



U.S. Department of
Transportation

BUDGET ESTIMATES FISCAL YEAR 2014

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

**DRAFT FOR FINAL
04/05/2013**

SUBMITTED FOR THE USE OF THE
COMMITTEES ON APPROPRIATIONS

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2014 BUDGET REQUEST
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I: Overview

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2014 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 liquid hazardous materials 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 nearly 900 million miles across the nation's land, water, and air transportation corridors.

Petroleum makes up most of the product transported under PHMSA's jurisdiction. Pipelines, in particular, supply more than two-thirds of the energy used to run 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.

Sustaining safety is the fundamental mission PHMSA constantly strives to fulfill with partners in the states and industry. When incidents occur, PHMSA works with them to minimize damage and prevent repeat episodes.

So much of what PHMSA does, though, is about prevention. If sustaining safety is the mission, then reducing risk is PHMSA's true calling. It involves getting stakeholders beyond a mere compliance mentality, so that the conditions for anticipating and actually avoiding mishaps and tragic misfortunes prevail. Inspectors enforce safety standards while PHMSA sponsors research and spreads the word about the latest innovations enhancing safety. Additional activities range from training first responders to ensuring the packaging surrounding hazardous materials can withstand the rigors of cross-country or cross-town movement. PHMSA carries out a program that weaves public safety and environmental protection with scientific advances to reinforce the fabric of reliability connected with the transport of hazardous materials.

In Fiscal Year (FY) 2012, the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) reauthorized funding levels for and revamped pipeline safety and hazardous materials programs. Specifically, the reauthorization required:

- A thorough reassessment of pipelines' condition;
- The roll out of technologies to detect and minimize pipeline incidents; and
- Multiple requests for studies and reports laying the groundwork for oversight of operating pressure for gas transmission pipelines, automatic shut-off valves, and increased regulation of diluted bitumen.

The Moving Ahead for Progress in the 21st Century Act (MAP-21) (P.L. 112-141) requires the following changes in the Hazardous Materials program:

- Improving PHMSA's data collection, analysis and reporting of hazmat incidents;
- Creating uniform performance standards for training hazardous materials investigators; and
- Conducting pilot projects toward implementing a paperless hazard communication system.

To carry out the new statutory requirements and keep pace with the rise in pipeline and hazardous materials transportation activities, PHMSA must apply the best approaches for ensuring continued safe operations and minimizing incidents. For more than two decades, pipeline incidents with deaths or major injuries fell an average of 10 percent every three years. When hazardous materials are transported by other modes, such life-threatening events dropped 4 percent. Incidents that do take place tend to have a low probability of occurring, but occasionally have large, sometimes tragic consequences.

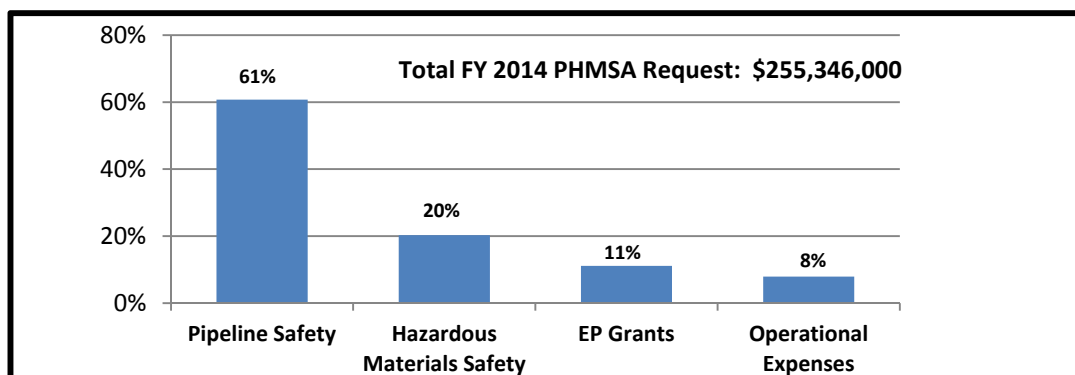
When major incidents occur, much of the harm is entirely avoidable. For example, digging around pipelines is a leading cause of injury to individuals who either are not aware or fail to call 811 to check for potential dangers underground. PHMSA, through a variety of initiatives, is in the midst of a multi-year effort to improve, better integrate, and make more information available to its stakeholders and the public.

In light of these conditions and ever mindful of its duty to sustain safety, PHMSA requests \$255.3 million for FY 2014, or \$54.1 million more than the enacted level in FY 2012. The increases will provide funding to carry out on-going Pipeline Safety Reform (PSR) activities such as the National Pipeline Information Exchange (NPIX) effort, increasing pipeline inspections at state level through additional grants, hiring Pipeline Safety personnel, modernizing the Office of Pipeline Safety’s inspection module, and expanding national hotline activities, as well as implementing MAP-21 requirements. Funding for these initiatives and ongoing operations will remain predominantly reliant on user fees, since under the proposed FY 2014 Budget, fees make up 69 percent of resources while general funds account for just 31 percent. PHMSA will also continue its successful internal cost cutting initiatives in support of the President’s Executive Order – Promoting Efficient Spending (November 9, 2011) by identifying cost-savings in discretionary travel, printing, supplies, communications and employee IT devices compared to FY 2010 expenses.

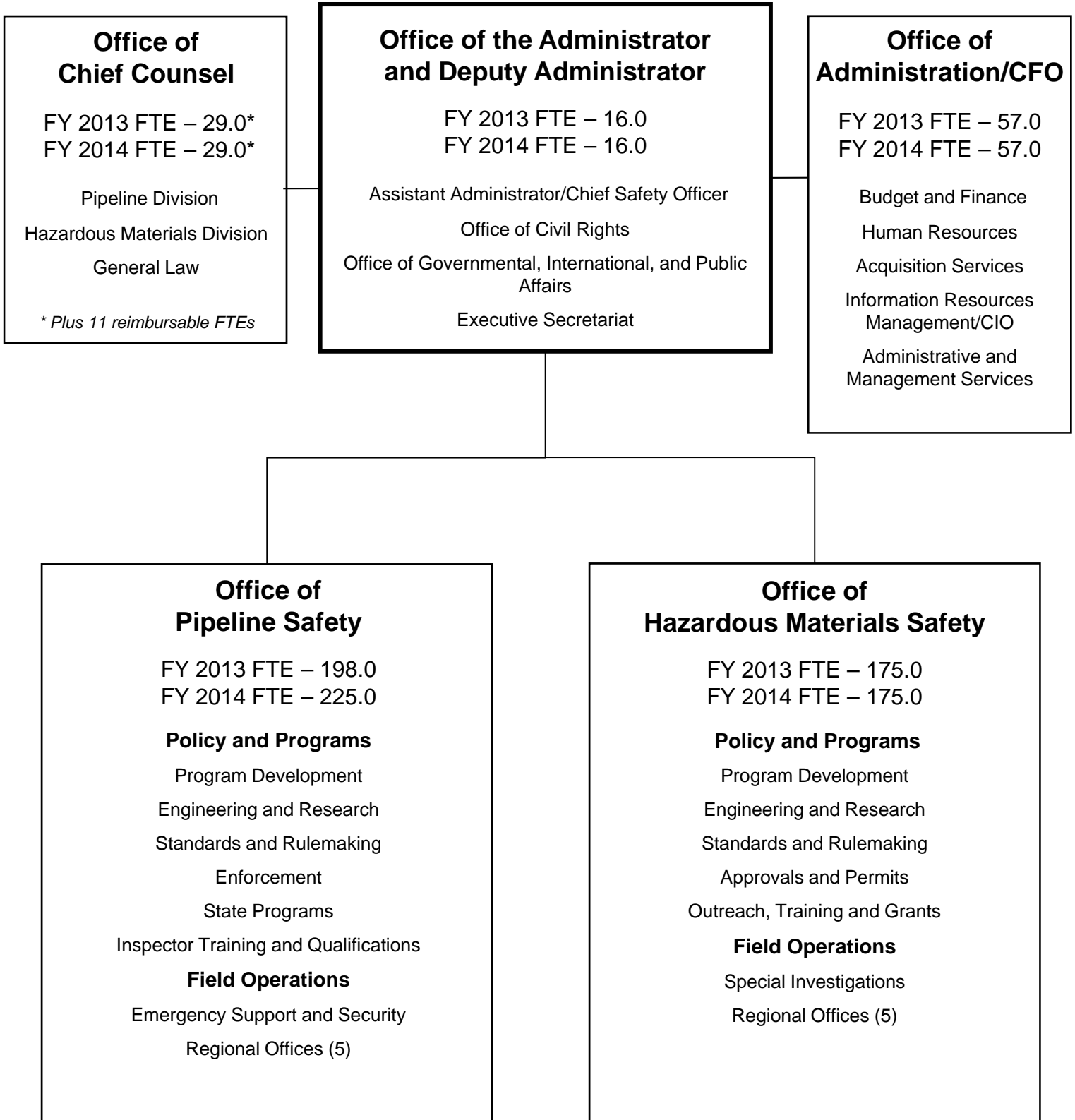
In particular, the FY 2014 Budget would dedicate:

- \$155.1 million to Pipeline Safety, which is \$44.8 million more than the FY 2012 enacted level, and from which 27 additional FTEs would be hired;
- \$51.8 million to Hazardous Materials Safety, which is \$9.5 million more than the FY 2012 enacted level;
- \$28.3 million in Emergency Preparedness Grants would go to first responders and communities engaged in the critical work of gaining and disseminating know-how aimed at reducing risk and harm posed by hazardous materials; and
- \$20.2 million would fund the Operational Expenses needed to carry out PHMSA’s safety-first mission.

Below is a summary bar chart of the FY 2014 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 on the pages that follow.

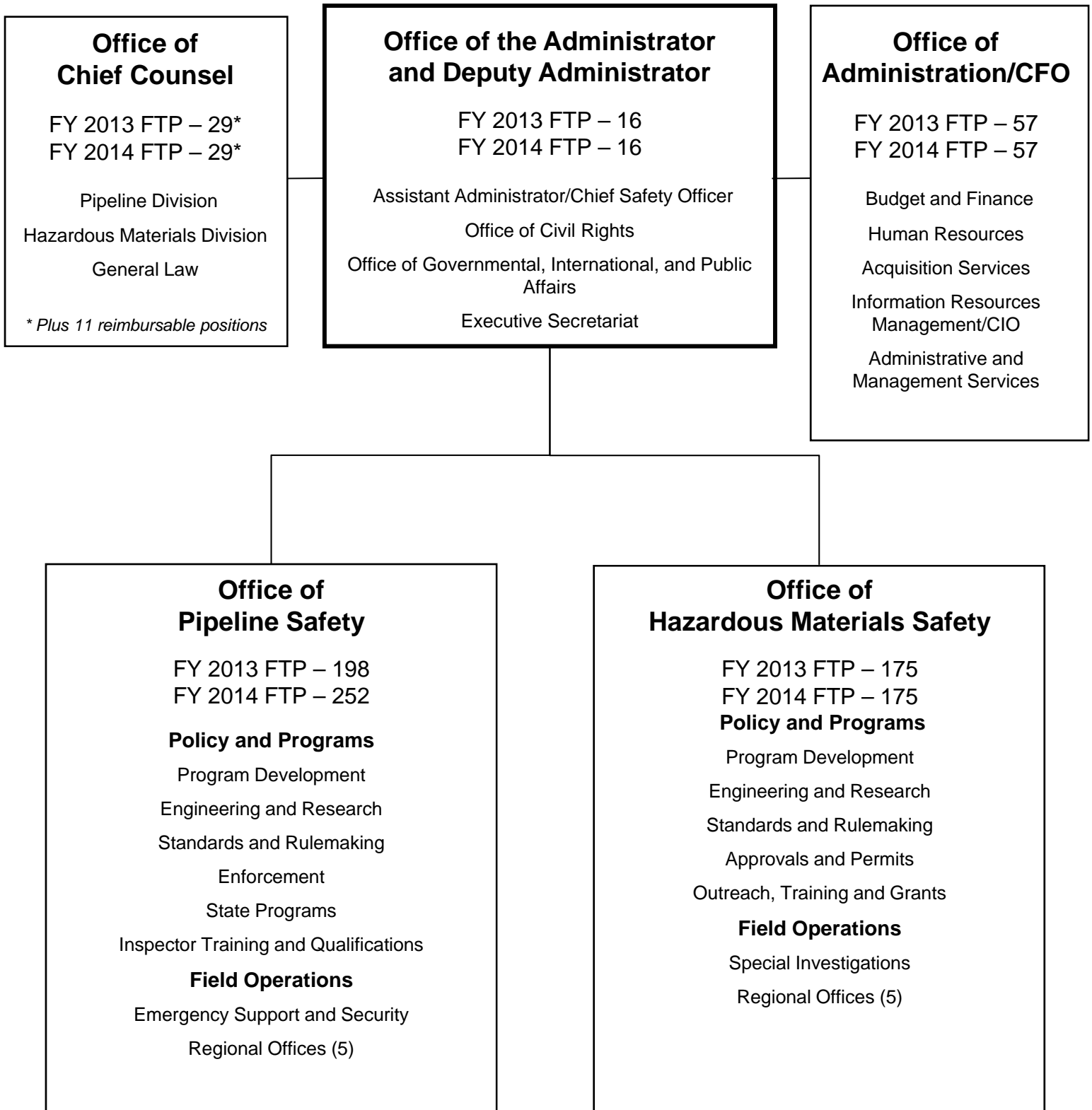


**Pipeline and Hazardous Materials Safety Administration (PHMSA)
 Full-Time Equivalents (FTEs) for FY 2013 CR Annualized and FY 2014
 Totals: FY 2013 FTE – 486.0 / FY 2014 FTE – 513.0**



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

**Pipeline and Hazardous Materials Safety Administration (PHMSA)
 Full-Time Positions (FTPs) for FY 2013 Annualized CR and FY 2014
 Totals: FY 2013 FTP – 486 / FY 2014 FTP – 540**



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

II: Budget Summary Tables

EXHIBIT II-1

**FY 2014 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2012 ACTUAL</u>	<u>FY 2013 ANNUALIZED CR</u>	<u>FY 2014 REQUEST</u>
Pipeline Safety			
Pipeline Safety Fund	90,679	91,234	133,000
Oil Spill Liability Trust Fund	18,573	18,687	18,573
Design Review Fees	0	0	2,000
General Fund	1,000	1,000	1,500
Subtotal	\$110,252	\$110,921	\$155,073
Hazardous Materials Safety			
General Fund	42,338	42,597	39,801
Special Permit and Approvals Fund	0	0	12,000
Subtotal	\$42,338	\$42,597	\$51,801
Emergency Preparedness Grants			
Emergency Preparedness Fund (Mandatory)	17,938	28,302	28,130
Emergency Preparedness Fund (Discretionary)	188	189	188
Subtotal	\$18,126	\$28,491	\$28,318
Operational Expenses			
General Fund	19,721	19,848	19,515
Pipeline Safety Fund	639	643	639
Subtotal	\$20,360	\$20,491	\$20,154
TOTAL	\$191,076	\$202,500	\$255,346

EXHIBIT II-2

**FY 2014 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2012 ACTUAL</u>	<u>FY 2013 ANNUALIZED CR</u>	<u>FY 2014 REQUEST</u>
Pipeline Safety			
<i>From Pipeline Safety User Fees</i>	90,679	91,234	133,000
<i>Pipeline Safety Share of the Oil Spill Liability Trust Fund</i>	18,573	18,687	18,573
<i>From Design Review Fees</i>	0	0	2,000
<i>From the General Fund</i>	1,000	1,000	1,500
	\$110,252	\$110,921	\$155,073
Hazardous Materials Safety			
<i>From the General Fund</i>	42,338	42,597	39,801
<i>From Hazardous Materials Special Permits and Approvals Fund</i>	0	0	12,000
	\$42,338	\$42,597	\$51,801
Emergency Preparedness Grants	\$18,126	\$28,491	\$28,318
Operational Expenses			
<i>From the General Fund</i>	19,721	19,848	19,515
<i>From Pipeline Safety User Fees</i>	639	643	639
	\$20,360	\$20,491	\$20,154
TOTAL	\$191,076	\$202,500	\$255,346

EXHIBIT II-3

**FY 2014 BUDGET REQUEST BY STRATEGIC GOAL AND PERFORMANCE GOAL
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligations, and Exempt Obligations
(\$000)**

STRATEGIC & PERFORMANCE GOALS by Performance Measure	FY 2012 ACTUAL	FY 2013 ANNUALIZED CR	FY 2014 REQUEST
SAFETY STRATEGIC GOAL			
a. Reduce the number of natural gas and hazardous liquid pipeline incidents involving death or major injury	\$121,060	\$121,799	\$166,363
b. Reduce the number of hazardous materials transportation incidents involving death or major injury	\$70,016	\$80,701	\$88,983
Total - Safety Strategic Goal	\$191,076	\$202,500	\$255,346
GRAND TOTAL	\$191,076	\$202,500	\$255,346

EXHIBIT II-3a

**FY 2014 BUDGET REQUEST BY DOT OUTCOMES
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)**

DOT Outcome	Program	FY 2014 Request
SAFETY		
Reduction in transportation-related deaths and injuries	Pipeline Safety	\$166,363
Reduction in transportation-related deaths and injuries	Hazardous Materials Safety	\$88,983

EXHIBIT II-4

**FY 2014 TOTAL BUDGETARY AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)**

<u>ACCOUNT NAME</u>	<u>Mandatory/ Discretionary</u>	<u>FY 2012 ACTUAL</u>	<u>FY 2013 ANNUALIZED CR</u>	<u>FY 2014 REQUEST</u>
Pipeline Safety	D	110,252	110,921	155,073
Hazardous Materials Safety	D	42,338	42,597	51,801
Emergency Preparedness Grants	M	17,938	28,302	28,130
	D	188	189	188
		<u>18,126</u>	<u>28,491</u>	<u>28,318</u>
Operational Expenses	D	20,360	20,491	20,154
TOTAL		<u>\$191,076</u>	<u>\$202,500</u>	<u>\$255,346</u>
Mandatory		17,938	28,302	28,130
Discretionary		173,138	174,198	227,216
PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS				
Pipeline Safety User Fees	D	90,438	91,877	133,639
Proposed Pipeline Safety Design Review Fees	D	0	0	2,000
Emergency Preparedness Fund (EP Grants)	M	29,870	28,302	28,130
Emergency Preparedness Fund (EP Grants)	D	188	189	188
Proposed Hazardous Materials Special Permits and Approvals Fund	D	0	0	12,000
Hazmat Registration Program	M	736	800	800
TOTAL		<u>\$121,232</u>	<u>\$121,168</u>	<u>\$176,757</u>

EXHIBIT II-5

FY 2014 OUTLAYS¹
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<u>FY 2012 Actual</u>	<u>FY 2013 Annualized CR</u>	<u>FY 2014 Request</u>
Pipeline Safety			
Pipeline Safety Fund	\$70,233	\$104,386	\$112,544
General Fund Share of Pipeline Safety	626	1,000	1,245
Trust Fund Share of Pipeline Safety	19,979	20,046	18,628
Subtotal, Pipeline Safety	\$90,838	\$125,432	\$132,417
 Hazardous Materials Safety	 \$43,561	 \$44,442	 \$48,855
Emergency Preparedness Grants			
Mandatory	\$21,779	\$45,535	\$25,273
Discretionary	0	122	186
Subtotal, Emergency Preparedness Grants	\$21,779	\$45,657	\$25,459
 Operational Expenses	 \$18,056	 \$20,983	 \$20,262
Research and Special Programs	\$17	\$373	\$0
	TOTAL	\$174,251	\$236,887
	<i>Discretionary</i>	<i>152,472</i>	<i>201,720</i>
	<i>Mandatory</i>	<i>21,779</i>	<i>25,273</i>

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

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

PHMSA ALL	FY 2013		Annualization			WCF	FY 2014	Program	FY 2014
	Annualized CR	Annualization of 2012 FTE	Realignments	FTE	2014 Pay				
					Raises	Adjustment to Base Pay	GSA Rent	Increase/Decrease	
PERSONNEL RESOURCES (FTE)	484.5								
Direct FTE	473.5	1.5							
Reimbursable FTE ^{1/}	11.0	0.0							
FINANCIAL RESOURCES									
ADMINISTRATIVE EXPENSES									
Salaries and Benefits	\$60,951	\$198			\$454	\$1,746		\$3,549	\$66,898
Travel	\$5,138	\$2						\$486	\$5,652
GSA Rent	\$6,899	\$23			\$111			\$351	\$7,384
Communications & Utilities	\$1,708	\$9							\$1,725
Printing	\$49	\$0							\$49
Training and Employee Development	\$1,755	\$23						\$216	\$2,003
Other (Professional/Admin. Support, Accounting, etc.)	\$5,008	\$15						\$1,527	\$6,574
WCF ^{2/}	\$8,321	\$0							\$8,156
Supplies	\$278	\$8							\$288
Equipment	\$1,202	\$9						\$216	\$1,433
Subtotal, Administrative	\$91,309	\$287	\$0	\$0	\$454	\$1,746	\$111	(\$166)	\$95,817
PROGRAMS									
Contract Programs:									
Pipeline Safety	\$18,825							\$94	\$18,919
Hazardous Materials Safety	\$8,501							\$42	\$8,543
Emergency Preparedness Grants	\$969								\$969
Operational Expenses	\$5,243							\$26	\$5,269
Subtotal, Contract Programs	\$33,538	\$0	\$0	\$0	\$0	\$0	\$0	\$162	\$33,700
Research and Development:									
Pipeline Safety	\$6,962							\$35	\$6,997
Hazardous Materials Safety	\$1,726							\$9	\$1,735
Subtotal, Research and Development	\$8,688	\$0	\$0	\$0	\$0	\$0	\$0	\$44	\$8,732
Grants:									
Pipeline Safety	\$42,001							\$205	\$42,206
Emergency Preparedness Grants	\$26,964								\$26,964
Subtotal, Grants	\$68,965	\$0	\$0	\$0	\$0	\$0	\$0	\$205	\$69,170
Subtotal, Programs	\$111,191	\$0	\$0	\$0	\$0	\$0	\$0	\$411	\$111,602
GRAND TOTAL	\$202,500	\$287	\$0	\$0	\$454	\$1,746	\$111	(\$166)	\$205,419
									\$49,927

^{1/}Reimbursable FTE reflect Honors Attorney program; prior to FY 2014 these FTE were not displayed on this exhibit.

