90 Budget authority, gross	26,688	26,105	28,130
<b>Gross outlays (mandatory):</b>			
41.00 Outlays from new authority	1,080	9,596	10,346
41.01 Outlays from balances	22,787	20,570	21,613
41.10 Outlays, gross (total) (mandatory)	23,866	30,166	31,959
<b>Offsets against gross budget authority and outlays (mandatory):</b>			
41.20 Offsetting collections, Fed sources (-)	-2	0	0
41.30 Offsets against gross budget authority and outlays (total) (-)	-2	0	0
41.60 Budget authority, net (mandatory)	26,687	26,105	28,130
41.70 Outlays, net (mandatory)	23,865	30,166	31,959
<b>Budget authority and outlays, net (total):</b>			
41.80 Budget authority, net (discretionary and mandatory)	26,865	26,114	28,140
41.90 Outlays, net (discretionary and mandatory)	23,932	30,285	32,074

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS**

**OBJECT CLASSIFICATION**

(In thousands of dollars)

**Identification code 69-5282-0-2-407**

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$78	\$334	\$363
11.3 Other than full-time permanent			
11.5 Other personnel compensation	0	0	0
11.9 Total personnel compensation	78	334	363
12.1 Civilian personnel benefits	24	91	102
21.0 Travel and transportation of persons	2	0	0
24.0 Printing and reproduction	0	580	625
25.1 Advisory and assistance services	142	139	705
25.2 Other services	188	0	0
25.3 Other purchases of goods and services from government accounts	1,016	278	278
41.0 Grants, subsidies, and contributions	25,380	24,871	26,245
Subtotal, Direct obligations	\$26,829	\$26,293	\$28,318
99.9 Total new obligations	\$26,829	\$26,293	\$28,318

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

**Emergency Preparedness Grants  
(Obligation Limitation)**

<b><u>YEAR</u></b>	<b><u>REQUEST</u></b>	<b><u>ENACTED</u></b>	
2006	\$14,300,000	\$14,298,000	1/
2007	\$28,328,000	\$14,298,000	
2008	\$28,318,000	\$28,318,000	
2009	\$28,318,000	\$28,318,000	
2010	\$28,318,000	\$28,318,000	
2011	\$28,318,000	\$28,318,000	
2012	\$28,318,000	\$28,318,000	
2013	\$28,318,000	\$26,865,000	2/
2014	\$28,318,000	\$26,293,000	3/
2015	\$28,318,000		

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

2/ Reflects actual funding levels after a 0.2% across-the-board cut on the \$188,000 discretionary portion pursuant to P.L. 113-6. Also reflects a reduction of both the mandatory and discretionary funding pursuant to the FY 2013 Sequester Order dated March 1, 2013.

3/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

## **Detailed Justification for Hazardous Materials Emergency Preparedness Grants**

### **FY 2015 Request – \$28.3 million**

#### **What Do I Need To Know Before Reading This Justification?**

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In 2005, the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) increased the authorization of the program from \$14.3 million to \$28.3 million per year. The Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) reauthorized the \$28.3 million level in 2012. Besides distributing several kinds of grants, the Hazardous Materials Emergency Preparedness (HMEP) program expends a much smaller slice of its funds on related emergency preparedness activities. All of these items are outlined in the request below.

The HMEP Grants program also makes up the fifth “C” of the Hazardous Materials Safety program’s mission efforts. The first four C’s are (1) Classify, (2) Contain, (3) Communicate and (4) Compliance efforts are carried out through the Hazardous Materials Safety program. Crisis Management completes the fifth “C” of this mission statement and ensures that PHMSA provides assistance to public sector employees through training and planning grants to States, Territories, and American Indian tribes for emergency response.

For FY 2015, PHMSA proposes to increase administrative costs from two percent to four percent and make the funds available for the activities in 49 USC Sec. 5116 (i)(4) of the Hazardous Materials Transportation Safety and Security Reauthorization Act of 2005. With the proposed increase, PHMSA’s HMEP Grants program will automate and streamline all grant administrative processes including both pre-award and post-award functions, grant application submissions, award notices, program/budget amendments, extension requests, grantee monitoring reports, reimbursement requests, and quarterly reports/final close-out reports. Through this automation process, grantees can benefit from timely and seamless reporting on accounting transactions, project and contract information, proposed and actual unit goals, beneficiary information, and performance measures.

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

### FY 2015 – Hazardous Materials Emergency Preparedness Grants Budget Request (\$000)

Program Activity	FY 2013 Actual	FY 2014 Enacted <sup>1</sup>	FY 2015 Request <sup>2</sup>	Change from FY 2014 Enacted Budget
Operations	\$ 1,440	\$ 1,422	\$ 2,073	\$ 651
Grants	25,425	24,871	26,245	1,374
<b>Total</b>	<b>\$ 26,865</b>	<b>\$ 26,293</b>	<b>\$ 28,318</b>	<b>\$ 2,025</b>

<sup>1</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

<sup>2</sup>The FY 2015 budget request is the obligation limitation level authorized in SAFETEA-LU and reauthorized in MAP-21.

