



U.S. Department of
Transportation

BUDGET ESTIMATES

FISCAL YEAR 2018

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

SUBMITTED FOR THE USE OF
THE COMMITTEE ON APPROPRIATIONS

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2018 BUDGET REQUEST
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I: Overview

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2018 BUDGET REQUEST OVERVIEW**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) ensures energy products and other hazardous materials get to market safely. This supports the growth of America's energy industry and helps packagers and shippers get otherwise hazardous materials safely to the homes and businesses that rely on them. PHMSA manages the movement of these products by promoting safe packaging and delivery practices by pipeline operators and shippers.

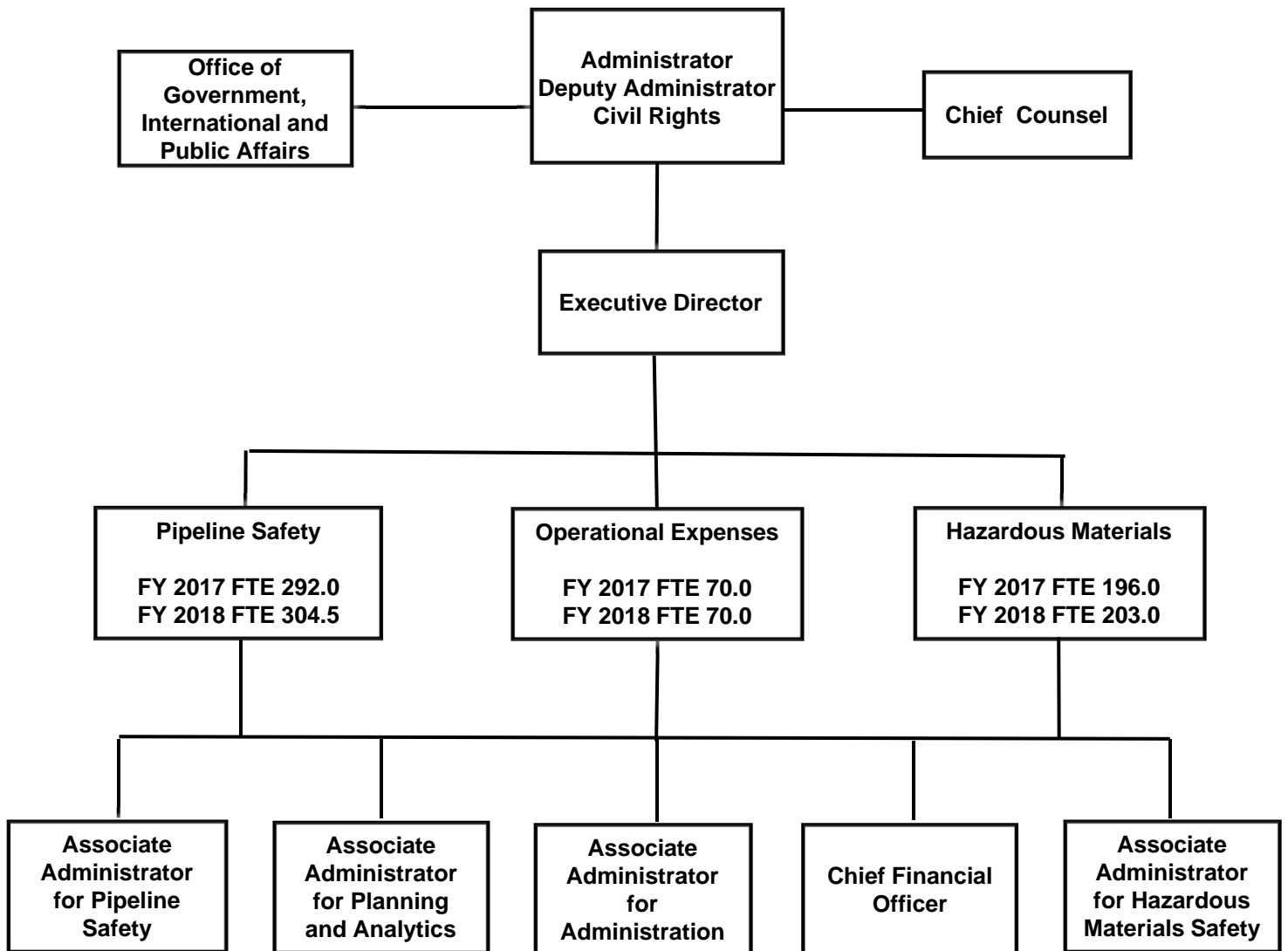
The United States has become a net energy exporter as petroleum liquid imports fall and natural gas exports rise because favorable geological and technological developments result in the production of oil and natural gas at lower costs. This creates jobs and fuels economic growth. It also adds emphasis to what PHMSA delivers – safe and reliable pipeline operations and hazardous materials packaging and shipments.

PHMSA promotes national pipeline safety, monitors pipeline operation and safety management systems through compliance inspections, investigates pipeline failures, and conducts research to inform safety policy.