^{2/}WCF has been consolidated into one budget line item. This item includes: Facilities, Information, and Asset Mgmt., CIO/Information Technology, HR Systems, Security, and Other Services.

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 2013 Annualized CR	Realignments	Annualization			Baseline Changes			FY 2014 Baseline Estimate	Program Increases/Decreases	FY 2014 Request
			FTE	2014 Pay Raises	GSA Rent	WCF Increase/Decrease	0.50% Inflation				
PERSONNEL RESOURCES (FTE)	215.0										
Direct FTE	215.0		0.0					215.0	27.0	242.0	
FINANCIAL RESOURCES											
ADMINISTRATIVE EXPENSES											
Salaries and Benefits	\$27,110		\$0	\$203				\$27,313	\$3,552	\$30,865	
Travel	\$3,336		\$0					\$3,353	\$486	\$3,839	
GSA Rent	\$3,763		\$0	\$60				\$3,823	\$351	\$4,174	
Communications & Utilities	\$1,041							\$1,046		\$1,046	
Printing	\$7							\$7		\$7	
Training and Employee Development	\$1,347		\$0					\$1,354	\$216	\$1,570	
Other (Professional/Admin. Support, Accounting, etc.)	\$1,887		\$0					\$1,896	\$972	\$2,868	
WCF ¹	\$3,532					\$671		\$4,203		\$4,203	
Supplies	\$117							\$118		\$118	
Equipment	\$993		\$0					\$998	\$216	\$1,214	
Subtotal, Administrative	\$43,133	\$0	\$0	\$203	\$60	\$671	\$44,111	\$44,111	\$5,793	\$49,904	
PROGRAMS											
Contract Programs:											
Information and Analysis	\$1,747							\$1,756	\$10,000	\$11,756	
Pipeline Integrity Management	\$8,737	\$732						\$9,516		\$9,516	
Permitting	\$732	(\$732)						\$0		\$0	
Compliance	\$321							\$323		\$323	
Training and Information Dissemination	\$1,494							\$1,501		\$1,501	
Emergency Notification	\$108							\$109		\$109	
Community Ass't and Technical Services	\$2,885							\$2,899	\$904	\$3,803	
Multimodal Hazmat Intelligence Portal	\$405							\$407		\$407	
Alternative Fuels	\$103							\$104		\$104	
Mapping and Information Systems	\$1,279							\$1,285		\$1,285	
Implementing the Oil Pollution Act	\$1,014							\$1,019		\$1,019	
Pipeline Design Review	\$0							\$0	\$2,000	\$2,000	
Subtotal, Contract Programs	\$18,825	\$0	\$0	\$0	\$0	\$0	\$18,919	\$18,919	\$12,904	\$31,823	
Research and Development:											
Subtotal, Research and Development	\$6,962							\$6,997	\$5,233	\$12,230	
Grants:											
State Pipeline Safety Grants	\$38,398							\$38,590	\$18,410	\$57,000	
State One-call Grants	\$1,064							\$1,069		\$1,069	
State Damage Prevention Grants	\$1,539							\$1,547		\$1,547	
Information Grants to Communities	\$1,000							\$1,000	\$500	\$1,500	
Subtotal, Grants	\$42,001	\$0	\$0	\$0	\$0	\$0	\$42,206	\$42,206	\$18,910	\$61,116	
Subtotal, Programs	\$67,788	\$0	\$0	\$0	\$0	\$0	\$68,122	\$68,122	\$37,047	\$105,169	
GRAND TOTAL	\$110,921	\$0	\$0	\$203	\$60	\$671	\$112,233	\$112,233	\$42,840	\$155,073	

¹WCF has been consolidated into one budget line item. This item includes: Facilities, Information, and Asset Mgmt., CIO/Information Technology, HR Systems, Security, and Other Services.

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	FY 2013 Annualized CR	Annualization				Baseline Changes				FY 2014 Baseline Estimate	Program Increases/Decreases	FY 2014 Request
		FTE	2014 Pay Raises	Adjustment to Base Pay	GSA Rent	WCF Increase/Decrease	0.50% Inflation					
PERSONNEL RESOURCES (FTE)	190.0									190.0		190.0
Direct FTE	190.0											
FINANCIAL RESOURCES												
ADMINISTRATIVE EXPENSES												
Salaries and Benefits	\$23,122		\$173	\$1,746						\$25,041		\$25,041
Travel	\$1,745									\$1,754		\$1,754
GSA Rent	\$2,170			\$35						\$2,205		\$2,205
Communications & Utilities	\$405									\$407		\$407
Printing	\$42									\$42		\$42
Training and Employee Development	\$212									\$213		\$213
Other (Professional/Admin. Support, Accounting, etc.)	\$1,037									\$1,042		\$1,042
WCF ^{1/}	\$3,379							(\$81)		\$3,299		\$3,299
Supplies	\$123									\$124		\$124
Equipment	\$135									\$136		\$136
Subtotal, Administrative	\$32,370	\$0	\$173	\$1,746	\$35	(\$81)	\$0	\$0	\$0	\$34,263	\$0	\$34,263
PROGRAMS												
Contract Programs:												
Hazmat Information System (HMIS)	\$1,964									\$1,974	\$2,000	\$3,974
Research and Analysis	\$427									\$429	\$1,000	\$1,429
Investigation and Enforcement	\$1,784									\$1,793	\$1,000	\$2,793
Rulemaking Support	\$395									\$397		\$397
Training and Outreach	\$997									\$1,002	\$1,195	\$2,197
Emergency Preparedness	\$873									\$877		\$877
Multimodal Hazmat Intelligence Portal	\$1,287									\$1,293		\$1,293
Hazardous Materials Program Evaluations	\$0									\$0	\$1,500	\$1,500
Subtotal, Contract Programs	\$7,727	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,765	\$6,695	\$14,460
Hazmat Registration Program	\$774									\$778		\$778
Research and Development:												
Subtotal, Research and Development	\$1,726									\$1,735	\$565	\$2,300
Subtotal, Programs	\$10,227	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,278	\$7,260	\$17,538
GRAND TOTAL	\$42,597	\$0	\$173	\$1,746	\$35	(\$81)	\$0	\$0	\$0	\$44,541	\$7,260	\$51,801

^{1/}WCF has been consolidated into one budget line item. This item includes: Facilities, Information, and Asset Mgmt., CIO/Information Technology, HR Systems, Security, and Other Services.

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	FY 2013 Annualized CR	Baseline Changes				FY 2014 Baseline Estimate	Program Increases/Decreases	FY 2014 Request
		Annualization of 2013 Pay Raises	Annualization of FY 2013 FTE	2014 Pay Raises	WCF Increase/Decrease			
PERSONNEL RESOURCES (FTE)	0.0					0.0		0.0
FINANCIAL RESOURCES								
ADMINISTRATIVE EXPENSES								
Salaries and Benefits ¹	\$468					\$468	(\$3)	\$465
Other (Professional/Admin. Support, Accounting, etc.)	\$90					\$90	\$555	\$645
Subtotal, Administrative	\$558	\$0	\$0	\$0	\$0	\$558	\$552	\$1,110
PROGRAMS								
Mandatory Programs:								
Grants	\$26,964					\$26,964	(\$719)	\$26,245
Technical Assistance	\$151					\$151	(\$1)	\$150
Emergency Response Guidebook (WCF) ^{2 & 3}	\$629					\$629	(\$4)	\$625
Subtotal, Mandatory Programs	\$27,744	\$0	\$0	\$0	\$0	\$27,744	(\$724)	\$27,020
Subtotal, Mandatory Budget Authority	\$28,302	\$0	\$0	\$0	\$0	\$28,302	(\$172)	\$28,130
Discretionary Programs								
Training Curriculum Guidelines	\$189					\$189	(\$1)	\$188
Subtotal, Discretionary Budget Authority	\$189	\$0	\$0	\$0	\$0	\$189	(\$1)	\$188
Subtotal, Programs	\$27,933	\$0	\$0	\$0	\$0	\$27,933	(\$725)	\$27,208
GRAND TOTAL	\$28,491	\$0	\$0	\$0	\$0	\$28,491	(\$173)	\$28,318

¹ 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' Salaries and Benefits budget line item.

²PHMSA's FY 2013 Annualized CR WCF request is \$8,946 million, of which \$8.321 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.

³ PHMSA's FY 2014 WCF request is \$8,729 million, of which \$8,104 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.

**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	FY 2013 Annualized CR	FY 2013 Annualization of 2012 FTE	FY 2013 Annualization of FY 2013 FTE	Baseline Changes			FY 2014 Baseline Estimate	Program Increases/ Decreases	FY 2014 Request
				2014 Pay Raises	GSA Rent	WCF Increase/ Decrease			
PERSONNEL RESOURCES (FTE)	79.5						81.0		81.0
Direct FTE	68.5	1.5					70.0		70.0
Reimbursable FTE ^{1/}	11.0	0.0					11.0		11.0
FINANCIAL RESOURCES									
ADMINISTRATIVE EXPENSES									
Salaries and Benefits	\$10,251	\$198		\$78			\$10,527		\$10,527
Travel	\$57	\$2					\$59		\$59
GSA Rent	\$966	\$23		\$16			\$1,005		\$1,005
Communications & Utilities	\$262	\$9					\$272		\$272
Training and Employee Development	\$196	\$23					\$220		\$220
Other (Professional/Admin. Support, Accounting, etc.)	\$1,994	\$15					\$2,019		\$2,019
WCF ^{2/}	\$1,410				(\$756)		\$654		\$654
Supplies	\$38	\$8					\$46		\$46
Equipment	\$74	\$9					\$83		\$83
Subtotal, Administrative	\$15,248	\$287	\$0	\$78	(\$756)	\$16	\$14,885	\$0	\$14,885
PROGRAMS									
Contract Programs:									
Civil Rights (Intern Program)	\$30						\$30		\$30
Information Resources Management	\$823						\$827		\$827
Information Technology Infrastructure	\$4,283					\$4	\$4,304		\$4,304
E-government Initiatives	\$107					\$21	\$108		\$108
Subtotal, Contract Programs	\$5,243	\$0	\$0	\$0	\$0	\$0	\$5,269	\$0	\$5,269
Subtotal, Programs	\$5,243	\$0	\$0	\$0	\$0	\$0	\$5,269	\$0	\$5,269
GRAND TOTAL	\$20,491	\$287	\$0	\$78	(\$756)	\$16	\$20,154	\$0	\$20,154

^{1/}Reimbursable FTE reflect Honors Attorney program; prior to FY 2014 these FTE were not displayed on this exhibit.

^{2/}WCF has been consolidated into one budget line item. This item includes: Facilities, Information, and Asset Mgmt., CIO/Information Technology, HR Systems, Security, and Other Services.

EXHIBIT II-7

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

	FY 2012 ACTUAL	FY 2013¹ ANNUALIZED CR	FY 2014² REQUEST	FY 2012 - FY 2014 CHANGE
Pipeline Safety	3,511	3,532	4,203	692
Hazardous Materials Safety	\$3,358	3,379	3,299	(59)
Emergency Preparedness Grants	2,500	[625]	[625]	(2,500)
Operational Expenses	1,401	1,410	654	(747)
TOTAL	\$10,770	\$8,321	\$8,156	(\$2,614)

¹ PHMSA's FY 2013 Annualized CR WCF request is \$8.946 million, of which \$8.321 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.

² 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.

EXHIBIT II-8

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

	<u>FY 2012 ACTUAL</u>	<u>FY 2013 ANNUALIZED CR</u>	<u>FY 2014 REQUEST</u>
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Pipeline Safety	195.0	215.0	242.0
Hazardous Materials Safety	174.0	190.0	190.0
Operational Expenses	68.5	70.0	70.0
	<hr/>	<hr/>	<hr/>
SUBTOTAL, DIRECT FUNDED	437.5	475.0	502.0
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
Operational Expenses	2.0	11.0	11.0
	<hr/>	<hr/>	<hr/>
SUBTOTAL, REIMBURSEMENTS/ALLOCATIONS/OTHER	2.0	11.0	11.0
	<hr/>	<hr/>	<hr/>
TOTAL FTEs	439.5	486.0	513.0

EXHIBIT II-9

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

	<u>FY 2012 ACTUAL</u>	<u>FY 2013 ANNUALIZED CR</u>	<u>FY 2014 REQUEST</u>
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Pipeline Safety	215	215	269
Hazardous Materials Safety	190	190	190
Operational Expenses	70	70	70
Subtotal, Direct	475	475	529
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
Operational Expenses	11	11	11
Subtotal, Reimbursements/Allocations/Other	11	11	11
TOTAL POSITIONS	486	486	540

SUMMARY OF CHANGE FY 2013 ANNUALIZED CR TO FY 2014

<u>Pipeline and Hazardous Materials Safety Administration</u>	<u>\$000</u>	<u>Direct FTE</u>
FY 2013 Annualized CR	202,500	473.5
Realignments		
Permitting	(732)	0.0
Pipeline Integrity Management	732	0.0
Subtotal, Realignments	0	0.0
Adjustments to Base		
Annualization of FY 2012 FTE	287	1.5
2014 Pay Raise	454	0.0
Adjustment to Base Pay	1,746	0.0
GSA Rent	111	0.0
Working Capital Fund Reduction	(166)	0.0
Non-pay Inflation	486	0.0
Subtotal, Adjustments to Base	2,919	1.5
New or Expanded Programs		
<u>Pipeline Safety</u>		
1. Inspection and Enforcement Personnel	4,291	20.0
2. State Pipeline Safety Grants	18,839	2.0
<i>a. Grant Specialists</i>	<i>[429]</i>	<i>[2.0]</i>
<i>b. Program Cost</i>	<i>[18,410]</i>	<i>[0.0]</i>
3. IT Modernization - National Pipeline Information Exchange (NPIX)	10,000	0.0
4. Research and Development	5,448	1.0
<i>a. Researchers</i>	<i>[215]</i>	<i>[1.0]</i>
<i>b. Program Cost</i>	<i>[5,233]</i>	<i>[0.0]</i>
5. Standards and Rulemaking/Enforcement Engineer	429	2.0
6. Accident Investigation Team	429	2.0
7. Public Outreach	904	0.0
8. Information Grants to Communities	500	0.0
9. Pipeline Safety Design Review User Fee	2,000	0.0
Subtotal, Pipeline Safety	42,840	27.0
<u>Hazardous Materials Safety</u>		
1. IT Modernization - Hazmat Information Systems	2,000	0.0
2. Hazardous Materials Program Evaluations	1,500	0.0
3. Training and Outreach	1,195	0.0
4. Risk Management Framework - Research and Analysis	1,000	0.0
5. Investigation and Enforcement	1,000	0.0
6. Research and Development	565	0.0
Subtotal, Hazardous Materials Safety	7,260	0.0
<u>Emergency Preparedness Grants</u>		
1. Salaries and Benefits	552	0.0
2. Grants	(719)	0.0
3. Technical Assistance	(1)	0.0
4. Emergency Response Guidebook (WCF)	(4)	0.0
5. Training Curriculum Guidelines	(1)	0.0
Subtotal, Emergency Preparedness Grants	(173)	0.0
Subtotal, New or Expanded Programs	49,927	27.0
FY 2014 Request	255,346	502.0

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

IT INITIATIVES
(Excluding FTE Costs)
\$000

Fiscal Year	Program Office	Base	New Request	Appropriated/Anticipated	Reprioritized Funding	Obligated/Planned	Total Obligated/Planned	Work Accomplished/Planned
2010	Pipeline Safety	\$0	\$0	\$0	\$1,000	\$1,000	\$4,800	1) Established the IT infrastructure to support the PHMSA wide IT Modernization effort. PHMSA's Pipeline Safety office is leveraging the infrastructure for annual and incident reporting data collection services. 2) Completed requirements and design of Hazmat Special Permits (SP). 3) Completed 75% SP programming.
	Hazardous Materials Safety	\$0	\$0	\$0	\$3,000	\$3,000		
	Operational Expenses	\$0	\$800	\$800	\$0	\$800		
2011	Pipeline Safety	\$0	\$0	\$0	\$800	\$800	\$2,680	1) Completion of Hazmat Special Permits (Aug 2011). 2) Began requirements gathering on Hazmat Field Operations (Enforcement). 3) Completed Data Collection system for Pipeline Annual reports for Gas Transmission, Gas Distribution, Haz-Liquid, LNG, and Mechanical Fittings Failure. 4) Completed the Data Collection system for Pipeline LNG Incident Report.
	Hazardous Materials Safety	\$0	\$0	\$0	\$1,080	\$1,080		
	Operational Expenses	\$800	\$650	\$800	\$0	\$800		
2012	Pipeline Safety	\$0	\$0	\$0	\$1,500	\$1,500	\$5,535	1) Began Requirements and Design of Hazmat Registration. 2) Development of Hazmat Field Operations. Development planned to continue into FY 2013. 3) Implement National Pipeline Operator Registry (OHD Request, Validations, Notifications).
	Hazardous Materials Safety	\$0	\$0	\$0	\$685	\$685		
	Operational Expenses	\$800	\$2,550	\$3,350	\$0	\$3,350		
2013	Pipeline Safety	\$0	\$0	\$0	\$0	\$0	\$3,350	1) Complete Pipeline Common Inspection business process re-engineering. 2) Develop first phase of Pipeline Asset Management (PAM) System. 1) Complete the One-Stop Shop Information Portal for Hazmat data. 2) Implement Safety Performance dashboards.
	Hazardous Materials Safety	\$0	\$0	\$0	\$0	\$0		
	Operational Expenses	\$3,350	\$0	\$3,350	\$0	\$3,350		
2014	Pipeline Safety	\$0	\$10,000	\$10,000		\$10,000	\$15,350	1) Complete Hazmat Field Operations. 2) Complete Iteration 1 of 3 for Hazmat Registration. 3) Complete first Iteration of Hazmat Incident Reporting for the Accident Investigation process. 1) Conduct Pipeline National Pipeline Information Exchange (NPIX) Pilot with 20 States, Manager (PAM). 3) Implement Pipeline Hotline and Online Reporting Tool (PHORT). 1) Complete Iterations 2 and 3 for Hazmat Registration. 2) Complete Iterations 2 and 3 (5800:1 data collection) for Hazmat Incident Reporting. 3) Implement the One-Stop Shop Information Portal for Hazmat data.
	Hazardous Materials Safety	\$0	\$2,000	\$2,000		\$2,000		
	Operational Expenses	\$3,350	\$0	\$3,350		\$3,350		
2015	Pipeline Safety	\$10,000	\$2,500	\$12,500		\$12,500	\$16,493	1) CIC - Phase 2 Development - Add 15 States; Implement Safety Related Conditions On-line Reporting, Facility Response Plans, and Common Reporting and Analysis 1) Complete Hazmat Firework Approvals Regulations
	Hazardous Materials Safety	\$2,000	(\$190)	\$1,810		\$1,810		
	Operational Expenses	\$3,350	(\$1,167)	\$2,183		\$2,183		
2016	Pipeline Safety	\$12,500	(\$1,250)	\$11,250		\$11,250	\$13,542	1) CIC - Phase 3 Development (Accident/Failure Investigation)-Add remaining 15 States; Pipeline Enforcement. 1) Complete Hazmat and Pipeline GIS Integration; Hazmat Predictive Analysis Support 1) Complete Hazmat and Pipeline Grants and Outreach and Training. 2) Complete Hazmat Risk Model.
	Hazardous Materials Safety	\$1,810	\$0	\$1,810		\$1,810		
	Operational Expenses	\$2,183	(\$1,701)	\$482		\$482		
2017	Pipeline Safety	\$11,250	(\$2,000)	\$9,250		\$9,250	\$9,250	1) Pipeline Predictive Analysis Support. 2) Finalize the Pipeline risk model. 3) Transition Hazmat and Pipeline to Operations & Maintenance.
	Hazardous Materials Safety			\$0		\$0		
	Operational Expenses					\$0		
		PHMSA Wide IT Modernization (2010 - 2016)					\$28,000	
		National Pipeline Information Exchange Program (2014 - 2017)					\$43,000	
		Grand Total					\$71,000	