The President's FY 2015 Budget request for the HMEP Grants program remains the same as the pre-sequestered FY 2014 Enacted Budget funding level of \$28.318 million.

#### Operations: \$2,073,000

The Operations amount of \$2.1 million includes the 4% administrative expenses' proposed in the administrative provisions. This amount will cover grant-related travel, site visits, and production of training materials. Funding also supports several systems that accept applications and reports from 70 grantees: Grants.gov, PHMSA Grants Portal, Hazardous Materials Intelligence Portal (HIP), and SharePoint. The costs for oversight and technical assistance, the publication of the *Emergency Response Guidebook (ERG)*, and the Training Curriculum Guidelines are also included in this total.

#### Grants: \$26,245,000

Since 1993, the Hazardous Materials Emergency Preparedness (HMEP) grants program, as mandated by 49 U.S.C. 5101 et seq., has provided Federal financial and technical assistance to states, territories, and American 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. The increased administrative cost has been reduced from the grants in order to remain at the obligation limitation level.

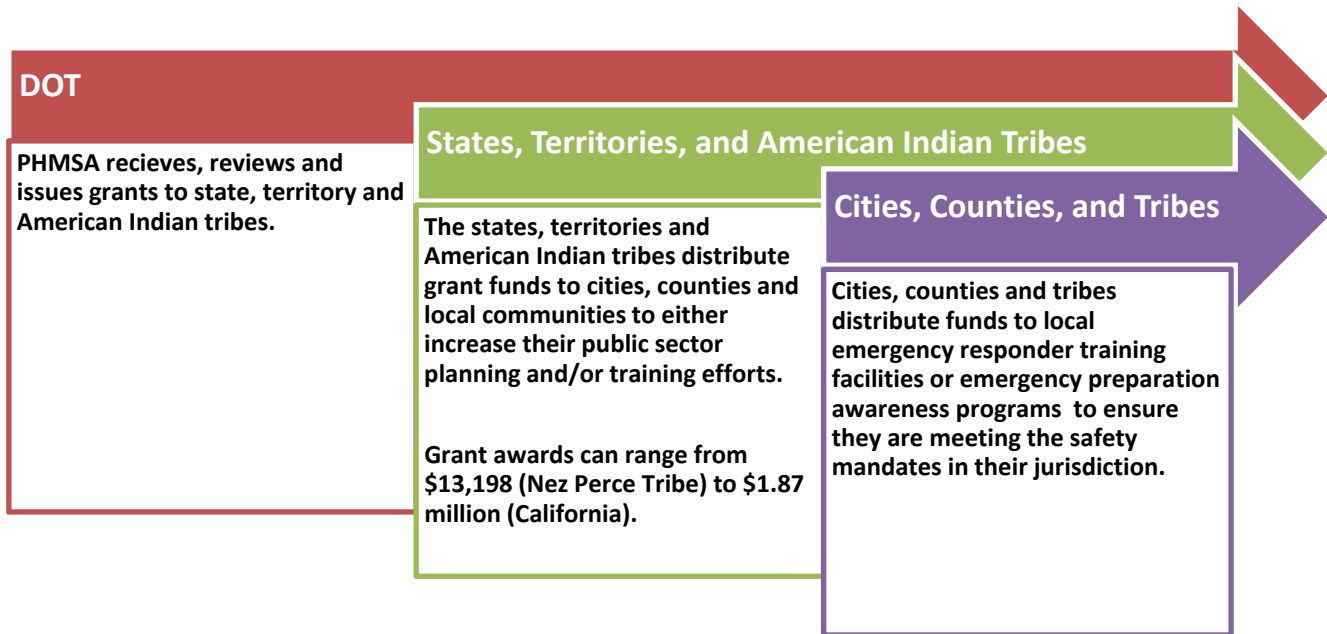
Details on the various grants are below:

#### *Hazardous Materials Emergency Preparedness (HMEP) grants, \$21.8 million*

The \$21.8 million for training and planning grants is distributed among states via a formula that factors in the state's size, number of highway miles, and number of chemical facilities. Grant recipients must be in compliance with Title VI of the 1964 Civil Rights Act which helps ensure a fair distribution of federal funding. In FY 2015, the HMEP Grants program will dedicate its efforts to ensure grantees are, in fact, abiding by these laws as well as making sure grantees are appropriately using funds. An HMEP grant allows states flexibility in

implementing training and planning programs that address differing needs for each location based on demographics, emergency response capabilities, commodity flow studies, and hazard analysis. Governors in each State, or their counterparts within Territories or Tribes, designate an agency to receive the HMEP grant funds.

The distribution of HMEP grants is outlined in the graphic below.



### ***Hazardous Materials Instructor Training (HMIT) grants, \$3.4 million***

The HMIT grants program provides funding to train hazmat employees to become instructors and develop tools to extend the reach of hazardous materials training. PHMSA started awarding HMIT grants in the 2008-2009 grant cycle. The program is open to non-profit hazmat employee organizations with expertise in training hazmat employees.

Trainers developed from this grant program are familiar with their workplaces and the hazards they encounter. This training enables them to pass along hazmat knowledge gained to their colleagues and employers to ensure the workplace is safely handling hazmat.

### ***Supplemental Public Sector Training (SPST) grants, \$1.0 million***

These grants help increase the number and availability of hazardous materials training instructors. The grants are made exclusively to National nonprofit fire service organizations. For example, PHMSA has provided grants to the International Association of Fire Fighters (IAFF) to conduct “train the trainer” sessions throughout the nation.

This program ensures hazmat awareness and operations training are available in convenient, cost-effective locations by allowing graduating instructors to train new, local instructors and responders, while also guaranteeing continuity and efficiency.

## What is this Program?

### Overview:

The HMEP Grants program is funded by registration fees which are collected from offerors and transporters of certain quantities and types of hazardous materials, including hazardous waste. These fees fund training and planning grants, monitoring and technical assistance, curriculum development, and administrative costs. More than 99 percent of the \$28.318 million for the Emergency Preparedness grants program is mandatory spending.

There are also funds from this account that are not grant-specific. These activities help the HMEP grants program carry out its mission through a guidebook for emergency response personnel, training curriculums, and any oversight or technical assistance support that the states, tribes or territories may require. These three activities are discussed in further detail below.

#### *Emergency Response Guidebook (ERG), \$625,000*

About every 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. 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.



Hazardous materials workers and the public can rely on the variety of signs communicating hazards succinctly as well as the *Emergency Response Guidebook* to determine the best ways to respond to particular kinds of incidents.

#### *Training Curriculum Development, \$188,000*

Federal hazardous materials law requires the Secretary of Transportation to develop and periodically update a curriculum for training 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, its political subdivisions, or American Indian tribes for carrying out emergency response training and planning for incidents involving hazardous materials.

### FY 2014 Base:

In FY 2014, the HMEP Grants program is implementing three major components established in the Hazardous Materials Grant Program Oversight Initiative to address program gaps identified in the Program Review and the Inspector General Audit: (1) consolidation of five independent IT systems; (2) business analysis contractor support; and (3) increased on-site support to grantees. For more details on these components, see *FY 2014 PHMSA Budget Estimates*<sup>1</sup>.

<sup>1</sup> <http://www.dot.gov/mission/budget/phmsa-fy-2014-budget-estimates>

## **Why Is This Particular Program Necessary?**

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HMEP is the only Federal grant program designed for planning and training for transportation-related hazmat incidents. In many instances, the only training and planning funds that local responders receive, especially in smaller cities and rural locales, are HMEP funds. Statistics indicate that responders are being trained to higher competency levels, which further enhances their abilities to respond safely and effectively to hazardous materials incidents.

Of the more than 1.1 million firefighters in the nation, more than 800,000 are volunteers subject to the unpredictability and inevitability of attrition. This situation means there is a constant need to train new recruits.

In addition, the HMEP Grants program provides assistance to state, tribal, and local hazardous materials training initiatives through the publication of *Guidelines for Response, Planning and Prevention Training for Incidents Involving Hazardous Materials and Weapons of Mass Destruction*. These guidelines have been developed by a team of response organizations from a cross-section of professional associations involved in hazardous materials. This national safety program minimizes the risks to life and property by preparing and training communities to respond to incidents.

Finally, more than 13 million copies of the *ERG* have been published and distributed since 1993 without any charge to the emergency response community. The *ERG* is the primary resource for the Nation's first responders. It is globally recognized and has been translated by other nations into more than a dozen languages. In January of 2013, PHMSA released the ERG2012 mobile smartphone application. The application allows first responders access to the *ERG* straight from these portable devices. There is also a video posted on PHMSA's website where anyone with internet access can learn how to use the *ERG*<sup>2</sup>.

## **How Do You Know the Program Works?**

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Hazardous materials transportation-related deaths, major injuries, and significant damages are low, attributed in part to today's first responders' ability to protect the public from harmful effects in the aftermath of an incident. More than 2.57 million emergency responders and nearly 2,700 hazardous materials emergency response instructors have been trained with HMEP grant funds. More than 57,000 emergency plans have been updated since the inception of the program in 1993, reinforcing unprecedented community preparedness. State programs are paired with HMEP funds in conducting training and planning activities. Emergency response employees and hazardous materials transportation and shipping workers benefit from HMEP-trained instructors providing job-specific training. The *ERG*, published every four years, is present in almost every emergency response vehicle in the United States. It is the recognized authority in safe response practices.