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 2012	FY 2013	FY 2014
	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	0	153	0
08.01 Reimbursable program	0	0	0
09.00 Total new obligations	0	153	0
BUDGETARY RESOURCES:			
10.00 Unobligated balance, brought forward, October 1	153	153	0
10.50 Total unobligated balance	153	153	0
Budget Authority:			
Appropriations, Discretionary:			
11.00 Appropriation	0	0	0
11.60 Total appropriation (discretionary)	0	0	0
Appropriations, Mandatory:			
12.35 Appropriations precluded from obligation	0	0	0
12.60 Total appropriation (mandatory)	0	0	0
Spending authority from offsetting collections, discretionary:			
17.00 Collected	0	0	0
17.01 Change in uncollected customer payments from Federal sources	0	0	0
17.50 Spending authority from offsetting collections	0	0	0
Spending authority from offsetting collections, mandatory:			
18.24 Spending authority from offsetting collections precluded from obligation	0	0	0
18.50 Spending authority from offsetting collections	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
CHANGE IN OBLIGATED BALANCE:			
Unpaid Obligations:			
30.00 Unpaid obligations brought forward, October 1 (gross)	239	220	0
30.01 Adjustments to unpaid obligations, brought forward, October 1	0	0	0
30.10 Obligations incurred, unexpired accounts	0	153	0
30.11 Obligations incurred, expired accounts	0	0	0
30.20 Outlays (gross)	-17	-373	0
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	0	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts	-1	0	0
30.50 Unpaid obligations, end of year (gross)	220	0	0
Uncollected Payments:			
30.60 Uncollected customer payments from Federal sources, brought forward, October 1	0	0	0
30.61 Adjustments to uncollected customer payments, brought forward October 1	0	0	0
30.70 Change in uncollected customer payments from Federal sources, unexpired accounts	0	0	0
30.71 Change in uncollected customer payments from Federal sources, expired accounts	0	0	0
30.90 Uncollected customer payments from Federal sources, end of year	0	0	0
31.00 Obligated balance, start of year	239	220	0
32.00 Obligated balance, end of year	220	0	0
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
40.00 Budget authority, gross	0	0	0
Gross outlays:			
40.10 Outlays from new authority	0	0	0
40.11 Outlays from balances	17	373	0
40.20 Total outlays, gross	17	373	0
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources	0	0	0
40.33 Offsetting collections from non-Federal sources	0	0	0
40.34 Offsetting governmental collections (from non-Federal sources)	0	0	0
40.40 Total offsets against gross budget authority and outlays	0	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts	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)	17	373	0
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	0	0	0
41.90 Outlays, net (discretionary and mandatory)	17	373	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.

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

Identification code 69-0104-0-1-407

	FY 2012	FY 2013	FY 2014
	Actual	Annualized CR	Request
Direct Obligations:			
25.3 Other purchases of goods and services from government accounts	\$0	\$373	\$0
Subtotal, Direct obligations	\$0	\$373	\$0
99.0 Subtotal, Reimbursable obligations	0	0	0
99.9 Total new obligations	\$0	\$373	\$0

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

Research and Special Programs

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>	
2005	\$52,936,000	\$45,870,666	1/ & 2/
2006	\$0	\$0	
2007	\$0	\$0	
2008	\$0	\$0	
2009	\$0	\$0	
2010	\$0	\$0	
2011	\$0	\$0	
2012	\$0	\$0	
2013	\$0		
2014	\$0		

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

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

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

Pipeline Safety

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OIL SPILL LIABILITY TRUST FUND)

(PIPELINE SAFETY DESIGN REVIEW)

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, [\$176,010,000] \$153,573,000, of which [\$21,510,000] \$18,573,000 shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2015]2016; and of which [\$150,500,000] \$133,000,000 shall be derived from the Pipeline Safety Fund, of which [\$90,735,000] \$83,396,000 shall remain available until September 30, [2015]2016; and of which [\$4,000,000] \$2,000,000, to remain available until expended, shall be derived [as provided in this Act] from the Pipeline Safety Design Review Fund, *as established in the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (Public Law 112-90)*.

Note: A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

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

	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>	Change FY 2012- FY 2014
Operations	\$ 61,580	\$ 61,958	\$ 81,727	\$ 20,147
Research and Development	6,920	6,962	12,230	5,310
Grants	41,752	42,001	61,116	19,364
TOTAL	\$ 110,252	\$ 110,921	\$ 155,073	\$ 44,821
FTEs				
Direct Funded	195.0	215.0	242.0	27.0*

**The change in FTE reflects the change between the FY 2012 enacted FTE level of 215 and the FY 2014 request of 242. The request includes funding for 27 FTE*

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 2013 Annualized CR to FY 2014
Appropriations, Obligation Limitations, and Exempt Obligations**

<u>Pipeline Safety</u>	<u>\$000</u>	<u>FTE</u>
FY 2013 Annualized CR (reflects \$1.0 million transferred from Operational Expenses for Information Grants to Communities)	110,921	215.0
Realignments		
Permitting	(732)	0.0
Pipeline Integrity Management	732	0.0
Subtotal, Realignments	0	0.0
Adjustments to Base		
2014 Pay Raise	203	0.0
GSA Rent	60	0.0
Working Capital Fund	671	0.0
Non-pay Inflation of 0.5%	378	0.0
Subtotal, Adjustments to Base	1,312	0.0
New or Expanded Programs		
1. Inspection and Enforcement Personnel	4,291	20.0
2. State Pipeline Safety Grants	18,839	2.0
<i>a. Grant Specialists</i>	[429]	[2.0]
<i>b. Program Cost</i>	[18,410]	[0.0]
3. IT Modernization – National Pipeline Information Exchange (NPIX)	10,000	0.0
4. Research and Development	5,448	1.0
<i>a. Researchers</i>	[215]	[1.0]
<i>b. Program Cost</i>	[5,233]	[0.0]
5. Standards and Rulemaking/Enforcement Engineer	429	2.0
6. Accident Investigation Team	429	2.0
7. Public Outreach	904	0.0
8. Information Grants to Communities	500	0.0
9. Pipeline Safety Design Review User Fee	2,000	0.0
Subtotal, New or Expanded Programs	42,840	27.0
Subtotal, Realignments, Adjustments to Base and Program Changes	44,152	27.0
FY 2014 Request (reflects \$1.5 million transferred from Operational Expenses for Information Grants to Communities)	\$ 155,073	242.0

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

Reduction in injuries and fatalities: Number of pipeline incidents involving death or major injury	2010	2011	2012	2013	2014
Target	30-43	31-44	30-42	29-41	28-39
Actual	37	40	32*		

DOT Goal/Outcome: Environmental Sustainability

Reduction in pollution: Hazardous liquid pipeline spills with environmental impacts.	2010	2011	2012	2013	2014
Target	89-108	84-104	80-99	76-94	73-89
Actual	88	106	114*		

**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
PROGRAM AND FINANCING
(In thousands of dollars)**

Identification code 021-50-5172-0	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>
00.01 Operations	63,449	76,938	81,713
00.02 Research and development	8,025	11,563	12,230
00.03 Grants	48,517	45,685	61,130
00.91 Total direct program	119,991	134,185	155,073
08.01 Reimbursable	71	214	0
09.00 Total new obligations	120,062	134,399	155,073
BUDGETARY RESOURCES:			
10.00 Unobligated balance, brought forward, October 1	23,988	23,259	0
10.11 Unobligated balance transferred from other accounts	7	0	0
10.20 Adjustment to unobligated balance carried forward, October 1	125	0	0
10.21 Recoveries of prior year unpaid obligations	9,018	0	0
10.50 Total unobligated balance	33,138	23,259	0
Budget Authority:			
Appropriations, Discretionary:			
11.01 Appropriation (special fund)	91,318	91,877	135,639
11.20 Appropriations transferred to other accounts [69-1400]	-639	-643	-639
11.21 Appropriations transferred from other accounts [69-1400]	1,000	1,000	1,500
11.60 Appropriation, Discretionary (Total)	91,679	92,234	136,500
Spending authority from offsetting collections, discretionary:			
17.00 Collected	20,023	18,687	18,573
17.01 Change in uncollected customer payments from Federal sources	-1,400	0	0
17.50 Spending authority from offsetting collections, discretionary, total.	18,623	18,687	18,573
19.00 Total budget authority	110,302	110,921	155,073
19.30 Total budgetary resources available	143,440	134,179	155,073
19.40 Unobligated balance expiring	-120	0	0
19.41 Unexpired unobligated balance carried forward, end of year	23,259	0	0
19.50 Other balances withdrawn (special and trust funds)	1,822	0	0
19.51 Unobligated balance expiring (special and trust funds)	-120	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	2,890	1,910	1,910
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	1,910	1,910	1,910
19.54 Unobligated balance canceling (special and trust funds)	1,822	0	0
CHANGE IN OBLIGATED BALANCE:			
Unpaid Obligations:			
30.00 Unpaid obligations brought forward, October 1 (gross)	61,186	80,494	90,600
30.01 Adjustments to unpaid obligations, brought forward, October 1	0		
30.10 Obligations incurred, unexpired accounts	120,062	134,179	155,073
30.11 Obligations incurred, expired accounts	2,359	0	0
30.20 Outlays (gross)	-90,897	-124,073	-132,362
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	-9,018	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts	-3,198	0	0
30.50 Unpaid obligations, end of year (gross)	80,494	90,600	113,312
Uncollected Payments:			
30.60 Uncollected customer payments from Federal sources, brought forward, October 1	-15,577	-14,290	-14,290
30.61 Adjustments to uncollected customer payments, brought forward October 1	-125	0	0
30.70 Change in uncollected customer payments from Federal sources, unexpired accounts	1,400	0	0
30.71 Change in uncollected customer payments from Federal sources, expired accounts	12	0	0
30.90 Uncollected customer payments from Federal sources, end of year	-14,290	-14,290	-14,290
31.00 Obligated balance, start of year	45,484	66,204	76,310
32.00 Obligated balance, end of year	66,204	76,310	99,021
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
40.00 Budget authority, gross	110,302	110,921	155,073
Gross outlays:			
40.10 Outlays from new authority	38,733	54,354	75,986
40.11 Outlays from balances	52,163	69,719	56,376
40.20 Total outlays, gross	90,897	124,073	132,362
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources	-20,019	-18,687	-18,573
40.33 Offsetting collections from non-Federal sources	-19	0	0
40.34 Offsetting governmental collections (from non-Federal sources)	0	0	0
40.40 Total offsets against gross budget authority and outlays	-20,038	-18,687	-18,573
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts	1,400	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts	15	0	0
40.60 Total additional offsets against budget authority only	1,415	0	0
40.70 Budget authority, net (discretionary)	91,679	92,234	136,500
40.80 Outlays, net (discretionary)	70,859	105,386	113,789
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	91,679	92,234	136,500
41.90 Outlays, net (discretionary and mandatory)	70,859	105,386	113,789

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

	FY 2012	FY 2013	FY 2014
Identification code 69-5172-0-1-407	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$20,970	\$21,180	\$24,102
11.3 Other than full-time permanent	189	0	0
11.5 Other personnel compensation	260	0	0
11.9 Total personnel compensation	21,419	21,180	24,102
12.1 Civilian personnel benefits	\$6,362	\$5,930	\$6,798
13.1 Benefits to former personnel	\$75		
21.0 Travel and transportation of persons	2,605	3,486	3,839
22.2 Transportation of things	5	0	0
23.1 Rental payments to GSA	2,262	3,763	4,174
23.2 Rental payments to others	47	0	0
23.3 Communications, utilities, and miscellaneous charges	575	1,241	1,046
24.0 Printing and reproduction	129	7	7
25.1 Advisory and assistance services	13,894	17,302	31,431
25.2 Other services	361	6,061	1,570
25.3 Other purchases of goods and services from government accounts	5,841	6,027	5,604
25.4 Operation and maintenance of facilities	1,248	0	0
25.5 Research and development contracts	8,073	11,962	12,230
25.7 Operation and maintenance of equipment	8,431	10,021	323
26.0 Supplies and materials	111	117	118
31.0 Equipment	802	1,087	2,715
41.0 Grants, subsidies, and contributions	47,752	46,002	61,116
Subtotal, Direct obligations	\$119,991	\$134,185	\$155,073
Subtotal, Reimbursable obligations	71	214	0
99.0 Total new obligations	\$120,062	\$134,399*	\$155,073
Employment Summary			
Direct:			
10.01 Civilian full-time equivalent employment	195.0	215.0	242.0

* Due to rounding, not matching with MAX

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

	FY 2012	FY 2013	FY 2014
Identification code 69-5172-0-2-407	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
Unexpended balance, start of year			
01.00 Balance, start of year	\$41,429	\$42,371	\$42,371
01.90 Adjustment to reconcile to unavailable beginning balance	0		
01.99 Revised Balance, start of year	41,429	42,371	42,371
Receipts:			
02.60 Pipeline Safety user fees (offsetting prop. receipts)	90,438	91,877	135,639
04.00 Total: Balances and collections	131,867	134,248	178,010
Appropriations:			
05.00 Pipeline Safety	(91,318)	(91,877)	(135,639)
06.10 Unobligated balance returned to receipts	1,822	0	0
87.99 Balance, end of year	\$42,371*	\$42,371	\$42,371

*Unobligated balance returned to receipts was not picked up in FACTS II and MAX, so will create an errata.

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

Pipeline Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>	
2005	\$51,073,000	\$54,040,262	1/
2006	\$54,165,000	\$57,429,900	2/
2007	\$56,925,000	\$60,065,297	3/
2008	\$55,770,000	\$61,018,000	
2009	\$74,481,000	\$75,481,000	4/
2010	\$87,334,000	\$87,334,000	
2011	\$93,206,000	4/ \$88,836,000	3/, 4/ & 5/
2012	\$99,354,000	4/ \$91,679,000	4/
2013	\$155,500,000	4/	
2014	\$136,500,000	6/	

1/ Reflects reductions of \$290,586 for Working Capital Fund (Sec. 197 of Division H of P.L. 108-447) and \$438,152 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

2/ Reflects reduction of \$580,100 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

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

4/ Reflects the inclusion of \$1.0 million in General Funds for Information Grants to Communities.

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

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

Detailed Justification for the Pipeline Safety Program

FY 2014 Request – \$155.073 million

What Do I Need To Know Before Reading This Justification?

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 promulgating and enforcing safety regulations. It conducts risk assessments, performs data analyses, conducts safety inspection and investigations, and makes grants to support state pipeline safety programs, outreach, training, and research.

The U.S. Department of Transportation (DOT), through PHMSA, is authorized to assess and collect user fees to fund its pipeline safety program activities (49 U.S. Code 60301). The Secretary of Transportation has the authority to prescribe a schedule of fees for all natural gas and hazardous liquids transported by pipeline subject to chapter 601 of Title 49 U.S. Code. The fees are based on pipeline mileage and operators’ capacity.

User fees are the primary funding source for the Pipeline Safety appropriation. The appropriation also draws from the Oil Spill Liability Trust Fund and the General Fund for Information Grants to Communities and establishes a ceiling amount for Pipeline Safety user fees that are collected before the end of the fiscal year from PHMSA’s regulated industry. The Oil Spill Liability Trust Fund collects an environmental tax on petroleum production and transportation.

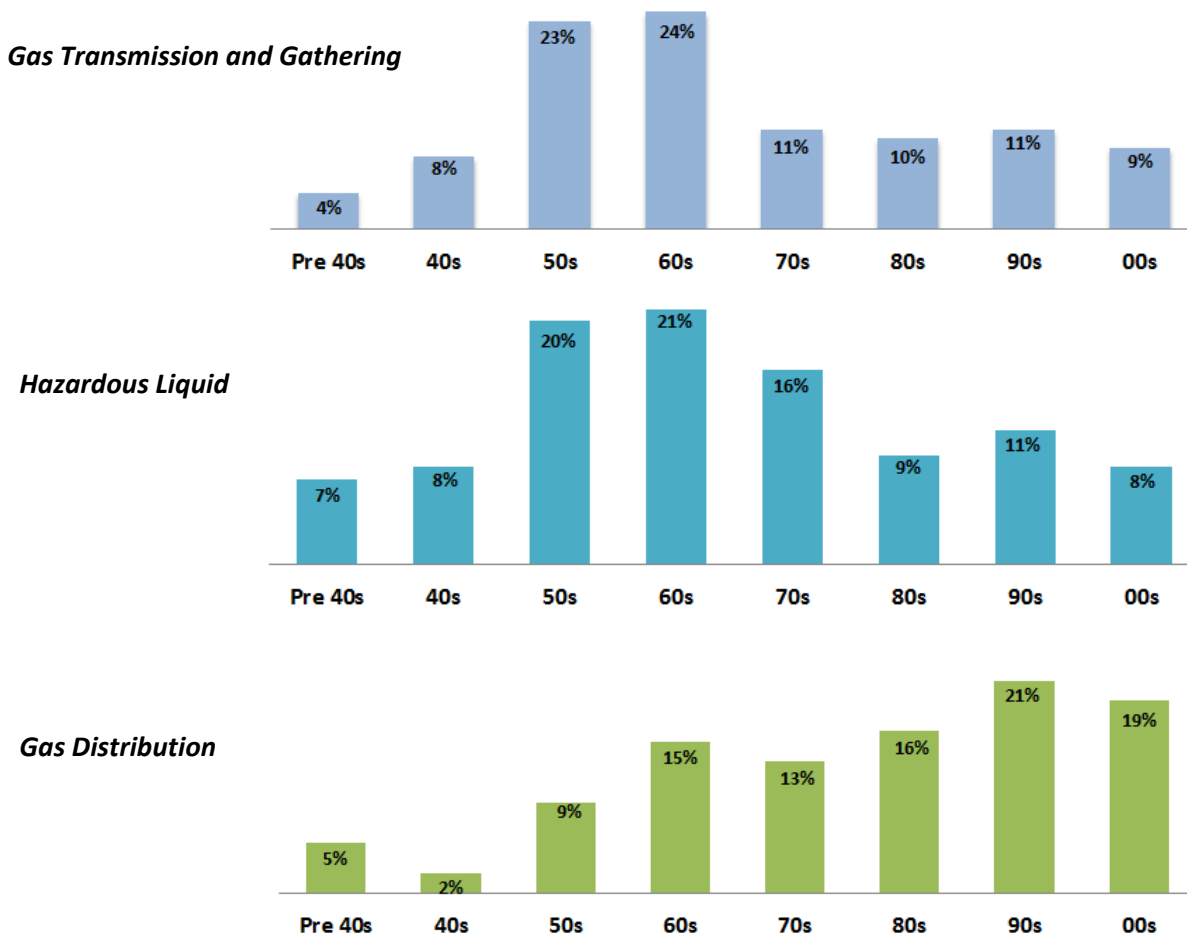
Sources of Funding Table
\$000

Funding Name	Source of Funds	Statutory Authority Citation	Programs funded	FY12 Enacted	FY13 Annualized CR	FY14 Request
Pipeline Safety User Fee	Pipeline users	Annual Appropriations Acts P.L. 112-55; P.L. 112-175	Administrative Expenses	\$42,570	\$42,833	\$49,604
			Contract programs	\$7,287	\$7,330	\$20,400
			Research and Development	\$4,747	\$4,776	\$10,057
			Grants	\$36,075	\$36,295	\$54,939
Oil Spill Liability Trust Fund	Environmental tax on petroleum production and transportation	P. L. 101-380; P.L. 112-90	Administrative Expenses	\$300	\$300	\$300
			Contract programs	\$11,423	\$11,495	\$11,423
			Research and Development	\$2,173	\$2,186	\$2,173
			Grants	\$4,677	\$4,706	\$4,677
General Fund		Annual Appropriations Acts P.L. 112-55; P.L. 112-175	Grants	\$1,000	\$1,000	\$1,500

Statistics over the past 20 years show that pipelines have been getting safer; however, in the wake of a series of tragic pipeline accidents in 2010 - 2012, PHMSA has identified the need to do more to safeguard the American public and the environment. Nevertheless, challenges persist, and in certain respects, are mounting. 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 detail 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 unconventional energy resources like the Marcellus Shales and the need for increased transportation of natural gas to consumers.

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



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 – especially in light of PHMSA's discovery that poor quality steel made its way into the Nation's pipeline network. PHMSA engineers invest significant time and effort evaluating pipeline projects, as well as providing guidance to the industry as a whole.

The Secretary of Transportation's April 2011 "Call to Action" challenged pipeline operators to step up and repair, rehabilitate or replace high risk pipelines. Cast iron pipe lies beneath some of the country's oldest and largest locales and 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% of cast iron pipelines carrying natural gas are underground in Massachusetts, New Jersey, New York and Pennsylvania.

PHMSA inspectors have responded to help identify problem pipelines on federally regulated pipeline, as yearly inspection totals rose 46% in 2011 to 1,340. PHMSA research and development efforts have led to technology advancements that help identify and mitigate complex failure mechanisms on difficult to assess pipelines – before the pipeline fails. Preventing pipeline incidents due material weaknesses goes hand in hand with PHMSA's promotion of damage prevention activities and 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.



While a car can survive a dent and flaking paint, a pipeline with a dent of this significance (see left side) and deteriorating coating, requires immediate repair or replacement.

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 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. PHMSA may propose safety regulations of these pipelines in the

near future and is closely monitoring and urging construction and operational best practices. The twin tests of industry growth and pipeline vulnerabilities led PHMSA to embark on its Pipeline Safety Reform (PSR) initiative in 2011 to increase Federal and state resources, further research and development, and enhance information technologies capabilities. This multi-pronged effort is further expanding the number of inspectors while raising awareness and accountability among states and operators.

PHMSA is committed to reform; and through the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, P.L. 112-90, PHMSA will be able to heighten safety standards in FY 2013 but will still need the resources requested to make a significant impact for FY 2014. This is why the FY 2014 Budget request proposes the PSR initiative. The PSR expands the number of inspectors available to provide oversight to the system of pipelines and restructures the partnership between the Federal and state entities responsible for enforcement and compliance in managing pipelines. The following items will be contributing to the PSR effort:

- Increased funding for Pipeline Safety Inspection and Enforcement staff and Program Support Personnel to provide more robust inspection and enforcement oversight to the pipeline system.
- Increased funding for the State Pipeline Safety Grant Program to ensure standardization among all State pipeline safety programs.
- Establish an Accident Investigation Team that will review all pipeline accidents not reviewed by the National Transportation Safety Board.
- Increased funding for Research and Development. PHMSA intends to amend its project evaluation and decision process so there is reduced industry participation to ensure greater separation between the regulator and the regulated industry.
- Development of a National Pipeline Information Exchange to enable PHMSA to develop a comprehensive database of pipeline safety information that integrates information from PHMSA, states, industry, and other Federal sources.
- Increased funding in Public Outreach to establish a national awareness campaign to educate the public about pipelines when starting excavation projects.

The PSR is designed to bring new focus and resources to bear on reducing these risks. Moreover, the funding requested for the PSR initiative directly supports the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, P.L. 112-90. This Act mandates a variety of new studies and rulemaking designed to increase safety, environmental protection, and reliability in the transportation of the Nation's energy products by pipeline. Key among its many provisions, this Act:

- Increases the maximum civil penalties ceiling for violations of the Federal pipeline safety standards from \$100,000 to \$200,000 for each violation, and from \$1,000,000 to \$2,000,000 for a related series of violations.
- Calls for new detailed studies on safety valves, leak detection, implications of expanding "high consequence area" definitions, risk of gathering lines, cast iron pipe replacement, and implications of current exemptions from excavation damage prevention laws.
- Requires new pipeline safety standards for expansion of integrity management rules (after Congressional review), accident reporting, use of excess flow valves, and confirmation of safe operating pressure levels.

- Establishes new standards for state damage prevention programs to qualify for Federal grants, including effective enforcement by the states and participation by all underground facility operators and excavators.
- Authorizes the Department to be reimbursed for costs it incurs in conducting facility design safety reviews (including technical feasibility and construction oversight) for major new pipeline construction and expansion projects.

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

FY 2014 – Pipeline Safety Budget Request (\$000)

Fund	Program Activity	FY 2012 Enacted	FY 2013 Annualized CR	FY 2014 Request	Change FY 2012 – FY 2014
Pipeline Safety	Administrative Expenses	\$42,570	\$42,833	\$49,604	\$7,034
	Contract programs	\$7,287	\$7,330	\$20,400	\$13,113
	Research and Development	\$4,747	\$4,776	\$10,057	\$5,310
	Grants	\$37,075	\$37,295	\$56,439	\$19,364
Oil Spill Liability Trust	Administrative Expenses	\$300	\$300	\$300	\$0
	Contract programs	\$11,423	\$11,495	\$11,423	\$0
	Research and Development	\$2,173	\$2,186	\$2,173	\$0
	Grants	\$4,677	\$4,706	\$4,677	\$0
Total		\$110,252	\$110,921	\$155,073	\$44,821

In FY 2014, the Budget requests a total of \$155.073 million for Pipeline Safety, an increase of \$44.821 million above the FY 2012 enacted level of \$110.252 million. Approximately \$1.3 million of the requested increase covers baseline changes such as inflation, pay raises, and rent. Of this request, \$49.904 million is for salaries and benefits and other administrative expenses, such as travel, rent, training, the Working Capital Fund, supplies, and equipment. Salaries and benefits and other administrative expenses will support 242 FTEs comprised of inspectors, enforcement staff, standards and rulemaking personnel, pipeline safety specialists, attorneys, engineers, training staff, R&D staff, accident investigators, and support staff. The research and development (R&D) request in FY 2014 is \$12.23 million and \$61.116 million is for grants. The FY 2014 request for contract programs includes \$31.823 million, which is \$13.113 million above the FY 2012 enacted due to increases in the Information and Analysis budget line item for the National Pipeline Information Exchange (NPIX) Program, Pipeline Design Review and Community

Assistance and Technical Services. A modest upward adjustment of 0.5 percent for inflation applies to all contract programs, research and development, and grants, except Design Review and Information Grants to Communities.

FY 2014 Realignments: Net \$0

Realignments: (\$732,000) \$732,000 Net \$0

In prior years, funding was appropriated for PHMSA to streamline and facilitate the permitting of time-sensitive pipeline repairs. This solution was outside other agencies' existing procedures and was not widely used. Since funding for permitting is no longer necessary, PHMSA is requesting to realign the funds to Pipeline Integrity Management, where this funding will be more beneficial.

FY 2014 Adjustments to Base: \$1,312,000

2014 Pay Raise: 1.0 Percent, \$203,000

This adjustment to base provides funding from January 1, 2014 through September 30, 2014 for the proposed 1.0 percent pay raise that will be effective in January 2014.

GSA Rent: \$60,000

PHMSA maintains office space in its headquarters and regional offices throughout the United States for pipeline safety operations. This increase is due to inflation on existing properties as set by GSA.

Working Capital Fund: \$671,000

The Working Capital Fund (WCF) finances a range of administrative support services to DOT. This centrally managed account supports Department-wide functions, such as information technology, facilities, operational support, and personnel administration. Centralizing WCF administrative support functions has enabled DOT to achieve economies of scale, reduce costs and increase operational efficiencies, and has allowed DOT administrations to focus on and accomplish their goals. WCF allocates costs based on the service provided. Request levels are based on estimates provided by the WCF, is determined by the number of FTEs in each account, and actual usage costs (including inflation).

Non-pay Inflation: \$378,000

PHMSA relies upon contract support for certain goods and services. Price increases for goods and services during FY 2014 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA to execute its responsibilities in FY 2014.

FY 2014 Program Changes: \$42,840,000 and 54 FTP/ 27.0 FTE

Inspection and Enforcement Personnel: \$4,291,000 and 40 FTP/ 20.0 FTE

A growing industry along with pipeline infrastructure vulnerabilities necessitate additional PHMSA Inspection and Enforcement (I&E) personnel in FY 2014. PHMSA will request direct hire authority from the Office of Personnel Management to fill these critical positions. In particular, the pressing dangers of aging of 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. By the close of FY 2012, PHMSA had fulfilled the goal of hiring 135 inspection and enforcement staff, as cited in Section 31 of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011(P.L. 112-90, 125 STAT 1922).

This is a more modest request than the FY 2013 proposal of 60 FTEs due to PHMSA's efforts working through the challenges of filling vacancies. The Pipeline Safety Reform initiative requires additional staff for increased I&E activities, expansion of integrity management rules, new research and development studies, and new standards for damage prevention. To fill its vacancies PHMSA advertises on USA Jobs, 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 student loan repayment, hiring above minimum level, and creditable service for annual leave accrual.

State Pipeline Safety Grants: \$18,839,000 and 4 FTP/ 2.0 FTE

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

The funding will also focus on increasing State Inspection and Enforcement staff, at the discretion of the states. This grant program supports up to 80 percent of the cost of personnel, equipment and activities to carry out inspection and enforcement activities of intrastate pipeline facilities under a certification or agreement with the Secretary of Transportation or to act as the Secretary's agent with respect to interstate pipeline facilities.

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 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 these programs' baseline needs.

National Pipeline Information Exchange Program (NPIX): \$10,000,000

In FY 2014, PHMSA proposes to significantly expand the existing 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. This funding will allow PHMSA to expand existing and planned activities for its National Pipeline Information Exchange (NPIX), a national hotline, and an improved inspection module that utilizes risk models as its foundation. It includes defining common business rules, standardizing taxonomies for data, establishing data quality attributes and metrics to monitor and report on data quality performance, creating meta-data to support analytical interpretation of data, supporting the risk modeling activities, and ensuring transparency of data and information across PHMSA and its state partners. PHMSA will complete the requirements, design, and data integration activities with pilot states to support the State Data Integration component of the NPIX. This vital data sharing initiative will begin to provide both PHMSA and its state partners with a 360 degree view on the pipeline infrastructure. The data will drive the inspection, outreach, regulatory, enforcement, and other activities to assure the safe transportation of natural gas, petroleum, and other hazardous liquids. PHMSA will be able to incorporate 20 states into the NPIX and develop the necessary inspection components required

to enable the Common Inspection Capability (CIC), allowing states to utilize a CIC tool or upload their inspection results using defined standards.

Research and Development: \$5,448,000 and 2 FTP/ 1.0 FTE

Recent pipeline incidents have shown the need for increased research and development (R&D) resources to address critical safety issues raised by those episodes. Over the last decade R&D funding has not kept pace with the nation's needs and, therefore, the country is faced with gaps in its ability to employ assessment and repair technology on the highest risk pipe. The primary focus for R&D projects will be on those pertaining directly to pipeline safety and integrity. Main topics will be damage prevention; leak detection; anomaly detection and characterization; anomaly remediation and repair; and design, materials, and welding. Research into these areas will greatly help PHMSA understand causes, recognize symptoms, and develop methods to prevent pipeline damage and failures. PHMSA has already made advances in methods and materials used to repair pipelines in the field, reducing pipeline downtime while ensuring the repairs are made accurately and completely. Further projects include alternative fuels to promote new and cleaner forms of energy. The additional program funding of \$5.310 million over the FY 2012 actual will provide for these R&D projects. Increased R&D staff, at a cost of \$215 thousand, will ensure proper management and oversight of the projects.

Standards and Rulemaking/Enforcement Engineer: \$429,000 and 4 FTP/ 2.0 FTE

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) substantially increased requirements for many new regulations as well as amounts for 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. Increased activity due to the Pipeline Safety Reform created the need for more enforcement engineers. 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.

Accident Investigation Team: \$429,000, 4 FTP/ 2.0 FTE

The President's Budget is requesting \$429,000 for two accident investigator FTEs. The National Transportation Safety Board (NTSB) conducts accident investigations and holds hearings on selected major safety accidents. PHMSA participates as a party to these investigations, which are only a 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 four new positions to expand the Accident Investigation Team. These positions will augment its existing investigative staff to review more accidents, to hold hearings on noteworthy accidents, and to share lessons learned with operators in order to improve the safety of all pipeline operating companies.

Public Outreach: \$904,000

An additional \$904,000 is being requested for FY 2014 which will promote the ongoing national 811 awareness campaign to educate the public about the need to call 811 before starting a digging project. Excavation damage remains one of the primary causes of serious pipeline accidents today. This campaign will focus on enhancing the use of the "811 Call Before You Dig" message that's modeled after the successful "Click-it-or-Ticket" campaign used to encourage safety belt use. Funding the 811 campaign will allow PHMSA to educate people about pipelines in their communities before they start a digging project. It will target the Nation through television, radio

and print by using a combination of paid and free media. Such enhanced public outreach will extend the reach of the campaign. Data shows that since the implementation of 811, damage to underground facilities has decreased. PHMSA is the leader in advancing 811 through a national campaign. Additional dedicated resources will help ultimately increase PHMSA's safety performance.

Information Grants to Communities (also known as Technical Assistance Grants): \$500,000

The FY 2014 Budget request is the level authorized in the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90), which increased the program by \$500 thousand. This additional authorized \$500 thousand will foster dialogue, education and communication about pipeline transportation and encourage consideration of transportation options to address local land use and environmental changes. For example, a grant will be used to purchase a geographic information system to determine pipelines' locations within a local jurisdiction. Awareness of a pipeline's location will help prevent unintended damage that results from community development and construction activities. Communities also will use grants for the development of public education materials pertaining to pipeline safety and improving local pipeline emergency response capabilities.

Pipeline Design Review: \$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. PHMSA is responsible for reviewing the design of pipeline facilities for code compliance including material specifications, material manufacturing, and documentation.

What Is This Program?

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 consists of an energy transportation network of 2.6 million miles of pipelines. That's enough to circle the Earth about 100 times. These pipelines are 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 located 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, and 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 intrastate pipelines within their borders meet certain Federal regulatory standards. States conduct approximately 80 percent of inspections of pipelines under Federal authority, and they serve as agents of the Secretary of Transportation in inspecting facilities of interstate pipelines that cross state lines. Interstate pipelines refer to a pipeline or part of a pipeline that is used in interstate or foreign commerce, which are under Federal jurisdiction. Intrastate pipelines refer to a pipeline or part of a pipeline which, because they are not interstate pipelines, they are under state jurisdiction.

Working with teams of Federal, state, and 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. There is an average of six area regional drills annually to test how well operators prevent and would respond to oil spills. PHMSA expects to include oil spill-related technologies in its research agenda that is set by consensus of all stakeholders every two years.

FY 2012 Base:

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

The contract programs support the following line items:

- *Information and Analysis* --Through this program, PHMSA collects, manages, and analyzes safety and environmental data on incidents, inspections, and operators' systems to: (1) accurately assess risks and prioritize inspections; (2) identify safety measures that will reduce the likelihood of accidents; and (3) review the performance of operators. This data collection will help drive the inspection, outreach, regulatory, enforcement, and other activities to assure the safe transportation of natural gas, petroleum, and hazardous liquids. The FY 2012 funding was \$1.736 million.
- *Pipeline Integrity Management* -- Integrity management is PHMSA's primary strategy for the protection of people and infrastructure. It places the responsibility on operators to systematically identify and assess risks on their systems, develop plans and procedures to control risks, deploy resources against the worst risks first, and evaluate the effectiveness of risk control over time. It also involves PHMSA performing onsite inspections and reviewing pipeline operators' written plans, procedures, and program records. The FY 2012 funding was \$8.684 million.
- *Permitting* -- Funding is used to facilitate an expedited environmental permitting process for pipeline repairs. This includes electronically providing repair site location as well as facilitating the exchange of environmental data among permitting agencies and operators so repairs can be completed within the timeframes required by Federal pipeline safety regulations. PHMSA must also promote the same permitting coordination among a much larger number of State and local agencies. In FY 2012, the funding was \$728,000.

- *Compliance* --To supplement compliance efforts, PHMSA obtains outside assistance by contracting with experts to witness testing of pipeline repairs or review assessment reports. Such knowledge is essential for investigating unusual accidents, ensuring correct performance of remedial work, and observing new construction – all of which are extremely labor intensive and involve highly technical activities. This will allow PHMSA to ensure operators meet Federal standards, share lessons learned, and establish a consistent set of enforcement procedures that govern compliance. The funding in FY 2012 was \$319,000.
- *Training and Information Dissemination* --PHMSA procures contracts for instructional expertise experts to train state and Federal Inspection and Enforcement staff who routinely monitor the Nation’s approximately 3,000 pipeline operators and 2.6 million miles of pipelines. It takes an average of three years to fully train each pipeline inspector, followed by ongoing training requirements to keep inspectors up-to-date with advances in technology. The FY 2012 funding was \$1.485 million.
- *Emergency Notification* --This program supports the U.S. Coast Guard’s National Response Center – the single Federal reporting facility for oil, hazardous chemical, radiological, and pipeline incidents. The Coast Guard’s National Response Center operates 24 hours a day and immediately notifies PHMSA, the National Transportation Safety Board, and other responding agencies of qualifying pipeline incidents. In FY 2012, the funding was \$107,000.
- *Community Assistance and Technical Services (CATS)*--This activity will fund and maintain the national 811 awareness campaign – “Call Before You Dig.” It will focus on educating the public of the need to call 811 before starting any digging project, similar to the “Click-it-or-Ticket” campaign used to promote seat belt use. The CATS program is a regional program designed to meet the growing demand for enhanced stakeholder communications, to support damage prevention efforts, and to help facilitate permitting processes related to pipeline safety. The CATS mission is to advance public safety, environmental protection, and pipeline reliability by facilitating clear communications among all pipeline stakeholders, including the public, pipeline operators, and government officials. The FY 2012 funding was \$2.867 million.
- *Multimodal Hazmat Intelligence Portal* -- PHMSA contributes to the Multimodal Portal – a single DOT-wide data system designed to allow DOT operating agencies to integrate previously “stovepiped” databases, collaborate on risk management efforts, and monitor business processes, thereby addressing challenges identified by DOT and OMB. The system is the product of a coordinated Departmental effort to close information gaps, maximize collaborative and information sharing opportunities, and increase the effectiveness of enforcement activities. The portal will provide more reliable information on regulated companies and additional performance information on all entities that transport hazardous materials by pipelines as well as all other modes of transportation, including pipeline. The funding in FY 2012 was \$403,000.
- *Alternative Fuels* -- To promote living safely with alternative fuels, PHMSA evaluates how to transport ethanol products through existing pipelines, assesses mitigating strategies necessary to transport such products through existing lines, and the design of new pipelines to transport ethanol-rich products or “neat” ethanol. In FY 2012, the funding was \$102,000.

- *Mapping and Information Systems* -- PHMSA supports improved data quality and accessibility with this funding through integration of the National Pipeline Mapping System, with geospatial capability and improved state-by-state pipeline inventory information. This system helps PHMSA, states and operators identify and target high consequence areas in prioritizing safety measures and oversight. The FY 2012 funding was \$1.271 million.
- *Oil Pollution Act Implementation* -- PHMSA protects people and the environment by ensuring that pipeline operators can respond quickly to significant oil spills. Spill response planning is essential to reduce the environmental damage from pipeline oil spills. PHMSA: (1) reviews and approves operator spill response plans; (2) participates in spill response equipment deployment and tabletop exercises to observe and evaluate operator readiness to respond to oil spills from pipelines; and (3) conducts assessments and remediation of pipeline conditions which led to the spill. For FY 2012, the funding was \$1.008 million.

Apart from the Contract programs outlined above, the Pipeline Safety *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 implementing 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.

This program 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 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 the critical safety issues they raised. For FY 2012, the funding was \$6.920 million.

Finally, PHMSA provides *Grants* to support its state pipeline safety partners' inspection and enforcement programs, which, in turn, strengthen the safety of pipelines in American communities.

- *State Pipeline Safety Grants*. This funding will support standardization of all State Pipeline Safety grant programs and Federal safety oversight programs. For FY 2012, the funding was \$38.164 million.
- *State One-Call Grants*. These grants assist state agencies in promoting damage prevention, including changes already made to their state underground damage prevention laws, related compliance activities, training and public education. This program is for states that have a certification or agreement with PHMSA to do pipeline safety inspections, with a maximum request of up to \$45,000 per state. Activities include the procurement of one-call center computers and equipment for the "811 Call Before You Dig" outreach program. FY 2012 funding was \$1.058 million.



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

- *State Damage Prevention Grants.* These grants fund improvements in states to establish and improve existing comprehensive programs to prevent damage to underground pipelines. FY 2012 funding was \$1.530 million.
- *Information Grants to Communities (also known as Technical Assistance Grants).* These grants enable community entities and 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. For purposes of grants eligibility, communities are defined as cities, towns, villages, counties, parishes, townships, and similar governmental subdivisions, or consortiums of such subdivisions. FY 2012 funding was \$1.0 million.