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

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The HMEP grants program requires \$28.3 million to carry out emergency response operations and services. The program leverages Federal resources with local, state and private assets to support the nation's first responders.

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<sup>2</sup> <http://phmsa.dot.gov/hazmat/library/erg>

The following items will contribute to the ongoing progress resulting from the President's FY 2015 Budget request:

- Through its FY 2015 Emergency and Preparedness Information to Communities (EPIC) initiative, PHMSA will increase outreach to raise tribal awareness of the grant program and tailor training curriculum to meet their unique needs. As a result, PHMSA anticipates that more tribes will apply and use these funds for emergency preparedness.
- In FY 2015, HMEP plans to increase grant oversight to ensure fair distribution among grant recipients and using financial oversight to implement a clearer methodology for tracking grant funds.
- In FY 2015, HMEP will implement new technological capabilities to gather more data for tracking performance outcomes and measures with the grants program.

**Operational Expenses**

## OPERATIONAL EXPENSES

### (PIPELINE SAFETY FUND)

#### (INCLUDING TRANSFER OF FUNDS)

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, [\$21,654,000] \$22,225,000, [of which \$639,000 shall be derived from the Pipeline Safety Fund:] *Provided*, That \$1,500,000 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, 2014.*)

***Note:** PHMSA is removing the language regarding the previous transfer of \$639,000 in User Fees from Pipeline Safety to eliminate the back and forth transferring of funds between Operational Expenses and Pipeline Safety Fund. Therefore, PHMSA proposes actualizing the transfer from the beginning making the \$639,000 part of general fund appropriations, and this means that while the funding level for Operational Expenses may appear higher than historically, it is remaining flat with the historically appropriated post-transfer levels for this account.*

### EXHIBIT III-1

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

	<b>FY 2013 <u>Actual</u></b>	<b>FY 2014 <u>Enacted</u></b>	<b>FY 2015 <u>Request</u></b>	<b>Change from FY 2014 Enacted Budget</b>
Operations	\$ 19,295	\$ 20,154	\$ 20,725	\$ 571
<b>TOTAL</b>	<b>\$ 19,295</b>	<b>\$ 20,154</b>	<b>\$ 20,725</b>	<b>\$ 571</b>
<b>FTEs</b>				
Direct Funded	62.0	70.0	70.0	0.0
Reimbursable	7.8	11.0	0.0	-11.0

**Program and Performance Statement**

The success of the Pipeline and Hazardous Materials Safety Administration (PHMSA) safety programs depends on the performance of support organizations that empower the program offices to meet their safety mandate. PHMSA's support organizations include the Administrator, Deputy Administrator, Assistant Administrator/Chief Safety Officer, Chief Counsel, Governmental, International and Public Affairs, Associate Administrator for Administration/Chief Financial Officer, Information Technology Services, Administrative Services, Budget and Finance, Contracts and Procurement, Human Resources and Civil Rights.

**EXHIBIT III-1a**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
SUMMARY ANALYSIS OF CHANGE FROM FY 2014 TO FY 2015  
Appropriations, Obligation Limitations, and Exempt Obligations**

<b><u>Operational Expenses</u></b>	<b><u>\$000</u></b>	<b><u>FTE</u></b>
<b>FY 2014 Enacted Budget</b> (Reflects \$1.5 million transferred to Pipeline Safety.)	<b>20,154</b>	<b>70.0</b>
<b>FY 2015 Adjustments to Base</b>		
Annualization of FY 2014 Pay Raise	26	0.0
2015 Pay Raise	79	0.0
GSA Rent	16	0.0
Working Capital Fund	0	0.0
Non-pay Inflation	79	0.0
	<hr/>	<hr/>
<b>Subtotal, FY 2015 Adjustments to Base</b>	<b>200</b>	<b>0.0</b>
<b>New or Expanded Programs</b>		
Information Technology: IT Modernization	371	0.0
	<hr/>	<hr/>
<b>Subtotal, New or Expanded Programs</b>	<b>371</b>	<b>0.0</b>
	<hr/>	<hr/>
<b>FY 2015 Request</b> (Reflects \$1.5 million transferred to Pipeline Safety.)	<b>\$20,725</b>	<b>70.0</b>

## **EXHIBIT III-2**

### **PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION OPERATIONAL EXPENSES**

#### **ANNUAL PERFORMANCE RESULTS AND TARGETS**

The Operational Expenses account supports PHMSA's programs to deliver the best possible results. It actively reinforces the Secretary's safety goal to improve public health and safety by reducing transportation-related fatalities and injuries.

**DEPARTMENT OF TRANSPORTATION**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**OPERATIONAL EXPENSES**  
**PROGRAM AND FINANCING**  
(In thousands of dollars)

Identification code 69-1400-0-1-407	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
<b>OBLIGATIONS BY PROGRAM ACTIVITY:</b>			
00.91 Total direct program	19,233	20,154	20,725
08.01 Reimbursable program	627	0	0
09.00 Total new obligations	19,859	20,154	20,725
<b>BUDGETARY RESOURCES:</b>			
<b>Budget Authority:</b>			
<b>Appropriation (Discretionary):</b>			
11.00 Appropriation	20,721	21,015	22,225
11.20 Appropriations transferred to other accounts (-)	-998	-1,500	-1,500
11.21 Appropriations transferred from other accounts	638	639	
11.30 Appropriations permanently reduced (-)	-1,066		
11.60 Appropriation (total) (discretionary)	19,295	20,154	20,725
19.00 Total budget authority	19,969	20,154	20,725
19.30 Total budgetary resources available	19,969	20,154	20,725
<b>CHANGE IN OBLIGATED BALANCE:</b>			
<b>Unpaid Obligations:</b>			
30.00 Unpaid obligations brought forward, October 1 (gross)	6,997	7,176	6,348
30.10 Obligations incurred, unexpired accounts	19,859	20,154	20,725
30.11 Obligations incurred, expired accounts	533	0	0
30.20 Outlays (gross) (-)	-20,089	-20,982	-20,542
30.41 Recoveries of prior year unpaid obligations, expired accounts (-)	-124	0	0
30.50 Unpaid obligations, end of year (gross)	7,176	6,348	6,530
<b>Uncollected Payments:</b>			
30.60 Uncollected customer pymts, Fed sources, brought forward, October 1 (-)	53	101	101
30.90 Uncollected customer pymts, Fed sources, end of year (-)	101	101	101
31.00 Obligated balance, start of year	7,050	7,277	13,162
32.00 Obligated balance, end of year	7,277	6,449	6,632
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>			
<b>Gross budget authority (discretionary):</b>			
40.00 Budget authority, gross	19,969	20,154	20,725
<b>Gross outlays (discretionary):</b>			
40.10 Outlays from new authority	14,517	13,705	14,093
40.11 Outlays from balances	5,572	7,277	6,449
40.20 Outlays, gross (total) (discretionary)	20,089	20,982	20,542
40.70 Budget authority, net (discretionary)	19,295	20,154	20,725
40.80 Outlays, net (discretionary)	18,924	20,982	20,542
<b>Budget authority and outlays, net (total):</b>			
41.80 Budget authority, net (discretionary and mandatory)	19,295	20,154	20,725
41.90 Outlays, net (discretionary and mandatory)	18,924	20,982	20,542

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OPERATIONAL EXPENSES**

**OBJECT CLASSIFICATION AND PERSONNEL SUMMARY**

(In thousands of dollars)

**Identification code 69-1400-0-1-407**

	<b>FY 2013</b> <b><u>Actual</u></b>	<b>FY 2014</b> <b><u>Enacted</u></b>	<b>FY 2015</b> <b><u>Request</u></b>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$6,541	\$8,224	\$8,039
11.3 Other than full-time permanent	500	0	0
11.5 Other personnel compensation	20	0	0
11.9 Total personnel compensation	7,060	8,224	8,039
12.1 Civilian personnel benefits	1,986	2,303	2,251
21.0 Travel and transportation of persons	52	59	57
22.0 Transportation of things	15	0	0
23.1 Rental payments to GSA	725	1,005	975
23.2 Rental payments to others	8	0	0
23.3 Communications, utilities, and miscellaneous charges	133	272	237
24.0 Printing and reproduction	30	0	0
25.1 Advisory and assistance services	1,348	909	820
25.2 Other services	69	220	189
25.3 Other purchases of goods and services from government accounts	2,084	1,902	2,539
25.7 Operation and maintenance of equipment	5,120	5,131	5,523
26.0 Supplies and materials	135	46	24
31.0 Equipment	466	83	71
Subtotal, Direct obligations	\$19,233	\$20,154	\$20,725
99.0 Subtotal, Reimbursable obligations	627		0
99.9 Total new obligations	\$19,859	\$20,154	\$20,725

**EMPLOYMENT SUMMARY**

**Identification code 69-1400-0-1-407**

	<b>FY 2013</b> <b><u>Actual</u></b>	<b>FY 2014</b> <b><u>Enacted</u></b>	<b>FY 2015</b> <b><u>Request</u></b>
10.01 Direct civilian full-time equivalent employment	62.2	70.0	70.0
20.01 Reimbursable civilian full-time equivalent employment	7.8	11.0	0.0