FY 2012 Accomplishments

In FY 2012, PHMSA’s Office of Pipeline Safety (OPS) worked hard to anticipate and avert high consequence events through efforts in rulemaking, improving state programs, and promoting open communication with the public and industry stakeholders. Below are the FY 2012 accomplishments:

- Issued an Advanced Notice of Proposed Rulemaking regarding expanding the use of excess flow valves;
- Issued Notices of Proposed Rulemaking, that included an increase in civil penalty authority and initiation of Federal enforcement for state damage prevention programs, and six advisory bulletins;
- Catalogued and curtailed highest safety risks by increasing inspection and enforcement staff, leading to a decrease of case processing time from 737 days in 2009 to 441 days in 2012;
- Awarded 22 state damage prevention grants totaling approximately \$1.5 million;
- Promoted open communication for better understanding of risks and the means to address them, through emergency responder forums, Distribution Integrity Management program meetings, leak detection meetings, and other workshops;
- Supported the “811 Call Before You Dig” program, featuring PHMSA’s first ever public service announcement.

Anticipated FY 2014 Accomplishments

To continue making strides, PHMSA expects the following will be achieved with the FY 2014 budget request.

- Begin the National Pipeline Information Exchange Program, bringing the total number of states involved in the program to 20.
- Develop 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.
- Use geographic information system to locate and map pipelines, data can then be added to the National Pipeline Mapping System, providing an additional source of data to help prevent damage from excavation.
- Create pipeline safety public awareness materials to help communities become more familiar with emergency response preparedness.

- Improve integrity management oversight, and possibly revise regulations, based on a decade of lessons learned: Integrity management was first implemented for pipelines in 2002 and 2004 (liquid and gas pipelines, respectively).
- Update inspection module and use integrated inspection approach that incorporates reviews of all operation and maintenance procedures, abnormal and emergency procedures, and damage prevention and repair to assure a more risk-based, efficient and effective inspection program.
- Maintain 90% enforcement case overall closure rate.

Why Is This Particular Program Necessary?

Pipelines silently serve the vital economic lifeblood of our Nation's economy. With 2.6 million miles crossing nearly every state and countless communities, millions of Americans rely on their flawless operation. PHMSA stands guard between pipelines' uninterrupted delivery of energy and the chaos and potential tragedy that descends when a community is forced to live through a pipeline leak, rupture or explosion.

Over the past 20 years, pipeline incidents have decreased by nearly 8 percent. 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 Research and Development 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 other 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 services to the American public.

How Do You Know the Program Works?

PHMSA's day-to-day oversight work offers its own value. Yet its true successes arise from its proactive engagement to anticipate and prevent small problems from becoming big 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. In cooperation with the private sector, PHMSA's research and development program uses geographic information systems, infra-red and Lidar, to improve natural gas leak detection, reducing data collection and processing time from three to four weeks to one day.

PHMSA and its regulated community have experienced many challenges but have reduced the number of pipeline incidents with death or major injury to 40, which is lower than the 10 year average. Moreover, the number of spill incidents has decreased since 2002, from 153 to 85.

With the 2010 San Bruno, California pipeline explosion, 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 who contributes to an accident is drug and alcohol tested.

PHMSA is providing increased transparency for many aspects of pipeline safety enforcement. Communities can now log onto the PHMSA website¹ and review enforcement actions. PHMSA has also significantly upgraded its incident data availability and accuracy and is improving its “Stakeholder Communications” website.² This transparency not only increases public and stakeholder awareness and involvement, it incentivizes improved operator performance.

In May 2011, the Justice Department in partnership with the Department of Transportation (PHMSA) and the Environmental Protection Agency announced a \$25 million civil penalty against BP Exploration Alaska for its 2006 oil spill in Prudhoe Bay, Alaska (the largest per barrel penalty to date for an oil spill). The Pipeline Safety, Regulatory Certainty, and Job Creation Act (P.L. 112-90) then increased civil penalties as follows: the maximum penalty for violating pipeline safety standards increased from \$100,000 to \$200,000 for a single violation, and from \$1,000,000 to \$2,000,000 for a series of violations. As pipeline integrity management programs take hold, PHMSA intends to ensure operator accountability through strong, effective enforcement. Due to such efforts by PHMSA, pipeline owner/operators paid approximately \$5.9 million in civil penalties in 2012. These penalties are paid directly to Treasury and do not fund PHMSA.

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

Despite Pipeline Safety’s enviable safety record, challenges remain. 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 2014 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 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. 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. Specifically, PHMSA wants to press forward in reducing the risk of low probability, high consequence incidents, such as those that shattered San Bruno, CA, Marshall, MI and Allentown, PA. To address these issues, PHMSA is requesting an increased level of funding in FY 2014 to continue with the Pipeline Safety Reform initiative which will support pipeline safety with an

¹ <http://www.phmsa.dot.gov/pipeline/enforcement>

² <http://primis.phmsa.dot.gov/comm/>

additional 27 Federal FTEs; increase pipeline state inspections through additional grants; expand IT modernization and technology through the National Pipeline Information Exchange; expand national hotline activities; and modernize the Office of Pipeline Safety's inspection module.

Oil Spill Liability Trust Fund

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, [\$176,010,000] \$153,573,000, of which [\$21,510,000] \$18,573,000 shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2015] 2016; and of which [\$150,500,000] \$133,000,000 shall be derived [as provided in this Act] from the Pipeline Safety Fund, of which [\$90,735,000] \$83,396,000 shall remain available until September 30, [2015] 2016; and of which [\$4,000,000] \$2,000,000, to remain available until expended, shall be derived from the Pipeline Safety Design Review Fund, *as established in the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (Public Law 112-90)*.

Note: A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

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

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

	FY 2012 <u>Actual</u>	FY 2013 Annualized <u>CR</u>	FY 2014 <u>Request</u>	Change FY 2012- <u>FY 2014</u>
Operations	\$ 11,723	\$ 11,795	\$ 11,723	\$ 0
Research and Development	\$ 2,173	\$ 2,186	\$ 2,173	\$ 0
Grants	\$ 4,677	\$ 4,706	\$ 4,677	\$ 0
TOTAL	\$ 18,573	\$ 18,687	\$ 18,573	\$ 0

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)

Identification code 021-50-8121-0	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>
00.91 Total direct program	18,573	18,687	18,573
09.00 Total new obligations	18,573	18,687	18,573
BUDGETARY RESOURCES:			
10.00 Unobligated balance, brought forward, October 1	0	0	0
10.50 Total unobligated balance	0	0	0
Budget Authority:			
Appropriations, Discretionary:			
11.01 Appropriation (trust fund)	18,573	18,687	18,573
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts	0	0	0
11.21 Appropriations transferred from other accounts	0	0	0
11.60 Appropriation, Discretionary (Total)	18,573	18,687	18,573
Spending authority from offsetting collections, discretionary:			
17.00 Collected	0	0	0
17.01 Change in uncollected customer payments from Federal sources	0	0	0
17.50 Spending authority from offsetting collections, discretionary, total	0	0	0
19.00 Total budget authority	18,573	18,687	18,573
19.30 Total budgetary resources available	18,573	18,687	18,573
19.40 Unobligated balance expiring	0	0	0
19.41 Unexpired unobligated balance carried forward, end of year	0	0	0
19.51 Unobligated balance expiring (special and trust funds) (-)	0	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	0	0	0
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	0	0	0
19.54 Unobligated balance canceling (special and trust funds)	0	0	0
CHANGE IN OBLIGATED BALANCE:			
Unpaid Obligations:			
30.00 Unpaid obligations brought forward, October 1 (gross)	15,652	14,235	12,875
30.10 Obligations incurred, unexpired accounts	18,573	18,687	18,573
30.11 Obligations incurred, expired accounts	0	0	0
30.20 Outlays (gross)	-19,979	-20,046	-18,628
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	0	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts	-12	0	0
30.50 Unpaid obligations, end of year (gross)	14,235	12,875	12,820
Uncollected Payments:			
30.60 Uncollected customer payments from Federal sources, brought forward, October 1	0	0	0
30.61 Adjustments to uncollected customer payments, brought forward October 1	0	0	0
30.70 Change in uncollected customer payments from Federal sources, unexpired accounts	0	0	0
30.71 Change in uncollected customer payments from Federal sources, expired accounts	0	0	0
30.90 Uncollected customer payments from Federal sources, end of year	0	0	0
31.00 Obligated balance, start of year	15,652	14,235	12,875
32.00 Obligated balance, end of year	14,235	12,875	12,820
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
40.00 Budget authority, gross	18,573	18,687	18,573
Gross outlays:			
40.10 Outlays from new authority	5,330	9,156	9,101
40.11 Outlays from balances	14,648	10,890	9,528
40.20 Total outlays, gross	19,979	20,046	18,628
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources	0	0	0
40.33 Offsetting collections from non-Federal sources	0	0	0
40.40 Total offsets against gross budget authority and outlays	0	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts	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)	18,573	18,687	18,573
40.80 Outlays, net (discretionary)	19,979	20,046	18,628
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	18,573	18,687	18,573
41.90 Outlays, net (discretionary and mandatory)	19,979	20,046	18,628

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

Identification code 69-8121-0-1-407

		FY 2012	FY 2013	FY 2014
		Actual	Annualized CR	Request
Direct Obligations:				
94.0	Financial Transfers	\$18,573	\$18,687	\$18,573
99.9	Total new obligations	\$18,573	\$18,687	\$18,573

**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>	
2005	\$19,000,000	\$14,880,000	1/
2006	\$19,000,000	\$14,850,000	2/
2007	\$18,810,000	\$14,850,000	3//
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	3/ \$18,867,000	4/
2012	\$21,510,000	\$18,573,000	
2013	\$21,510,000		
2014	\$18,573,000		

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

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

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

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

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

FY 2014 Request – \$18.573 million
(Included in the Pipeline Safety Account)
(\$000)

Fund	Program Activity	FY 2012 Enacted	FY 2013 Annualized CR	FY 2014 Request	Change FY 2012 – FY 2014
Pipeline Safety	Administrative Expenses	\$42,570	\$42,833	\$49,604	\$7,034
	Contract programs	\$7,287	\$7,330	\$20,400	\$13,113
	Research and Development	\$4,747	\$4,776	\$10,057	\$5,310
	Grants	\$37,075	\$37,295	\$56,439	\$19,364
Oil Spill Liability Trust	Administrative Expenses	\$300	\$300	\$300	\$0
	Contract programs	\$11,423	\$11,495	\$11,423	\$0
	Research and Development	\$2,173	\$2,186	\$2,173	\$0
	Grants	\$4,677	\$4,706	\$4,677	\$0
Total		\$110,252	\$110,921	\$155,073	\$44,821

Overview:

The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to minimize oil spills into water and environmentally sensitive areas. 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.

Funding from the Oil Spill Liability Trust Fund is included in the Pipeline Safety request, and 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.

The FY 2014 funding request is the same as the FY 2012 actual level.

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, [\$50,673,000] \$51,801,000, of which [\$1,725,000] \$2,300,000 shall remain available until September 30, [2015] 2016: *Provided*, That amounts collected from special permits and approval fees established in this Act (estimated to be \$12,000,000 in fiscal year [2013] 2014), shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting receipts are received during fiscal year [2013]2014, so as to result in a final fiscal year [2013]2014 appropriation from the general fund estimated at [\$38,673,000] \$39,801,000: *Provided further*, That during fiscal year [2013]2014, should the total amount of offsetting receipts be less than \$12,000,000, this amount shall be reduced accordingly: *Provided further*, That any amount received in excess of \$12,000,000 in fiscal year [2013]2014 shall remain available until expended: *Provided further*, That up to \$800,000 in fees collected under 49 U.S.C. 5108(g) shall be deposited in the general fund of the Treasury as offsetting receipts: *Provided further*, That there may be credited to this appropriation, to be available until expended, funds received from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training, for reports publication and dissemination, and for travel expenses incurred in performance of hazardous materials exemptions and approvals functions.

Note: A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

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

	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>	Change FY 2012- FY 2014
Operations	\$ 40,622	\$ 40,871	\$ 49,501	\$ 8,879
Research and Development	1,716	1,726	2,300	584
<hr/>				
TOTAL	\$ 42,338	\$ 42,597	\$ 51,801	\$ 9,463
FTEs*				
Direct Funded	174.0	190.0	190.0	0.0*

**The change in FTE reflects the change between the FY 2012 enacted FTE level of 190 and the FY 2014 request of 190. No additional funding is requested in this account for FTE.*

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 for shippers; Communicating to transportation workers and emergency responders regarding the hazards of the 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 hazardous materials incidents through grant and outreach programs.

EXHIBIT III-1a

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Summary Analysis of Change from FY 2013 Annualized CR to FY 2014
Appropriations, Obligation Limitations, and Exempt Obligations**

<u>Hazardous Materials Safety</u>	<u>\$000</u>	<u>FTE</u>
FY 2013 Annualized CR	42,597	190.0
Adjustments to Base:		
2014 Pay Raise	173	0.0
Adjustment to Base Pay	1,746	0.0
GSA Rent	35	0.0
Working Capital Fund	(81)	0.0
Non-pay Inflation	70	0.0
Subtotal, Adjustments to Base	1,944	0.0
New or Expanded Programs		
IT Modernization – Hazmat Information Systems	2,000	0.0
Hazardous Materials Program Evaluations	1,500	0.0
Training and Outreach	1,195	0.0
Risk Management Framework – Research and Analysis	1,000	0.0
Investigation and Enforcement	1,000	0.0
Research and Development	565	0.0
Subtotal, New or Expanded Programs	7,260	0.0
Subtotal, Adjustments to Base and Program Changes	9,204	0.0
FY 2014 Request	\$ 51,801	190.0

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

Reduction in injuries or fatalities: Number of hazardous materials incidents involving death or major injury	2010	2011	2012	2013	2014
Target	22-36	22-34	22-34	21-33	20-32
Actual	18	34	26*		

**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 021-50-1401-0	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	42,197	46,349	51,801
08.01 Reimbursable	746	0	0
09.00 Total new obligations	42,943	46,349	51,801
BUDGETARY RESOURCES:			
10.00 Unobligated balance, brought forward, October 1	3,361	3,752	0
10.11 Unobligated balance transferred from other accounts	3	0	0
10.20 Adjustment to unobligated balance carried forward, October 1	383	0	0
10.21 Recoveries of prior year unpaid obligations	0	0	0
10.50 Total unobligated balance	3,747	3,752	0
Budget Authority:			
Appropriations, Discretionary:			
11.00 Appropriation	42,338	42,597	51,801
11.60 Appropriation, Discretionary (Total)	42,338	42,597	51,801
Spending authority from offsetting collections, discretionary:			
17.00 Collected	504	0	0
17.01 Change in uncollected customer payments from Federal sources	175	0	0
17.50 Spending authority from offsetting collections, discretionary, total	679	0	0
19.00 Total budget authority	43,017	42,597	51,801
19.30 Total budgetary resources available	46,764	46,349	51,801
19.40 Unobligated balance expiring	-69	0	0
19.41 Unexpired unobligated balance carried forward, end of year	3,752	0	0
CHANGE IN OBLIGATED BALANCE:			
Unpaid obligations:			
30.00 Unpaid obligations brought forward, October 1 (gross)	13,203	11,882	13,789
30.10 Obligations incurred, unexpired accounts	42,943	46,349	51,801
30.11 Obligations incurred, expired accounts	2,582	0	0
30.20 Outlays (gross)	-44,501	-44,442	-48,856
30.41 Recoveries of prior year unpaid obligations, expired accounts	-2,345	0	0
30.50 Unpaid obligations, end of year (gross)	11,882	13,789	16,734
Uncollected Payments:			
30.60 Uncollected customer payments from Federal sources, brought forward, October 1	100	-158	-158
30.61 Adjustments to uncollected customer payments, brought forward October 1	-383	0	0
30.70 Change in uncollected customer payments from Federal sources, unexpired accounts	-175	0	0
30.71 Change in uncollected customer payments from Federal sources, expired accounts	300	0	0
30.90 Uncollected payments, Federal sources, end of year	-158	-158	-158
31.00 Obligated balance, start of year	12,920	11,724	13,631
32.00 Obligated balance, end of year	11,724	13,631	16,576
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
40.00 Budget authority, gross	43,017	42,597	51,801
Gross outlays:			
40.10 Outlays from new authority	32,183	28,966	35,225
40.11 Outlays from balances	12,319	15,476	13,631
40.20 Total outlays, gross	44,501	44,442	48,856
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources	-890	0	0
40.33 Offsetting collections from non-Federal sources	-51	0	0
40.40 Total offsets against gross budget authority and outlays	-940	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts	-175	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts	436	0	0
40.60 Total additional offsets against budget authority only	261	0	0
40.70 Budget authority, net (discretionary)	42,338	42,597	51,801
40.80 Outlays, net (discretionary)	43,561	44,442	48,856
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	42,338	42,597	51,801
41.90 Outlays, net (discretionary and mandatory)	43,561	44,442	48,856

**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 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$16,745	\$18,064	\$19,587
11.3 Other than full-time permanent	573	0	0
11.5 Other personnel compensation	224	0	0
11.9 Total personnel compensation	\$17,542	\$18,064	\$19,587
12.1 Civilian personnel benefits	\$4,926	\$5,058	\$5,484
13.0 Benefits to former personnel	150	0	0
21.0 Travel and transportation of persons	1,386	1,745	1,754
22.2 Transportation of things	9	0	0
23.1 Rental payments to GSA	2,005	2,170	2,205
23.2 Rental payments to Others	22	0	0
23.3 Communications, utilities, and miscellaneous charges	351	405	407
24.0 Printing and reproduction	615	437	439
25.1 Advisory and assistance services	6,669	5,861	10,316
25.2 Other services	230	212	213
25.3 Other purchases of goods and services from government accounts	3,870	5,286	6,054
25.4 Operation and maintenance of facilities	0	0	0
25.5 Research and development contracts	1,574	5,478	2,300
25.7 Operation and maintenance of equipment	2,391	982	1,987
25.8 Subsistence & support of persons	0	0	0
26.0 Supplies and materials	193	123	124
31.0 Equipment	198	528	931
41.0 Grants, subsidies, and contributions	0	0	0
42.0 Insurance claims and indemnities	66	0	0
Subtotal, Direct obligations	\$42,197	\$46,349	\$51,801
99.0 Subtotal, Reimbursable obligations	746	0	0
99.9 Total new obligations	\$42,943	\$46,349	\$51,801

EMPLOYMENT SUMMARY

Direct:			
1001 Civilian full-time equivalent employment	174.0	190.0	190.0

**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	\$39,020,000	2/ & 3/
2012	\$50,089,000	\$42,338,000	
2013	\$50,673,000		
2014	\$51,801,000		

- 1/ Reflects reduction of \$261,380 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).
- 2/ Reflects the funding levels provided by a full-year continuing resolution.
- 3/ Reflects reduction of \$78,196 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

Detailed Justification for Hazardous Materials Safety

FY 2014 Request – \$51.801 million

What Do I Need To Know Before Reading This Justification?

PHMSA's Hazardous Materials Safety program oversees the safe transport of hazardous materials (hazmat) by air, rail, highway and water. The Hazardous Materials Safety program strives to frame its mission around **five Cs**. These five Cs are described in detail below:

(1) Classify

The Hazardous Materials Regulations (HMR) sets forth the procedures and criteria for shippers to determine the hazard class and proper shipping name of hazardous materials. When preparing shipping papers, additional requirements, such as providing the hazardous material's identification number and packing group, apply as well as other details depending on the material(s) being shipped.

(2) Contain

PHMSA evaluates, develops and prescribes the nationwide standards and specifications for containment packaging of hazardous materials in transportation. PHMSA monitors trends in the shipper and carrier industries, and prepares the hazmat transportation system for newly emerging vulnerabilities introduced by new, untested materials, new packaging technologies, and new overseas trading partners. PHMSA identifies safety-related problems by looking at patterns in packaging through extensive evaluation of available data. PHMSA then prioritizes those areas and activities posing the greatest risk. Continually pursuing additional relevant data sources, PHMSA will focus its enforcement and research resources on those packaging activities posing the greatest transportation risk.

Generally, the HMR specifies various performance levels for packaging of hazardous materials, based on the nature and level of hazards posed by the specific material. All packaging must be designed to ensure that under normal conditions of transportation there will be no release of the contents, and that the effectiveness of the packaging will not be substantially reduced by temperature changes expected during that particular package's transport.

(3) Communicate

Essential elements of hazard warning information are required to be communicated through shipping documents –shipping papers, package markings and labels, placards on transport vehicles and bulk packaging--both to minimize the likelihood of an incident, and reduce the consequences of a hazardous materials-related emergency.

- Markings and labels convey information on packages, such as the proper shipping name, the hazmat's identification number, and its hazard class. These markings and labels are used by shippers and carriers to ensure compliance with loading and stowage requirements designed to prevent potentially dangerous situations that may occur with incompatible hazardous materials, or to prevent contamination of food, feed, or other edible materials.
- Hazard warning placards and identification numbers communicate a readily visible warning that hazardous materials are present. These warnings are displayed on the outside of motor vehicles, freight containers, and bulk packaging. These types of visual cues can be critical to emergency responders in mitigating the impacts of a hazardous materials incident.

- The offeror must provide the carrier an emergency telephone number as well as information concerning immediate hazards to health, risks of fire or explosion, urgent precautions to be taken in event of an incident, immediate methods for handling fires, initial methods for handling spills or leaks in the absence of fire, and preliminary first-aid measures. Furthermore, the emergency response telephone number must be that of a person who is either knowledgeable about the hazardous material and has comprehensive emergency response and incident mitigation information for that material, or has instant access to a person who possesses such knowledge.

(4) Compliance

PHMSA enforces the regulations to ensure compliance with safety and security standards. Inspections are the primary way to achieve compliance. PHMSA has primary jurisdiction over approximately 300,000 known unique hazmat shippers, carrier and testing entities, as well as exclusive jurisdiction over the design and manufacture of hazmat packaging, including cylinders, related to design standards, maintenance and testing.

Numerous Department of Transportation resources are also readily available to assist offerors, carriers, packaging manufacturers and other persons in understanding particular requirements of the HMR. PHMSA operates a 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 community.

(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 training and planning grants to States, Territories, and American Indian tribes for emergency response. The purpose of this \$28.3 million grant program is to increase their effectiveness in safely and efficiently handling hazardous materials incidents, enhance implementation of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA), and encourage a comprehensive approach to emergency training and planning by incorporating the unique challenges of responses to hazmat situations. Funding is also provided to support national nonprofit organizations with expertise in conducting training programs for hazmat employees. This program's budget is separate from that of Hazardous Materials Safety and can be found in the *Emergency Preparedness Grants* section of this document.

The Hazardous Materials Safety program budget request for FY 2014 also implements the requirements of the Moving Ahead for Progress in the 21st Century Act (MAP-21) (P.L. 112-141). This reauthorization legislation, enacted in July 2012, has identified several areas for improvement. Specifically, MAP-21 requests;

- Enhancements in the Special Permit and Approvals program and conversion of special permits into the HMR;
- More robust enforcement of the HMR through hazardous material enforcement training programs for investigators and inspectors and increased civil penalties;
- Expansion of the hazardous materials technical assessment, research and development, and analysis programs to evaluate new materials and technologies in a more global hazardous materials marketplace; and
- Improvements in data collection, analysis, and reporting.

During FY 2014, PHMSA intends to streamline its regulatory regimen; address emerging safety

issues; and enhance operations to more efficiently carry out its mission. The FY 2014 budget focuses on implementing a comprehensive analytical foundation through the Hazardous Materials Risk Management Framework (RMF). The RMF intends to identify the risks posing the greatest threats in hazmat transportation.

PHMSA will rely on RMF-developed methodologies and new, risk-based data models to continue building a strong safety record and improve the overall effectiveness in setting program priorities including drafting rules, targeting inspections, measuring performance and communicating with stakeholders. Among other things, the RMF will help PHMSA identify potential safety strategies and make well-informed, data-driven decisions that direct the agency’s resources toward reducing these risks.

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

**FY 2014 – Hazardous Materials Safety Budget Request
(\$000)**

Program Activity	FY 2012 Actual	FY 2013 Annualized CR	FY 2014 Request	Change FY 2012 – FY 2014
Administrative Expenses	\$ 32,173	\$ 32,370	\$ 34,263	\$ 2,126
Contract Programs	7,680	7,727	14,460	6,744
Hazmat Registration Program	769	774	778	9
Research and Development	1,716	1,726	2,300	584
Total	\$ 42,338	\$ 42,597	\$ 51,801	\$ 9,463

The FY 2014 Budget request is \$51.801 million for Hazardous Materials Safety, an increase of \$9.463 million over the FY 2012 level. An increase of \$1.746 million is requested to fully pay for the staff provided in FY 2012, while \$234,000 is for inflation, GSA rent, and pay raises. As a result, this request includes \$34.299 million for salaries and benefits and other administrative expenses such as travel, rent, training, the Working Capital Fund, supplies, and equipment. Salaries and benefits and other administrative expenses will now be able to support the existing 190 FTEs comprised of investigators, transportation specialists, attorneys, chemists, approvals and permits staff, trainers, R&D staff, and support staff. Out of the total request, \$778,000 is for the Hazardous Materials Registration program, and \$2.3 million is for research and development.

The FY 2014 request includes \$14.424 million for contract programs, a \$6.7 million increase above the FY 2012 level.

FY 2014 Adjustments to Base: \$1,944,000

2014 Pay Raise: 1.0 Percent, \$174,000

This adjustment to base provides funding from January 1, 2014 through September 30, 2014 for the proposed 1.0 percent pay raise.

Adjustment to Base Pay: \$1,746,000

PHMSA requests an increase of \$1,746,000 to fully fund current FTEs.

GSA Rent: \$35,000

PHMSA maintains office space in its headquarters and regional offices throughout the United States for hazardous materials safety operations. This increase is due to inflation on existing properties as set by GSA.

Working Capital Fund: (\$81,000) reduction

The Working Capital Fund (WCF) finances a range of administrative support services to DOT. This centrally managed account supports Department-wide functions, such as information technology, facilities, operational support, and personnel administration. Centralizing WCF administrative support functions has enabled DOT to achieve economies of scale, reduce costs and increase operational efficiencies, and it has allowed DOT administrations to focus on and accomplish their goals. WCF allocates costs based on the service provided. Request levels are based on estimates provided by the WCF--determined by the number of FTEs in each account and on actual usage costs (including inflation).

Non-pay Inflation: \$70,000

Funding is requested at the non-pay inflation rate of 0.5 percent to account for anticipated price increases for contracted goods and services in FY 2014.

FY 2014 Program Changes: \$7,260,000 and 0 FTP/ 0.0 FTE

IT Modernization – Hazmat Information Systems: \$2,000,000 and 0 FTP/0 FTE

The FY2014 request includes a \$2.0 million increase for the design and implementation of a “One-Stop Shop” information and services portal. The portal will serve as a single access point for data, information, and vital business services (e.g., special permits, approvals, incident reporting, etc.) for PHMSA, modal partners, industry, and the public. The portal is an integral part of the overall PHMSA Modernization strategy in support of the Hazmat program. *More details on the IT Modernization Plan can be found in Section II.*

Envisioned as a true enterprise portal, PHMSA’s design will include user customization, user communities, dashboards and reporting as well as advanced search capabilities. Once implemented, users will be able to access all services in one interface. The portal will support the following three primary constituencies:

1. PHMSA – The PHMSA portal will be the primary delivery mechanism for all services and capabilities available to PHMSA staff. This will include all newly developed capabilities provided through PHMSA’s IT Modernization as well as legacy systems and services currently operating in siloed environments. The legacy systems will be integrated into the portal along with the newly developed services/modules. The portal, its services and associated data will be made available in one location (thus the “One-Stop Shop” idea), so that persons or business units can have easy access to ultimately speed and strengthen decision support.
2. Modal Business Partners – The portal will provide the Federal Railroad Administration (FRA), Federal Aviation Administration (FAA), U.S. Coast Guard (USCG), and the Federal Motor Carrier Safety Administration (FCSMA) secure and centralized access to the necessary resources for safety and compliance-related activities. These activities include the review of applications, permits and fitness data; collaboration on enforcement activities; and on-demand access to integrated safety data to guide risk management agendas. The portal will also enable

PHMSA and modal partners the ability to share inspection itineraries and will provide integrated dashboard reporting services from the Hazardous Materials Intelligence Portal (HIP).

3. Industry and the Public – The portal will be the single access point for industry and the public to access data and information and apply for services (i.e., special permits, approvals, etc.). External customers will have the ability to register for an account, create a profile, and subscribe to alerts (e.g., notification when new data is available, a special permit is about to expire, an approval has been issued, etc.). Upon verification of the identity and authorization of the person registering, the user will have access to view and manage applications and initiate other available services.

Hazardous Materials Program Evaluations: \$1,500,000 and 0 FTP/0 FTE

The FY 2014 Budget requests \$1.5 million to conduct assessments that will enable PHMSA to better utilize all available data collection, analysis, and information systems. Through this review, PHMSA will be able to improve the process of accident and incident reporting and to ensure those forms are accurate and complete, and incorporate additional information from local officials and media reports. In addition, funding will help evaluate the Hazardous Materials Safety program's ability to maintain and sustain the safety record that has been achieved and to continue to reduce the risk of transporting hazmat. With this funding, PHMSA will continue to strengthen program data quality and audit hazardous materials programs, processes, and procedures to improve overall program effectiveness.

Training and Outreach: \$1,195,000 and 0 FTP/ 0 FTE

Requested funding will help implement a stronger Special Permits and Approvals outreach plan and continue external communications efforts as the Special Permits and Approvals processes are refined and improved. Specifically, the plan will include international outreach to address compliance of fireworks and lithium battery shipments exported to the U.S. This includes translating brochures and messages into various foreign languages including Chinese to communicate PHMSA requirements to manufacturers of fireworks and lithium batteries. Funding will also focus on organizing the Hazardous Materials Emergency Preparedness (HMEP) grants program by providing increased on-site support to grantees; facilitating streamlined and automated grant administration; developing and implementing improved business processes and improved outreach; and improving customer service, efficiency, transparency and accountability.

Research and Analysis - Risk Management Framework: \$1,000,000 and 0 FTP/ 0.0 FTE

While PHMSA has decades of experience utilizing risk and data analysis in its program planning and decision-making, PHMSA is formally establishing a five-year, four-phased approach using the Risk Management Framework (RMF). This organization-wide methodology will help identify, assess, manage, and monitor new and emerging hazmat transportation risks. The data and analysis generated through the RMF will drive program priorities, improve detection of emerging risks, target prevention activities, and evaluate the effectiveness of safety programs.

Phase 1 (two years) consists of background research and the formulation of a risk model of the hazmat safety system over highways. Phase 2 will focus on rail hazmat safety, and will begin the incorporation of updates to Phase 1. Phase 3 will focus on airborne hazmat safety, and Phase 4 will analyze risks in vessel transport.

The FY 2014 request would provide funding for the second year of Phase 1.

At the end of Phase 1, PHMSA will possess data-informed means to:

- Identify the principal risk factors in hazmat transportation;
- Create a common understanding of the hazmat risk landscape;
- Clarify the levels of risk tolerance relative to hazmat transportation;
- Improve data collection and quality control;
- Provide tools for performance and risk monitoring; and
- Encourage commitment from key stakeholders.

Investigation and Enforcement: \$1,000,000 and 0 FTP/ 0.0 FTE

The FY 2014 request includes an additional \$1 million to expand the Systems Integrity Safety Program (SISP). The SISP enhances and improves safety and security outcomes through stakeholder partnerships. PHMSA's enforcement teams conduct reviews, and then provide recommendations to the participants in the agreement, to provide a level of safety in excess of that required under the HMR. So far, the Systems Integrity Safety Program has proved effective by successfully reducing risk and increasing public safety. Aside from the enforcement increases, program funds are also used to procure administrative support for its five regional offices engaged in compliance and oversight.

Research and Development: \$565,000 and 0 FTP/ 0.0 FTE

Requested funding is to address the five R&D program priorities established and developed in FY 2011. The priorities are:

- (1) Package Integrity - additional funding will support more research to prevent and reduce hazmat incidents resulting from package failures through improving standards related to manufacturing, testing, evaluating, and inspections.
- (2) Risk Management and Communication - additional funding will allow broader research to reduce the probability of domestic and global hazmat incidents.
- (3) Emerging Technologies - additional funding will help to identify, analyze and develop technologies to improve hazmat transportation safety.
- (4) Technical Analysis of Risks - additional funding will allow more prevention research and analysis to reduce the probability of hazmat incidents within the transportation system. Funding will also help identify gaps within the hazmat program to drive hazmat policy development and changes.
- (5) Human Factors - additional funding will allow PHMSA to further improve the safety aspects concerned with the transportation of hazmat through human factors management research.

Aside from the priorities listed on the previous page, the Hazardous Materials Safety program is performing significant research to minimize and remove vulnerabilities from the transportation of hazardous materials in two areas: transportation of large format lithium batteries and electronic shipping papers. The Paperless Hazard Communications Pilot program, an initiative recommended in the Moving Ahead for Progress in the 21st Century Act (P.L. 112-141, also referenced as "MAP-21") under Sec. 33005 will demonstrate the feasibility of electronic shipping paper systems. The goal of the pilot is to provide an equivalent or better level of safety compared to the current paper requirement, therefore facilitating commercial efficiency while maintaining and possibly enhancing safety.

What Is This Program?

Overview:

PHMSA's Hazardous Materials Safety program sets standards and requirements for the safe transportation of hazardous materials. 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 hazardous materials by air, rail, vessel, and highway. Hazardous Materials Safety achieves its goals through: evaluating hazardous materials transportation safety risks; developing and enforcing standards for transporting hazmat; providing compliance assistance to hazardous materials shippers and carriers; offering assistance to state and local emergency responders and law enforcement officials; investigating hazardous materials incidents and failures; conducting research; and awarding grants to improve emergency response to incidents.

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 Hazardous Materials Regulations (HMR) is the nation's baseline safety standard for hazmat transportation and the foundation of PHMSA's Hazardous Materials Safety program. The HMR addresses hazardous materials 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 hazardous materials for shipment or transport.

The HMR is designed to achieve three goals:

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



A hazardous materials worker checks for radioactivity using a Geiger counter.

The Hazardous Materials Safety program relies upon all available agency tools to assess data and evaluate alternative safety strategies, including regulatory strategies as necessary and appropriate.

Outreach to enhance public education is another tool used to promote safety outcomes. Through training seminars and workshops, PHMSA is able to increase industry awareness and helps businesses locate resources needed to comply with the HMR and provided technical assistance to the emergency response and planning community. The Outreach program also presents unique challenges through the Hazardous Materials Transportation – State and Local Education (HMT-SALE) initiative, to emergency responders, emergency planners, enforcement personnel, and other state and local

government agencies. The HMT-SALE program provides a means to share information on hazardous materials transportation safety and security issues, identify training needs, and to capitalize PHMSA resources to meet State and local government education needs.

Rulemakings are another part of the Hazardous Materials Safety program's tools. Part of PHMSA's mission efforts 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 will 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, including those packed with or contained within equipment.

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 2014, PHMSA will continue incorporating special permits into the HMR.

To increase stakeholder accessibility and keep the public up to date on the latest training and increase stakeholder accessibility, PHMSA 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.

PHMSA uses social media to share safety information with the public and the hazmat community. PHMSA's social media is followed 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. PHMSA has also used social media to publicize the 2012 *Emergency Response Guidebook (ERG)* by targeting 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. *(For more details on the ERG, refer to the FY 2012 Base of the Emergency Preparedness Grants section)*

FY 2012 Base:

In FY 2012, the enacted budget was \$42.338 million for the Hazardous Materials Safety program. Of this total, \$32.173 million was enacted for personnel compensation and benefits for 190.0 FTEs and other administrative operating activities. These expenses include: travel for inspections, outreach, training, public meetings, and site visits; training and professional development of staff; supplies and equipment; communications; administrative support services; GSA rent; and DOT's Working Capital Fund (WCF).

Hazardous Materials Safety's contract programs are cross-cutting efforts that support the overall safety objectives that fulfill public and environmental safety. In FY 2012, PHMSA received \$7.680 million in funding for these contract programs to assist the Office of Hazardous Materials Safety in achieving its goals. In addition, \$769,000 was enacted for the hazmat registration program. Hazardous Materials Safety's research and development efforts strive to identify and better understand the inherent risks in transporting hazmat. Primarily, the initiatives focus on applied research. The program has used these funds to improve safety by studying and evaluating emerging

issues and technologies to allow staff to apply Federal resources where they will be most effective. In FY 2012, PHMSA received \$1.716 million in funding for research and development.

Program Descriptions

The Hazardous Materials Safety Contract Programs (*See Hazardous Materials Safety Exhibit II-6 in Section II for Budget line items*) support the following activities:

Hazmat Information System (HMIS) - PHMSA procured services to develop and maintain this transactional system that supports day-to-day operations in most divisions, and is used for performance measurements. These include verification of incident reports, Special Permit and Approval applications workflow, and registration management. The FY 2012 funding was \$1,952,000.

Research and Analysis – Funds in this program were aimed toward analyzing accidents and incidents involving transportation of hazmat. Other funds within this budget line item were used to help PHMSA procure project-specific technical and statistical analysis support to work on new and modified regulations according to OMB directives. These include identification of industry-specific data to measure risk exposure, factors to estimate risk reduction, and costs on industry likely to be impacted by rulemakings. The FY 2012 funding was \$424,000.

Investigation and Enforcement -- The growth in the global marketplace for hazardous materials, including imports of materials like fireworks, lithium batteries and radioactive-contaminated cargo, continued to add new logistical challenges to investigations. U.S. consumption of fireworks alone increased significantly in recent years, growing from 152 million pounds in 2000 to 234 million pounds in 2011. Most of the increased supply originated from China.¹

Program funds were used to expand the Systems Integrity Safety Program (SISP). This program allows PHMSA investigators to partner with companies to review their supply and distribution channels, identify vulnerabilities, and incorporate changes outside of the normal enforcement protocols. Other program funds procured administrative support for the five regional offices engaged in compliance and oversight. The FY 2012 funding was \$1,773,000.

Rulemaking Support -- Program funds are used to communicate regulatory changes and Safety Advisory Notices to the public via Federal Register notices. These funds also pay for contract support to the Hazardous Materials Information Center, through which PHMSA provides advice on regulatory requirements. The FY 2012 funding was \$393,000.

Training and Outreach -- The Training and Outreach program provides for the development of educational publications, instructional CDs, and online training to hazardous materials shippers. In FY 2013, PHMSA is scheduled to conduct 26 hazmat workshops across the country. The FY 2012 funding was \$991,000.

Emergency Preparedness -- This account supports the U.S. Coast Guard's National Response Center, which distributes alerts to state and local response agencies about reports of hazardous materials accidents. The FY 2012 funding was \$868,000.

¹ <http://www.americanpyro.com/pdf/Fireworks-Consump-Figures-2000-11.pdf>

Multimodal Hazmat Intelligence Portal -- PHMSA integrates information from over 20 unrelated Federal data systems into the Hazmat Intelligence Portal (HIP), an intelligence fusion center that integrates hazmat inspection, incident, regulation, and a penalty database. The HIP supports enforcement targeting and program prioritization. The FY 2012 funding was \$1,279,000.

Hazardous Materials Registration -- Federal hazardous material transportation law (49 U.S.C. 5101 et seq., federal hazmat law) requires offerors and transporters of certain hazardous materials, including hazardous wastes, to file a registration statement with the U.S. Department of Transportation and to pay an annual registration fee. The funds collected through fees support grants to states and American Indian tribes for emergency response planning and training and funding for certain professional organizations for training purposes through the Hazardous Materials Grants program. The FY 2012 funding was \$769,000.

Research and Development (R&D) – The R&D program is used to guide policies, underpin rulemakings, advance training, research data, develop and enhance innovations, and address complex risk issues. As detailed above, there are currently five priorities for research and development.

Many of the Office of Hazardous Materials' programs and policies crafted more than a half century ago need to be updated to meet the demands of today's transportation needs. The amount (tonnage) of hazardous materials shipped by all modes increased by about 25% from 1997-2007, while the value of these shipments (adjusted for inflation) doubled.² These changes demonstrate a greater dependency on the efficiency and effectiveness of the safe transportation of hazardous materials. Certainly, many of the Office of Hazardous Materials' programs and policies crafted more than a half century ago need to be updated meet the demands of today's transportation needs. In fact, human error is the fourth most-cited cause of failure for hazmat incidents. The Office of Hazardous Materials Safety has listed this human interaction as a research priority.

An effective transportation safety program requires continuous evaluation, revitalization, and updating to address modern risks. The implementation of the R&D program is another tool to address the ever-changing needs of the safe transportation of hazardous materials. The FY 2012 funding was \$1,716,000.

FY 2012 Accomplishments

In FY 2012, the Hazardous Materials Safety program published 16 rulemakings that focused on modernizing the program's regulatory system, eliminating barriers to compliance, regulatory harmonization, stakeholder petitions and recommendations, and preventing high-risk incidents. In addition, PHMSA has published nine notices since 2011, including Safety Advisories that communicate critical safety information to stakeholders and the general public about emerging hazmat risks.

In FY 2012, the Field Operations Hazardous Materials Safety Assistance Team (HMSAT) conducted two multi-modal (Southern Region Office - Atlanta, GA in June, and Central Region Office – Painesville, OH in September) and numerous hazardous materials workshops.

Furthermore, the Hazardous Materials Investigations and Enforcement division conducted 2,170 inspections, 11% more than performed in FY 2011. In fact, several of these inspections involved the transportation and storage of consumer fireworks, and PHMSA inspectors discovered troubling trends related to these activities, including a lack of understanding of applicable Federal regulatory requirements covering packaging, hazard communication, training, and driver qualifications. This

² U.S. Dept. of Transportation, Bureau of Transportation Statistics Commodity Flow Surveys 1997-2002 and 2002-2007.

discovery resulted in several investigation and enforcement actions. PHMSA also issued a Safety Advisory Notice in early 2012 to update the industries about the requirements.