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

**Operational Expenses**

<b><u>YEAR</u></b>	<b><u>REQUEST</u></b>	<b><u>ENACTED</u></b>	
2006	\$17,027,000	\$16,708,230	1/
2007	\$17,721,000	\$18,031,000	2/
2008	\$18,130,000	\$18,130,000	
2009	\$18,130,000 3/	\$18,130,000	3/
2010	\$18,968,000 3/	\$20,132,000	3/
2011	\$21,383,000 3/	\$20,455,000	2/, 3/ & 4/
2012	\$21,158,000 3/	\$20,360,000	3/
2013	\$20,047,000 3/	\$19,295,000	3/, 4/ & 5/
2014	\$20,154,000 6/	\$20,154,000	6/
2015	\$20,725,000 6/		

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).

5/ Reflects reductions from sequestration (Sec. 1113 of Division B of P.L. 113-6).

6/ Reflects the exclusion of \$1,500,000 to be transferred to Pipeline Safety for the Information Grants to Communities program.

## Detailed Justification for the Operational Expenses Program

FY 2015 Request – \$20.7 million

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

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#### FY 2015 – Operational Expenses – Budget Request (\$000)

Program Activity	FY 2013 Actual	FY 2014 Enacted	FY 2015 Request	Change From FY 2014 Enacted Budget
Administrative Expenses	\$ 14,392	\$ 14,885	\$ 15,032	\$ 147
Programs	\$ 4,903	\$ 5,269	\$ 5,693	\$ 424
<b>Total</b>	<b>\$ 19,295</b>	<b>\$ 20,154</b>	<b>\$ 20,725</b>	<b>\$ 571</b>

The FY 2015 President's Budget requests \$20.7 million for Operational Expenses, an increase of \$571 thousand from the FY 2014 Enacted Budget of \$20.2 million. The FY 2015 Operational Expenses' budget request also supports the agency's following priorities:

- Pipeline Safety Reform initiative
- National Pipeline Information Exchange (NPIX)
- Hazardous Materials Safety's research and development priorities
- The agency-wide Emergency and Preparedness Information for Communities (EPIC) initiative to increase outreach and transparency efforts to the public and stakeholders.

#### **Administrative Expenses: \$15,032,000**

Of this request, \$15.0 million is administrative expenses supporting 70 FTEs including salaries and benefits, travel, training, supplies, and equipment.

#### **Programs: \$5,693,000**

Programs within the Operational Expenses account oversee administrative functions that assist both the Pipeline Safety and Hazardous Materials Safety programs in their day-to-day activities. Acquiring space for personnel, setting up desks for staff, processing payroll, budgeting, and acquisitions are among the duties Programs fulfill. Another is the Civil Rights intern program, which sponsors students seeking careers in diversity management in government. The Information Resources Management and Information Technology (IT) Infrastructure programs allow the agency to obtain all the necessary IT licenses, maintain equipment, carry out operations within the Office of the Chief of Information Officer (OCIO) but also contribute to all the existing PHMSA IT projects as well as the government-wide E-Government initiative.

#### ***FY 2015 Adjustments to Base: \$200,000***

PHMSA's FY 2015 adjustments to base includes \$26,000 for the annualization of FY 2014 pay raise, \$79,000 for 2015 pay raise at 1.0%, \$16,000 for GSA rent increase and \$79,000 for non-pay inflation at 1.0%. The Operational Expenses portion of the Working Capital fund will remain the same as the FY 2014 Enacted Budget, which was \$654,000, as this is the most accurate estimate

for this account's contribution to the fund.

***FY 2015 Program Changes: \$371,000 and 0 FTP/ 0.0 FTE***

***Information Technology (IT): IT Modernization: \$371 thousand and 0 FTP/ 0.0 FTE***

As a government agency with significant national safety responsibilities, PHMSA must possess a strong data analysis capability that drives program priorities, objectives, and strategies. Current, sometimes stovepiped systems are reaching the end of their useful lifecycles. The Hazardous Materials Information System, for example, was implemented in 2000 and was built leveraging technology from the 1990s. PHMSA must modernize its current IT systems on an ongoing basis. At this time, PHMSA's IT systems need to bring together its data quality, collection and analysis capabilities, so that they work in concert to produce better and more complete results.

PHMSA's multi-year Data Management and IT Modernization Roadmap identifies resource, process, and technology initiatives that are required to overcome shortcomings in PHMSA's ability to manage data and leverage IT. In FY 2013, PHMSA completed the first iteration of improved reporting and data integration services for Hazmat Field Operations, Registration, and the Incident Reporting accident investigation process. In FY 2014, PHMSA completed the online, public access, Incident Reporting module, which greatly improved the accuracy and quality of the information received for analytical processing. PHMSA also established a self-service online capability for industry to apply for and receive Approval letters for two of the five approval types (M-Number and Visual Requalifiers), and this capability enabled industry to receive their Manufacturer Number or Visual Cylinder Requalifier approval on-line versus waiting several weeks due to manual processing. In FY 2015, PHMSA plans to provide new on-line modules for the remaining three approval types (Fireworks, Explosives, and Cylinder Retester). PHMSA also plans to automate the process where the public or industry can request a Hazmat Regulation Interpretation from PHMSA online which will streamline PHMSA's internal processing and tracking of these requests. PHMSA will also continue implementation of the One Stop Shop information portal to host all PHMSA online capabilities for both Hazmat and pipeline programs, which when complete, will be accessible to both internal and external customers.

Simply stated, for each line of business referenced above, PHMSA plans to accomplish four key objectives:

1. **Improving data integrity and quality** – Modernization of the current online data collection services will include implementing structured data requirements to strengthen the ability to integrate with other PHMSA and modal data. This is a major paradigm shift over the current model of unstructured data where there are minimal data quality standards or controls.
2. **Improving processing efficiencies** – Leveraging technology to automate manual and other administrative processes (to the extent practicable). For example, implementing workflow and auto generation of documents.
3. **360 Degree Risk Profile View** – PHMSA can better integrate its Hazmat data with modal partners to establish a holistic risk profile of shippers and carriers (i.e., how many Special Permits, Approvals, Incidents, violations, etc. does a manufacture/shipper/carrier possess. Additionally, what are the corporate structure relationships between companies (acquisitions, mergers, doing business as, etc.).)
4. **Transparency** – Making the data available to both internal and external (Open.Gov) customers.

In addition to the IT Modernization funds requested above, the following items already contribute to ongoing progress resulting from PHMSA's FY 2015 request:

- The Acquisition Services Division will strengthen internal controls in the area of acquisition/assistance processing by completing a Procurement Management Review (review of all active contractual documents to include contracts, orders, grants, cooperative agreements, and other transaction agreements for consistency, proper format and compliance with rules, regulations, and guidance). The initiative will begin in late FY 2014 and completed by FY 2015. The primary reviewer for the initiative will be the Procurement Policy Analyst.
- The OCIO will work with the Office of Pipeline Safety to pilot five states into the NPIX for its Phase 1.
- The HR Division will complete full implementation of automation tools within the Federal Personnel Payroll System (FPPS).
- Development, production, and communication of an employee handbook with reference and process material for all PHMSA employees including information on security procedures, IT tools and guidance, emergency procedures, and other helpful information. HR will lead this collaborative effort among all the divisions of the Office of Administration. PHMSA plans on introducing the handbook as an electronic document via the internal SharePoint site.
- Integration between the FPPS, Workforce Transformation Tracking System (WTTS), Training Management System (TMS), and security systems to streamline hiring.

## **What Is This Program?**

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### **Overview:**

PHMSA's Operational Expenses account supports the administrative offices discussed below so that the pipeline safety and hazardous materials safety programs can focus on their safety missions.

### **Offices/Functions**

*PHMSA Leadership* – The Administrator directs all aspects of PHMSA's national program to protect against the risks to life and property inherent in the commercial transportation of hazardous materials. The Administrator advises the Secretary of Transportation on all PHMSA-related matters and establishes and leads the development of action plans to accomplish PHMSA's mission. The Deputy Administrator assists the Administrator in carrying out the agency's broad portfolio of responsibilities.

*Safety Oversight and Evaluation* – The Office of the Chief Safety Officer (CSO) establishes PHMSA-wide safety and security policies, objectives, and priorities and evaluates risk and program performance to help improve the pipeline and hazardous materials safety programs.

*The Office of the Chief Counsel* – The Chief Counsel serves as the principal legal officer and advisor for PHMSA. This office is responsible for legal oversight of the pipeline and hazardous materials safety programs. It provides services such as drafting proposed legislation and rulemakings, drafting or reviewing all regulatory actions, reviewing procurement and grant actions, and managing the ethics and financial disclosure programs. The Chief Counsel's office also prosecutes pipeline and hazardous materials safety violations.

*The Office of Governmental, International, and Public Affairs* promotes public and government understanding of PHMSA programs, activities, policies, and strategies through a variety of

mediums including social media. This office also coordinates all PHMSA international activities to ensure consistency with departmental international initiatives.

*The Office of Civil Rights* administers and ensures PHMSA's implementation of civil rights and equal employment opportunities precepts and initiatives. It also sponsors training for managers, supervisors, and employees on such subjects as leadership, conflict management, Equal Employment Opportunity (EEO), diversity management, and harassment prevention. This office also funds the Civil Rights Intern.