Anticipated FY 2014 Accomplishments

- Address newly emerging safety, efficiency, and economic competitiveness issues;
- Continue the incorporation of special permits into the HMR. PHMSA is on-target to meet the goals and objectives of MAP-21 Sec. 33012(c); and
- Partially deploy the Risk Management Framework and begin producing sophisticated models of incidents' causes and effects.

Why Is This Particular Program Necessary?

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 network³. 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 hazardous materials 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 hazardous materials 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 Emergency Preparedness Grants section*].

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 hazardous materials 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 percent over the past decade.

Nonetheless, the globalization of the U.S. economy presents fresh challenges. New products surrounded by novel packaging and coming from unfamiliar ports of call raise the premium for safety. Without the Hazardous Materials Safety program positioned to anticipate and act on the inevitable, everyday difficulties that arise, the safe and virtually uninterrupted flow of hazardous materials across the United States will be threatened.

³ http://www.bts.gov/publications/commodity_flow_survey/

How Do You Know the Program Works?

In 2012, 26 reported hazardous materials incidents resulted in a fatality or serious injury in the United States. While *any* death or injury is unacceptable, the risk to the American public is extremely low relative to the volume of hazardous materials shipped, when compared to other causes of accidental death.

PHMSA has established key performance indicators (KPIs) to provide frequent performance management and general status information to the Office of Hazardous Materials Safety's Associate Administrator, managers and staff. KPIs are used to detect issues early and provide opportunities for management adjustment as well as to identify best practices and the ability to disseminate them across the organization. KPIs are linked to the RMF in that both are performance-monitoring activities; however, they do not overlap completely. KPIs include indicators of safety performance (such as deaths, injuries, and evacuations), which are also relevant to risk assessment and management, but KPIs also encompass operational targets such as special permit processing and funds allocation.

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 serious hazardous materials transportation incidents,, PHMSA has made great strides to improve and enhance its Hazardous Materials Safety program. It is acting on the findings and recommendations of a program review conducted by the U.S. House of Representatives Transportation and Infrastructure Committee staff and audits by the U.S. Department of Transportation's Office of the Inspector General on the Hazardous Materials Safety Special Permits and Approvals program.

Specifically, PHMSA plans to:

- Continually improve hazardous material data collection, analysis, and reporting as called for in the MAP-21 legislation;
- Perform technical assessments and research and development to strengthen decision making capabilities when setting domestic and international standards; and
- Provide safety and compliance assistance to the hazardous materials safety community.

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

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Emergency Preparedness (EP) Grants

EMERGENCY PREPAREDNESS GRANTS

(EMERGENCY PREPAREDNESS FUND)

For necessary expenses to carry out 49 U.S.C. 5128(b), \$188,000, to be derived from the Emergency Preparedness Fund, to remain available until September 30, [2014]2015: *Provided*, That not more than \$28,318,000 shall be made available for obligation in fiscal year [2013]2014 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.

Note.--A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

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

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

	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>	Change FY 2012 Enacted - <u>FY 2014</u>
Operations	\$ 1,385	\$ 1,527	\$ 2,073	\$ 555
Grants	\$ 16,631	\$ 26,964	\$ 26,245	\$ -555
TOTAL	\$ 18,126	\$ 28,491	\$ 28,318	\$ 0
FTEs				
Direct Funded	0.0	0.0	0.0	0.0

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

Reduction in injuries and fatalities: Number of hazardous materials incidents involving death or major injury	2010	2011	2012	2013	2014
Target	22-36	22-34	22-34	21-33	20-32
Actual	18	34	26*		

**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
PROGRAM AND FINANCING
(In thousands of dollars)

Identification code 021-50-5282-0	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>
00.01 Emergency Preparedness Grants	16,686	21,933	21,800
00.02 Competitive Training Grants	3,472	4,024	3,445
00.03 Supplemental Training Grants	1,000	1,006	1,000
00.04 Technical Assistance	0	151	150
00.05 Emergency Response Guidebook	650	629	625
00.06 Training Curriculum Guidelines	180	189	188
00.07 Administrative Expenses	555	558	1,110
00.08 Program Support	0	0	
00.91 Total direct program	22,543	28,491	28,318
08.01 Reimbursable program		0	0
09.00 Total new obligations	22,543	28,491	28,318
BUDGETARY RESOURCES:			
10.00 Unobligated balance, brought forward, October 1	188	188	188
10.21 Recoveries of prior year unpaid obligations	4,425	0	0
10.50 Total unobligated balance	4,613	188	188
Budget Authority:			
Appropriations, Discretionary:			
11.01 Appropriation (special fund)	188	189	188
11.60 Total appropriation (discretionary)	188	1	188
Appropriations, Mandatory:			
12.01 Appropriation (special fund)	29,870	28,302	28,130
12.35 Appropriations precluded from obligation	2,024 *	0	0
12.60 Total Appropriation (mandatory)	31,894	28,302	28,130
Spending authority from offsetting collections, discretionary:			
17.00 Collected	0	0	0
17.01 Change in uncollected customer payments from Federal sources	0	0	0
17.50 Spending authority from offsetting collections, discretionary, total	0	0	0
Spending authority from offsetting collections, mandatory:			
18.24 Spending authority from offsetting collections precluded from obligation	-13,956 *	0	0
18.50 Spending authority from offsetting collections, mandatory, total	-13,956	0	0
19.00 Total budget authority	18,126	28,303	28,318
19.30 Total budgetary resources available	22,739	28,491	28,506
19.40 Unobligated balance expiring	-8	0	0
19.41 Unexpired unobligated balance carried forward, end of year	188	188	188
19.50 Other balances withdrawn (special and trust funds)			
19.51 Unobligated balance expiring (special and trust funds)	-8	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	189	189	189
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	189	189	189
19.54 Unobligated balance canceling (special and trust funds)	-8		188
CHANGE IN OBLIGATED BALANCE:			
Unpaid Obligations:			
30.00 Unpaid obligations brought forward, October 1 (gross)	39,207	40,072	22,837
30.01 Adjustments to unpaid obligations, brought forward, October 1	4,534	0	0
30.10 Obligations incurred, unexpired accounts	22,543	28,491	28,318
30.11 Obligations incurred, expired accounts	0	0	0
30.20 Outlays (gross)	-21,779	-45,727	-25,525
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	-4,425	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts	-8	0	0
30.50 Unpaid obligations, end of year (gross)	40,072	22,837	25,630
Uncollected Payments:			
30.60 Uncollected customer payments from Federal sources, brought forward, October 1	0	0	0
30.61 Adjustments to uncollected customer payments, brought forward October 1	0	0	0
30.70 Change in uncollected customer payments from Federal sources, unexpired accounts	0	0	0
30.71 Change in uncollected customer payments from Federal sources, expired accounts	0	0	0
30.90 Uncollected customer payments from Federal sources, end of year	0	0	0
31.00 Obligated balance, start of year	43,741	40,072	22,837
32.00 Obligated balance, end of year	40,072	22,837	25,630
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
40.00 Budget authority, gross	188	1	188
Gross outlays:			
40.10 Outlays from new authority	0	70	70
40.11 Outlays from balances	0	53	53
40.20 Total outlays, gross	0	122	122
Additional offsets against gross budget authority only:			
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
40.70 Budget authority, net (discretionary)	188	1	188
40.80 Outlays, net (discretionary)	0	122	122
Mandatory:			
40.90 Budget authority, gross	17,938	28,302	28,130
Gross outlays:			
41.00 Outlays from new authority	1,735	10,472	10,408
41.01 Outlays from balances	20,044	35,132	14,994
41.10 Total outlays, gross	21,779	45,605	25,403
41.60 Budget authority, net (mandatory)	17,938	28,302	28,130
41.70 Outlays, net (mandatory)	21,779	45,605	25,403
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	18,126	28,303	28,318
41.90 Outlays, net (discretionary and mandatory)	21,779	45,727	25,525

* Line 12.35 and Line 18.24 are added together in MAX.

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

Identification code 021-50-5282-0	FY 2012	FY 2013	FY 2014
	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$110	\$365	\$363
11.3 Other than full-time permanent			
11.5 Other personnel compensation	0	0	0
11.9 Total personnel compensation	<u>\$110</u>	<u>\$365</u>	<u>\$363</u>
12.1 Civilian personnel benefits	\$36	\$102	\$102
13.1 Benefits to former personnel	25	0	0
24.0 Printing and reproduction	0	629	625
25.1 Advisory and assistance services	279	0	705
25.2 Other services	180	0	0
25.3 Other purchases of goods and services from government accounts	754	431	278
41.0 Grants, subsidies, and contributions	<u>25,239</u>	<u>26,964</u>	<u>26,245</u>
Subtotal, Direct obligations	26,624	28,491	28,318
99.5 Below Reporting Threshold	<u>1,385</u>	<u>1,527</u>	<u>2,073</u>
99.9 Total new obligations	\$26,624 *	\$28,491	\$28,318

EMPLOYMENT SUMMARY

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

*Due to prior year recoveries, this figure does not match to MAX.

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

Identification code 021-50-5282-0	FY 2012	FY 2013	FY 2014
	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
Unexpended balance, start of year			
01.00 Balance, start of year	\$20,352	\$27,093	\$27,093
01.90 Adjustments - add'l receipts needed for prior year adjustment of obligations	(5,191)	0	0
01.99 Total balance, start of year	<u>15,161</u>	<u>27,093</u>	<u>27,093</u>
Receipts:			
02.20 Emergency Preparedness Fund	30,058	28,491	28,318
04.00 Total balances and collections	<u>45,219</u>	<u>55,585</u>	<u>55,411</u>
Appropriations:			
05.00 Emergency Preparedness Grants	(30,058)	(28,491)	(28,318)
05.01 Emergency Preparedness Grants	11,932	0	0
05.99 Total Appropriations	<u>(18,126)</u>	<u>(28,491)</u>	<u>(28,318)</u>
87.99 Balance, end of year	\$27,093	\$27,093	\$27,093

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

**Emergency Preparedness Grants
(Obligation Limitation)**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>	
2005	\$14,300,000	\$14,298,400	1/
2006	\$14,300,000	\$14,298,000	2/
2007	\$28,328,000	\$14,283,000	3/
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		
2014	\$28,318,000		

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

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

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

Detailed Justification for Hazardous Materials Emergency Preparedness Grants

FY 2014 Request – \$28.318 million

What Do I Need To Know Before Reading This Justification?

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. 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 \$28.318 million per year. SAFETEA-LU also authorized grants to nonprofit hazardous materials employee organizations to train hazardous materials instructors. Besides distributing several kinds of grants, the 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. (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 assistances to public sector employees through training and planning grants to States, Territories, and American Indian tribes for emergency response.

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

FY 2014 – Hazardous Materials Emergency Preparedness Grants Budget Request (\$000)

Program Activity	FY 2012 Actual	FY 2013 Annualized CR	FY 2014 Request	Change FY 2012 Enacted* – FY 2014
Operations	\$ 1,385	\$ 1,527	\$ 2,073	\$ 555
Grants	\$ 16,631	\$ 26,964	\$ 26,245	\$ -555
Total	\$ 18,126	\$ 28,491	\$ 28,318	\$ 0

**The FY 2014 budget request is the obligation limitation level authorized in SAFETEA-LU and reauthorized in MAP-21.*

In FY 2014, PHMSA’s request remains the same as \$28.318 million for the HMEP grants program. The Operations amount of \$2,073 million includes an increase of \$555,000 compared to FY 2012 Enacted in administrative expenses. Other expenses in this total include the oversight and technical assistance costs, the publication of the Emergency Response

Guidebook, and the Training Curriculum Guidelines. The \$26.245 is exclusively for the Grants.

FY 2014 Program Net Changes, \$0

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

PHMSA is proposing 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 Hazardous Materials Grant Program Oversight Initiative proposes the addition of three major components 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.

Consolidation of five independent IT Systems: These systems are Grants.gov, PHMSA Grants Portal, Hazardous Materials Intelligence Portal (HIP), Delphi Accounting System, and SharePoint. With the major components and systems in place, PHMSA will be able to streamline and automate grant administration; develop and implement improved business processes and improved outreach; improve customer service, efficiency, transparency and accountability.

Business analysis contractor support: The Business Analysis (BA) function provides program level expertise dedicated to assisting in continually introducing programmatic improvements. The BA contractor will perform needs assessments, document user requirements for IT developers, and assist in drafting any needed Standard Operating Procedures (SOPs) associated with new processes and systems.

Increased onsite support to Grantees: The Hazardous Materials Grant Program systems are designed to help accept applications and reports from its 70 grantees. Funds will also support the Grant Staff, which is comprised of Specialists who work directly with the grantee community to provide program guidance, monitor payments to third parties, answer questions and monitor grantee performance. Grant Specialists efforts are committed to administration and oversight of Hazardous Materials Grants.

The requested additional administrative funds will significantly benefit grantees by reducing the amount of time spent on reporting output data and submitting paperwork related to expenditures. Currently, grantees are required to submit various data through different channels such as email, grants.gov, PHMSA's grants portal, and Delphi. With additional funds, the program will strive to 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. Grantees will benefit from timely and seamless reporting on accounting transactions, project and contract information, proposed and actual unit goals, beneficiary information, and performance measures. In addition, less time spent on reporting requirements would increase the amount of time that grantees spend on program administration and carrying out its hazmat training and planning goals.

The Operational projects in this account are mentioned below:

- *Emergency Response Guidebook, \$625,000*

About every four years, PHMSA develops, publishes, and distributes an updated version of its Emergency Response Guidebook (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.

- *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.



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.

- *Oversight Support, \$555,000*

The Hazmat Grant Program Oversight

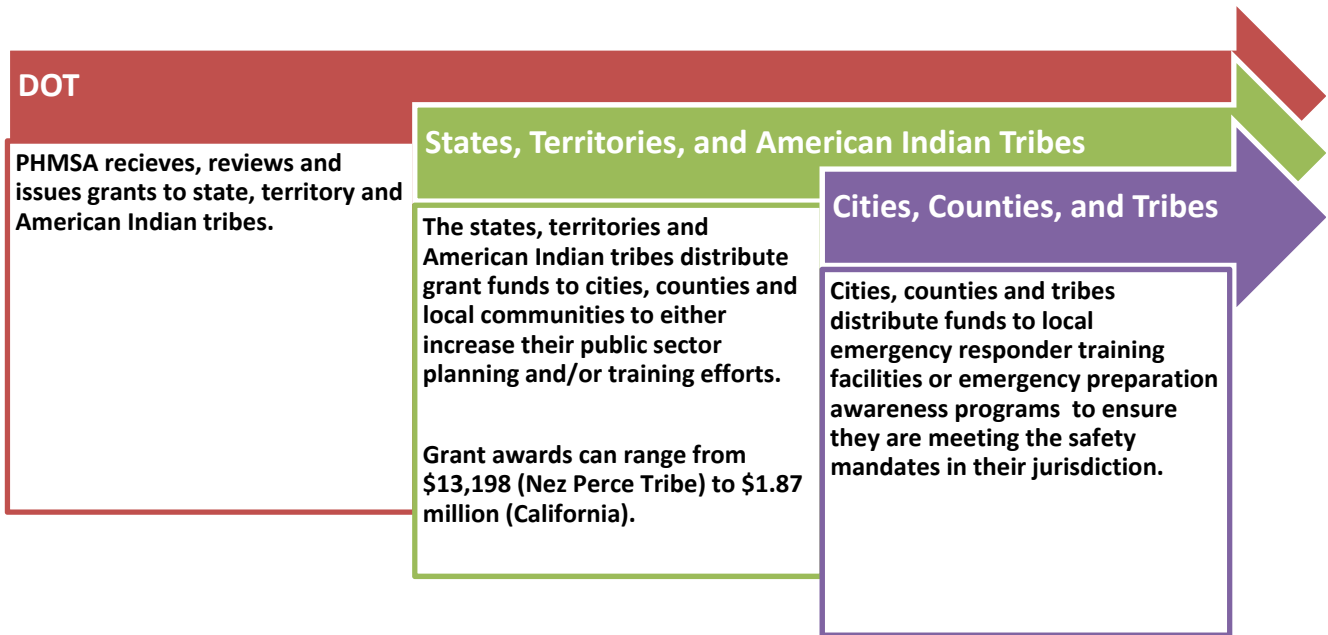
Initiative requires 8 staff to conduct regular on site monitoring visits each year to ensure that programmatic policies and federal regulations are being adhered to. In addition, to onsite visits, the program also conducts annual risk assessments and desk audits as a mechanism to evaluate which grantees, if any, should be deemed high risk. Lastly, the program strengthens its oversight capabilities by ensuring that all grant specialists and program staff receive training and requisite certifications to ensure that the program is administered using best practices for federal grants management.

The Grants included in this request are:

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

The \$21.8 million for training and planning grants is distributed among the states via a formula that factors in the state's size, number of highway miles, and number of chemical facilities. The 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 process of the HMEP grants is outlined in the graphic below.



- *Hazardous Materials Instructor Training (HMIT) grants, \$3.4 million*
The Hazardous Materials Instructor Training 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 employee organizations demonstrating expertise in conducting “train the trainer” programs.

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 employee groups solely engaged in firefighting. 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?

The Hazmat grant 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. Registration fees also fund the publication and distribution of the Emergency Response Guidebook (ERG). More than 99 percent of the \$28.318 million for the Emergency Preparedness Grants program is mandatory spending.

Recent Hazmat Emergency Grant Program Accomplishments:

Hazardous Materials Emergency Preparedness

In 2011, more than 100,000 emergency responders were trained using HMEP funds. HMEP grantees train to the National Fire Protection Association (NFPA) 472 standard, which is the standard of competence for responders to hazardous materials and weapons of mass destruction incidents. By supporting a standardized, accepted, and proven program for use by all grantees, PHMSA ensures a higher level of efficacy of grantee training programs. Through this program's data collection, states have the ability to target specific training needs and planning activities. The data collection will continue to guide the HMEP program to develop new and improve on current hazmat training plans. The FY 2012 funding was \$21,800,000.

Hazardous Materials Instructor Training

Grantees reported approximately 1,276 trainers completed training during the latest data collection cycle (FY 2010- FY 2011). Instructor training programs allow new trainees to access various information outlets to get details on course offerings, schedules, training locations, and pertinent contact information. For instance, the International Brotherhood of Teamsters (IBT) developed a website for their training program to help with research. Additionally, IBT developed a private group on Facebook that allows instructors and mentors to post ideas and activities, as well as pose questions for mentors. This integration of real-time technology and ease of information access allows for immediate dissemination of information on an as-needed basis. The FY 2012 funding was \$4,000,000.

Supplemental Public Sector Training

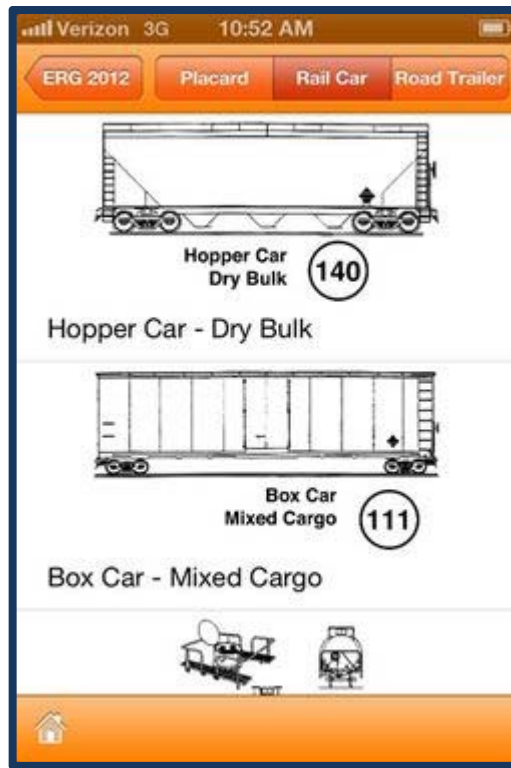
The 2011 SPST grant was awarded to the International Association of Fire Fighters (IAFF) to fund and increase the number of hazmat emergency response trainers nationwide. IAFF is a nationwide non-profit organization whose members are engaged solely in firefighting, rescue, and emergency medical services.

The IAFF has demonstrated its ability to develop and coordinate HMEP instructor training, deliver it to target populations, and subsequently evaluate short- and long-term knowledge retention. For 2011, IAFF conducted 15 Instructor Training or "Train the Trainer" classes and 34 Supportive Teaching Sessions which involved training a total of 881 emergency responders for 16,378 hours. The FY 2012 funding was \$1,000,000.

Emergency Response Guidebook

In 2012, PHMSA distributed approximately 2.2 million copies of the guidebook to firefighters, emergency medical technicians and law enforcement officers across the nation. This number reflects an increase of 200,000 guidebooks from 2008. In addition to distributing the guidebook, PHMSA partnered with the National Institutes of Health/National Library of Medicine to expand access to the ERG by producing ERG2012 mobile smartphone

applications. The applications allow first responders access to the *ERG* straight from these portable devices. The ERG2012 application was made available free to the public in January of 2013. A new “*How to Use the ERG*” training video has been posted to PHMSA’s web site. The FY 2012 funding was \$625,000. (See pictures of application screenshots below¹ from <http://fastlane.dot.gov> Archives, January 2013).



FY 2014 Anticipated Accomplishments:

- Increase outreach to raise tribal awareness of the grant program and tailor training curriculum to meet their unique needs. With an increased outreach effort, PHMSA believes that more than the current number of tribes (9) with HMEP grants will apply and use these funds for emergency preparedness.
- Launch a new interactive training module accessible via the web for grantees based on the NFPA 472 standard.
- Implement a progress report for grantees to submit on a quarterly basis along with SF-270 statements. This will enable the grant program to verify the progress of grantees and address any potential issues before the performance period ends.

Why Is This Particular Program Necessary?

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. Training statistics indicate that responders are being trained to higher competency levels, which further enhances their abilities to respond safely and effectively to hazardous

¹ <http://fastlane.dot.gov/2013/01/hazmat-emergency-theres-an-app-for-that-first-responders-emergency-response-guidebook-now-available-.html#more>

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 grant 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 11 million copies of the ERG have been published and distributed to date 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.

How Do You Know the Program Works?

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. To date, 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, 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 Emergency Response Guidebook, 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.

PHMSA also has established key performance indicators (KPIs) to provide frequent performance management and general status information to the Office of Hazardous Materials Safety Associate Administrator, managers and staff. KPIs are used to anticipate issues and opportunities for management adjustment, as well as to spot best practices and disseminate them across the organization.

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

The HMEP grants program requires \$28.318 million to maintain current safety operations and services. The program leverages Federal resources with local, state and private assets to support the nation's emergency responders.

Operational Expenses

OPERATIONAL EXPENSES

(PIPELINE SAFETY FUND)

(INCLUDING TRANSFER OF FUNDS)

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, [\$21,047,000] \$21,654,000, of which \$639,000 shall be derived from the Pipeline Safety Fund: *Provided*, That [\$1,000,000] \$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.

Note.--A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

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

	FY 2012 <u>Actual</u>	FY 2013 <u>Annualized CR</u>	FY 2014 <u>Request</u>	Change FY 2012- FY 2014
Operations	\$ 20,360	\$ 20,491	\$ 20,154	\$ (206)
TOTAL	\$ 20,360	\$ 20,491	\$ 20,154	\$ (206)
FTEs*				
Direct Funded	68.5	70.0	70.0	0.0
Reimbursable	2.0	11.0	11.0	0.0

**The change in FTE reflects the change between the FY 2012 enacted FTE level of 70 and the FY 2014 request of 70. No additional funding is requested in this account for FTE.*

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. These support organizations within PHMSA 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 2013 ANNUALIZED CR TO FY 2014
Appropriations, Obligation Limitations, and Exempt Obligations**

<u>Operational Expenses</u>	<u>\$000</u>	<u>FTE</u>
FY 2013 Annualized CR (reflects \$1.0 million transferred to Pipeline Safety for Information Grants to Communities)	20,491	68.5
FY 2013 Adjustments (Includes Annualization of FY 2012 FTE):	287	1.5
FY 2014 Adjustments to Base:		
2014 Pay Raise	78	0.0
GSA Rent	16	0.0
Working Capital Fund	(769)	0.0
Non-pay Inflation of 0.5%	38	0.0
Subtotal, FY 2014 Adjustments to Base	(624)	0.0
Subtotal, FY 2013 and FY 2014 Adjustments to Base	(337)	1.5
FY 2014 Request (reflects \$1.5 million transferred to Pipeline Safety for Information Grants to Communities)	\$20,154	70.0

EXHIBIT III-2

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION OPERATIONAL EXPENSES

ANNUAL PERFORMANCE RESULTS AND TARGETS

The Operational Expenses account assists the Pipeline Safety and the Hazardous Materials Safety 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)**

	FY 2012	FY 2013	FY 2014
	Actual	Annualized CR	Request
Identification code 021-50-1400-0			
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	20,303	20,491	20,154
08.01 Reimbursable program	228	0	0
09.00 Total new obligations	20,530	20,491	20,154
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	0	0	0
10.50 Total unobligated balance	0	0	0
Budget Authority:			
Appropriations, Discretionary:			
11.00 Appropriation	20,721	20,848	21,015
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts	-1,000	-1,000	-1,500
11.21 Appropriations transferred from other accounts	639	643	639
Adjustments to appropriations:			
11.30 Appropriations permanently reduced			
11.60 Appropriation, Discretionary (Total)	20,360	20,491	20,154
Spending authority from offsetting collections:			
Discretionary:			
17.00 Collected	395	0	0
17.01 Change in uncollected customer payments from Federal sources	84	0	0
17.50 Spending authority from offsetting collections, discretionary, total	479	0	0
19.00 Total budget authority	20,839	20,491	20,154
19.30 Total budgetary resources available	20,839	20,491	20,154
19.40 Unobligated balance expiring	-309	0	0
CHANGE IN OBLIGATED BALANCE:			
Unpaid Obligations:			
30.00 Unpaid obligations brought forward, October 1 (gross)	4,925	6,997	6,504
30.01 Adjustments to unpaid obligations, brought forward, October 1	0	0	0
30.10 Obligations incurred, unexpired accounts	20,530	20,491	20,154
30.11 Obligations incurred, expired accounts	1,083	0	0
30.20 Outlays (gross)	-18,464	-20,983	-20,262
30.40 Recoveries of prior year unpaid obligations, unexpired accounts	0	0	0
30.41 Recoveries of prior year unpaid obligations, expired accounts	-1,077	0	0
30.50 Unpaid obligations, end of year (gross)	6,997	6,504	6,396
Uncollected Payments:			
30.60 Uncollected customer payments from Federal sources, brought forward, October 1	282	53	53
30.61 Adjustments to uncollected customer payments, brought forward October 1	-159	0	0
30.70 Change in uncollected customer payments from Federal sources, unexpired accounts	-84	0	0
30.71 Change in uncollected customer payments from Federal sources, expired accounts	13	0	0
30.90 Uncollected payments, Federal sources, end of year	53	53	53
31.00 Obligated balance, start of year	5,048	7,050	6,557
32.00 Obligated balance, end of year	7,050	6,557	6,449
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	20,839	20,491	20,154
Gross outlays:			
40.10 Outlays from new authority	14,491	13,934	13,705
40.11 Outlays from balances	3,973	7,050	6,557
40.20 Total outlays, gross	18,464	20,983	20,262
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources	-408	0	0
40.40 Total offsets against gross budget authority and outlays	-408	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts	-84	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts	12	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	-72	0	0
40.70 Budget authority, net (discretionary)	20,360	20,491	20,154
40.80 Outlays, net (discretionary)	18,056	20,983	20,262
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	20,360	20,491	20,154
41.90 Outlays, net (discretionary and mandatory)	18,056	20,983	20,262

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

Identification code 021-50-1400-0	FY 2012	FY 2013	FY 2014
	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$6,632	\$8,009	\$8,234
11.3 Other than full-time permanent	575	0	0
11.5 Other personnel compensation	75	0	0
11.9 Total personnel compensation	<u>\$7,282</u>	<u>\$8,009</u>	<u>\$8,234</u>
12.1 Civilian personnel benefits	2,033	2,242	2,306
13.0 Benefits to former personnel	25	0	0
21.0 Travel and transportation of persons	92	57	59
23.1 Rental payments to GSA	711	966	1,005
23.2 Rental payment to others	8	0	0
23.3 Communications, utilities, and miscellaneous charges	123	262	272
25.1 Advisory and assistance services	1,337	897	909
25.2 Other services	178	196	220
25.3 Other purchases of goods and services from government accounts	2,373	2,644	1,889
25.7 Operation and maintenance of equipment	5,323	5,106	5,131
26.0 Supplies and materials	113	38	46
31.0 Equipment	704	74	83
Subtotal, Direct obligations	<u>\$20,302</u>	<u>\$20,491</u>	<u>\$20,154</u>
99.0 Subtotal, Reimbursable obligations	228	0	0
99.9 Total new obligations	<u>\$20,530</u>	<u>\$20,491</u>	<u>\$20,154</u>

EMPLOYMENT SUMMARY

Direct:			
1001 Civilian full-time equivalent employment	68.5	70.0	70.0
Reimbursable:			
2001 Civilian full-time equivalent employment	2.0	11.0	11.0

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

Operational Expenses

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
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	\$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/	
2014	\$20,154,000 5/	

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 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 2014 Request – \$20.154 million

What Do I Need To Know Before Reading This Justification?

PHMSA's Operational Expenses program plays a vital role by providing support services to Pipeline Safety and Hazardous Materials Safety offices toward their smooth operation in fulfilling PHMSA's mission.

PHMSA plans to continue its efforts to support the President's Executive Order – Promoting Efficient Spending (November 9, 2011) -- by identifying specific cost-savings in both information technology operations and conference expenses through the following initiatives:

- Transition to a Common DOT SharePoint 2010 Shared Service: PHMSA has realized savings of \$40,000 by leveraging the Shared Service opportunity. The \$40,000 comes from eliminating two servers and the server hosting charges at the DOT Data Center.
- Co-locating Data Center Management Services with National Highway Traffic Safety Administration (NHTSA): PHMSA and NHTSA are actively collaborating to establish a Vignette Shared Service capability. In FY 2013, PHMSA estimates that eliminating redundant hardware and lowering hosting charges for the data center will save \$88,000. PHMSA does not expect software savings, as the current licenses will be transitioned to the Shared Service for continued use. Additional savings may be realized due to pooling of contractor resources.
- Cutting Conference Costs: PHMSA has focused on reducing conference costs through the increased use of video technology, by hosting more conferences in-house, shortening conferences length, and by making better use of less costly government-owned facilities. These cost reduction efforts are expected to net savings of over \$400,000 since FY 2010.

PHMSA plans to reinvest the \$128,000 savings from IT mentioned above into the expansion of the Departmental SharePoint 2010 platform and the Content Management Shared Service with NHTSA for increased social media interaction. Conference savings will be reinvested into mission-critical activities.

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

FY 2014 – Operational Expenses – Budget Request (\$000)

Program Activity	FY 2012 Actual	FY 2013 Annualized CR	FY 2014 Request	Change FY 2012 – FY 2014
Administrative Expenses	\$ 15,155	\$ 15,248	\$ 14,885	\$ (270)
Contract Programs	\$ 5,205	\$ 5,243	\$ 5,269	\$ 64
Total	\$ 20,360	\$ 20,491	\$ 20,154	\$ (206)

In FY 2014, PHMSA requests a total of \$20.154 million for Operational Expenses, a decrease of \$206,000 from the FY 2012 Enacted amount of \$20.360 million. Out of the FY 2014 request, \$14.885 million is for salaries and benefits and other administrative expenses, and \$5.269 million is for contract programs.

Salaries, benefits and other administrative expenses support 70 FTEs, comprised of the senior management team, (which ranges from the Administrator and Deputy Administrator to the Chief Safety Officer and the Public Affairs Director) as well as other positions such as attorneys, public affairs specialists, program evaluation economists, accountants, budget analysts, human resources specialists, and contract specialists.

FY 2013 Annualization of FY 2012 FTE: \$287,000/ 1.5 FTE

In FY 2013 Operational Expenses will annualize the 1.5 FY 2012 Enacted FTEs for \$287,000.

FY 2014 Adjustments to Base: \$ -624,000

2014 Pay Raise 1.0 Percent: \$78,000

This adjustment to base provides funding from January 1, 2014 through September 30, 2014 for the proposed 1.0 percent pay raise that will be effective in January 2014.

GSA Rent: \$16,000

PHMSA maintains office space at headquarters and in its regional offices throughout the United States to conduct pipeline inspections as well as hazardous materials safety operations. This increase is due to inflation on existing properties as set by GSA.

Working Capital Fund (Reduction): - \$756,000

In order to properly align PHMSA working capital fund expenses with actual spending, this account is reducing their contribution since the Pipeline Safety and Hazardous Materials Safety programs are the two primary programs responsible for sustaining the agency's portion of Working Capital Fund.

Non-pay Inflation: \$38,000

PHMSA relies upon contract support for certain goods and services. Price increases for goods and services during FY 2014 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA to execute its responsibilities in FY 2014.

What Is This Program?

Overview:

PHMSA's Operational Expenses account supports the Administrative offices discussed below. Each of these offices provides essential oversight or services 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 transportation of hazardous materials in commerce. 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 broad portfolio of responsibilities.

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

Office of the Chief Counsel – The Office of Chief Counsel serves as the principal legal officer and advisor for PHMSA. This office is responsible for legal oversight of the pipeline safety 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 safety and hazardous materials violations.

The Office of Governmental, International, and Public Affairs – The Office of Governmental, International, and Public Affairs promotes public and government understanding of PHMSA programs, activities, policies, and strategies through a variety of mediums including, social media such as Twitter. This office also coordinates all PHMSA international activities to ensure consistency with departmental international initiatives.

Civil Rights Office – 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. The Civil Rights intern program is also funded through this office.

Associate Administrator for Administration/Chief Financial Officer – The Associate Administrator for Administration 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 Resource Management Services – The Chief Information Officer’s (CIO) division supports PHMSA’s goals and objectives through information technology (IT). PHMSA’s Office of the CIO provides agency-wide 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 Office of Human Resources (HR) 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-competes when due, and safeguards that inherently governmental functions are not being performed by contractors. Furthermore, the division strives 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.

FY 2012 Base:

In FY 2012, a total of \$20.360 million was enacted for this account. Of this, \$15.155 million was requested for personnel compensation and benefits for 68.5 FTE and other administrative expenses including: training and employee development, travel, GSA rent, communications and utilities, printing, the DOT’s Working Capital Fund, accounting and accounting services, and supplies and equipment.

Also included in the FY 2012 budget was \$5.205 million for programs including: the civil rights intern program, information resource management, information technology infrastructure, and e-government initiatives.

FY 2012 Accomplishments

For FY 2012, the Operational Expenses program evaluated itself in order to make improvements through finding savings, identifying and reducing waste, and improving data capabilities instead of creating new systems.

During Fiscal Year 2012, the Civil Rights Office conducted two Diversity Leadership and Communication Skills trainings in-house for management and staff as well as a PHMSA-wide training on DOT's core values.

Within the information technology realm, PHMSA has greatly improved its data quality. With the OCIO's expertise, the Office of Pipeline Safety was able to achieve its National Pipeline & Liquid Nitrogen Gas (LNG) Operator Registry/Validation/Notifications initiative. The OCIO also helped fund and assist the Office of Hazardous Materials Safety program with their Special Permits modules initiative. These new data collection capabilities used innovative IT approaches to include both self-service and guided user interfaces while simultaneously enforcing quality standards to improve data product. Each initiative was supported by data automation and concrete reporting tools that significantly strengthened PHMSA's decision support capacity.

In addition, PHMSA confronted areas where it could cut waste. For example, PHMSA's petroleum use in 2012 for 60 vehicles (33 Alternative Fuel Vehicles and 2 Hybrid Vehicles) resulted in a 20.0% reduction from the 2005 petroleum use baseline, thereby achieving PHMSA's 2015 target three years early.

Furthermore, in accordance with the President's cost savings initiative, PHMSA launched a FY 2012 Workspace Consolidation. This initiative implemented a double occupancy per workspace for contract employees and, thus, delayed the need to secure additional space. This has resulted in a cost savings of approximately \$30,000 per workspace.

In FY 2012, PHMSA achieved its 135 pipeline inspectors on-board goal set by Congress in the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011. For FY 2013 and FY 2014, the Human Resources (HR) office will continue to support the Pipeline Safety Reform initiative through direct hire authority, which will reduce hiring difficulties significantly.

Program Descriptions

The Operational Expenses Contract Programs (*See Operational Expenses Exhibit II-6 in Section II for Budget line items*) support the following activities:

- *Civil Rights (Intern Program)* –The Civil Rights Intern Program allows PHMSA to actively participate in an Equal Employment Opportunity initiative by sponsoring a training and mentoring program for students seeking careers in diversity management in government from Historically Black Colleges and Universities. The FY 2012 funding was \$30,000.
- *Information Resources Management* –Through this program, the Office of the Chief Information Officer (OCIO) funds and maintains current information technology program licenses, subscriptions, and manages the daily operations of the PHMSA OCIO. The FY 2012 funding was \$818,000.
- *Information Technology Infrastructure* –The OCIO collaborates with the Pipeline Safety and Hazardous Material Safety offices to fund large IT projects such as the Intermodal Hazmat Intelligence Portal effort, the Pipeline Mapping and Information System, and the

IT Modernization initiative. The OCIO works primarily with the Office of the Secretary of Transportation (OST) internally but also with external organizations to ensure PHMSA has the best and most modern tools available to succeed in its safety mission. Contractor support is used to provide operations and maintenance services for legacy systems as well as application development services for new business requirements. With this funding, PHMSA will complete and implement new data modules, begin requirements and planning phases of the Incident Reporting framework, and provide the agency and its modal partners a 360 degree view of shippers and carriers. The FY 2012 funding was \$4,251,000.

- *E-Government Initiatives* – The E-Government initiatives are a DOT and/or Government-wide efforts to carry out the Integrated Acquisitions Environment (IAE) initiative through payments made to GSA. The IAE is funded directly through this line item. The FY 2012 funding was \$106,000.

Anticipated FY 2014 Accomplishments

- The Office of Acquisition Services plans to award 7%, compared to 6% in FY 2013, of obligated dollars to Women-Owned Small Businesses.
- The OCIO will work with Pipeline Safety to pilot 20 states into the National Pipeline Information Exchange (NPIX) for its Phase 1 and launch in FY 2014.
- The Acquisition Services Division will develop language to insert into the Acquisition Services' solicitations and contracts/orders descriptions of PHMSA's support of green/sustainability products and services. In addition to promoting and measuring contractors' compliance, proactive methodologies will be applied, such as requiring vendors to submit documentation describing their support of this green initiative.
- The Human Resources 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 between 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.

Why Is This Particular Program Necessary?

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

How Do You Know the Program Works?

The Operational Expenses account provides the program offices with the oversight and support services for all the PHMSA program areas. These sources range from acquisition services to budget tracking and monetary spending, internal controls, travel authorizations, information technology advances, and workspace availability. They also include software licenses and subscription maintenance and renewals and other basic internal functions.

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

The \$20.154 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.

Administrative Provisions

ADMINISTRATIVE PROVISIONS
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

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

Sec. 1. Establishment. (a) There is established a Hazardous Materials Approvals and Permits fund for the administration of special permits and approvals. (b) The Secretary of Transportation shall collect a reasonable fee, to the extent and in such amounts as provided in advance in appropriations acts, for the administration of special permits and approvals, as specified in paragraph (c) below, which shall be deposited in the fund established in paragraph (a). (c) For 2014, 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.

- 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 request identifies the need to increase administrative costs from two percent to four percent of funds made available for Operations activities.

Sec. 2. Subsection(i)(4)of section 5116 of title 49, United States Code, is amended to read as follows:

“(4) to pay administrative costs of carrying out this section and sections 5108 (g)(2) and 5115 of this title, except that not more than 4 percent of the amounts made available from the account in a fiscal year may be used to pay those costs”.

FY 2014 Language Justification:

Sec. 1 PHMSA anticipates that costs associated with administrating the Permits and Approvals program will progressively increase for several years as PHMSA institutes program safety improvements, as mandated by the House Transportation and Infrastructure Committee and the DOT Inspector General. Increasing compliance oversight of special permits and approvals is a primary component of such oversight. We anticipate thorough engineering evaluation of each permit application for new package designs, increasingly stringent monitoring of a company’s fitness/competence to hold a special permit or approval, continuous evaluation of the

technologies or materials subject to a special permit, certification of fireworks designs from newly chartered Fireworks Examination Agencies located in the Far East, and accelerated incorporation of special permit provisions into the HMR.

Sec. 2 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.

IV: Research, Development and Technology

BUDGET AUTHORITY
(In thousands of dollars)
EXHIBIT IV-1

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

	FY 2012 Actual	FY 2014 Request	FY 2014 Applied	FY 2014 Development
A. Pipeline Safety	\$7,545	\$13,593	\$0	\$13,593
1. Pipeline Safety	\$6,920	\$12,230	\$0	\$12,230
2. Administrative Expenses*	\$625	\$1,363	\$0	\$1,363
B. Hazardous Materials Safety	\$2,298	\$2,758	\$2,758	\$0
1. Hazardous Materials Safety	\$1,716	\$2,300	\$2,300	\$0
2. Administrative Expenses*	\$582	\$458	\$458	\$0
TOTAL PHMSA	\$9,843	\$16,351	\$2,758	\$13,593

*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.