*Office of Administration and Finance/Chief Financial Officer* directs and coordinates management programs and support services for PHMSA. This office works closely with PHMSA's program offices to ensure agency budgetary and financial goals are met. This office also increases the performance of the agency's safety programs through the following divisions:

- *Information Resources Management Services* – The Chief Information Officer's (CIO) division supports PHMSA's goals and objectives through IT. PHMSA's Office of the CIO (OCIO) provides policy, IT strategic planning, investment oversight, Enterprise Architecture, privacy and security services, project management, and vital infrastructure and application development support services.
- *Human Resources Management* – PHMSA's Human Resources (HR) Division contributes to strategic human capital and workforce planning, recruiting, and leadership succession planning. HR actively collaborates with other program offices and operational divisions to achieve a high performing workforce consisting of a core of Federal employees.
- *Acquisition Services* – The Acquisitions Services Division performs contract research to find the best values and services for the agency. Through transparency and procurement reform, staff works to avoid improper fund or service use, uphold contract law, and prevent abuse in the agency. The Acquisitions team strives to close out completed contracts and orders, reviews all service contracts, coordinates re-compete when due, and safeguards that inherently governmental functions are not being performed by contractors. Furthermore, the division works to improve on how PHMSA spends taxpayer funds through the management of existing contracts. The Acquisitions Services Division receives training year-round to keep staff current with acquisition laws.
- *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.
- *Administrative Services* – The Office of Administrative Services addresses all real property issues, including space design both at headquarters and regional buildings, construction support, asset management such as fleet services and records management. This office is also responsible for coordinating internal policies for the agency and directing building safety drills.

### **Why Is This Particular Program Necessary?**

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The success of PHMSA's safety programs depends on the performance of its support organizations helping the program offices meet their safety mandate. Activities and services from the Operational Expenses account contribute to their success, and demonstrate alignment with the Department of Transportation's Strategic Plan.

### **How Do You Know the Program Works?**

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PHMSA's programs receive clear communications about how to carry out daily operations including, but not limited to, administrative and acquisitions services, internal controls, travel authorizations, human resource issues such as benefits, retirement, payroll etc., information technology operations, and budgetary transactions. In addition, this program ensures the overall agency is aware of any new administration efforts, departmental or agency policies, and agency safety goals.

In summary, the Operational Expenses account provides the program offices with the oversight and support services for all PHMSA program areas.

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

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The \$20.7 million requested for Operational Expenses is necessary to ensure the success of PHMSA's safety programs, which depend on the entire team supporting the individual program offices.

With the FY 2015 Budget, PHMSA will be able to propel its operational team forward to bring about better program support and modernizations in IT.



**ADMINISTRATIVE PROVISIONS**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

*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), which shall be deposited in the fund established in paragraph (a).*

*(c) For 2015, 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.*

**FY 2015 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 (IG). Increasing compliance oversight of special permits and approvals is a primary component of such oversight. We anticipate increased costs associated with the 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. Subsection(i)(4) of section 5116 of title 49, United States Code, is amended by striking "2 percent" and inserting "4 percent".*

**FY 2015 Language Justification:**

**Sec. 2** PHMSA has identified the need to increase the EP Grants administrative costs from two percent to four percent in order to improve oversight, outreach and efficiency. 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.

*SEC. 3. Notwithstanding section 60117(n)(1)(B) of title 49, United States Code, the Secretary may require the person proposing any project with design and construction costs over \$2,500,000,000 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*

**FY 2015 Language Justification:**

**Sec. 3** The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) established a new fee for companies engaged in the design, permitting, and construction of new pipeline projects. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.



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

	<b>FY 2013 Actual</b>	<b>FY 2014 Enacted</b>	<b>FY 2015 Request</b>	<b>FY 2015 Applied</b>	<b>FY 2015 Development</b>
<b>A. Pipeline Safety</b>	<b>\$7,151</b>	<b>\$13,551</b>	<b>\$13,673</b>	<b>\$0</b>	<b>\$13,673</b>
1. Pipeline Safety	6,558	12,188	12,310	0	12,310
2. Administrative Expenses <sup>1</sup>	593	1,363	1,363	0	1,363
<b>B. Hazardous Materials Safety</b>	<b>\$2,178</b>	<b>\$2,758</b>	<b>\$7,415</b>	<b>\$7,415</b>	<b>\$0</b>
1. Hazardous Materials Safety	1,626	2,300	6,957	6,957	0
2. Administrative Expenses <sup>1</sup>	552	458	458	458	0
<b>TOTAL PHMSA</b>	<b>\$9,329</b>	<b>\$16,309</b>	<b>\$21,088</b>	<b>\$7,415</b>	<b>\$13,673</b>

<sup>1</sup>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.