In FY 2018, PHMSA will carry out the new legislative requirements in the Fixing America's Surface Transportation (FAST) Act of 2015 that calls for PHMSA to improve the safe movement of liquefied natural gas and crude by rail. The Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016 calls on PHMSA to stand up a new effort to ensure the safe storage of underground natural gas. This growing practice is where natural gas is pumped back into abandoned mines and salt caverns while it awaits market demand. PHMSA requests \$8 million called for in the PIPES Act of 2016 to fund federal and state oversight on approximately 400 storage facilities. PHMSA is well positioned to meet the calls from each of these Acts. For the continued safe transport of hazardous materials over land and water, PHMSA searches for, and finds ways to minimize risk. PHMSA experts conduct preventive inspections and offer new, innovative guidance that promotes industry and ensures safety. In the event of an accident, PHMSA programs train first responders to mitigate the consequences of these sometimes dangerous leaks and incidents.

PHMSA's FY 2018 budget request of \$259.14 million is largely funded by the industries we support. User fees paid by hazardous materials shippers and pipeline operators, in addition to the Oil Spill Liability Trust fund, make up 70 percent of PHMSA's funding while the remainder is funded by the general fund. This includes \$154.34 million for Pipeline Safety, \$55.51 million for Hazardous Materials Safety, \$28.32 million in Emergency Preparedness Grants, and \$20.96 million to fund the Operational Expenses account.

**Exhibit I: Pipeline and Hazardous Materials Safety Administration (PHMSA)
Full-Time Equivalents (FTEs) for FY 2017 Annualized CR and FY 2018 Request
Totals: FY 2017 Annualized CR FTE – 558.0 / FY 2018 Request FTE – 577.5**



PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
SUMMARY OF CHANGE FY 2017 TO FY 2018

	<u>\$000</u>	<u>FTE</u>
FY 2017 Annualized CR	\$249,194	558.0
Administrative Adjustments to Base:		
Salaries & Benefits	2,359	16.5
Annualization of 2017 Pay Raise	448	0.0
2018 Pay Raise	1,223	0.0
GSA Rent	145	0.0
Working Capital Fund	485	0.0
Other Services	(4,660)	0.0
Subtotal, Administrative Adjustments to Base	\$0	16.5
New or Expanded Programs		
<u>Pipeline Safety</u>		
Underground Natural Gas Storage Facilities	\$8,000	3.0
Subtotal, Pipeline Safety	\$8,000	3.0
<u>Emergency Preparedness Grants</u>		
Emergency Preparedness	1,941	0.0
Subtotal, Emergency Preparedness Grants	1,941	0.0
Subtotal, New or Expanded Programs	\$9,941	3.0
FY 2018 Request	<u>\$259,136</u>	<u>577.5</u>

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II: Budget Summary
Tables

EXHIBIT II-1
FY 2018 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	FY 2016 ACTUAL	FY 2017 ANNUALIZED CR	FY 2017 ENACTED	FY 2018 REQUEST
Pipeline Safety				
Pipeline Safety Fund	124,500	124,263	128,000	124,263
Underground Natural Gas Storage	0	0	8,000	8,000
Oil Spill Liability Trust Fund	22,123	22,081	20,288	22,081
Subtotal	\$146,623	\$146,344	\$156,288	\$154,344
Hazardous Materials Safety				
General Fund	55,619	55,513	57,000	55,513
Subtotal	\$55,619	\$55,513	\$57,000	\$55,513
Emergency Preparedness Grants				
Emergency Preparedness Fund (Mandatory)	26,217 ¹	26,189 ²	26,364 ²	28,318
Emergency Preparedness Fund (Discretionary)	188	188	0	0
Subtotal	\$26,405	\$26,377	\$26,364	\$28,318
Operational Expenses				
General Fund	21,000	20,960	22,500	20,960
Subtotal	\$21,000	\$ 20,960	\$22,500	\$20,960
TOTAL	\$249,647	\$ 249,194	\$ 262,152	\$ 259,136

¹ Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016, February 2, 2015.

² Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2017, February 9, 2016.

EXHIBIT II-2
FY 2018 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

<u>ACCOUNT NAME</u>	FY 2016 ACTUAL	FY 2017 ANNUALIZED CR	FY 2017 ENACTED	FY 2018 REQUEST
Pipeline Safety				
Pipeline Safety Fund	124,500	124,263	128,000	\$124,263
Underground Natural Gas Storage Fee	0	0	8,000	8,000
Oil Spill Liability Trust Fund	22,123	22,081	20,288	22,081
	\$146,623	\$146,344	\$156,288	\$154,344
Hazardous Materials Safety				
General Fund	55,619	55,513	57,000	55,513
	\$55,619	\$55,513	\$57,000	\$55,513
Emergency Preparedness Grants¹	\$28,318	\$28,318	\$28,318	\$28,318
Operational Expenses				
General Fund	21,000	20,960	22,500	20,960
	\$21,000	\$20,960	\$22,500	\$20,960
TOTAL	\$251,560	\$251,135	\$264,106	\$259,136

¹ Obligation limitation amount does not include sequestration.

EXHIBIT II-4
FY 2018 BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<i>Mandatory/ Discretionary</i>	FY 2016 ACTUAL	FY 2017 ANNUALIZED CR	FY 2017 ENACTED	FY 2018 REQUEST
Pipeline Safety	<i>D</i>	146,623	146,344	156,288	154,344
Hazardous Materials Safety	<i>D</i>	55,619	55,513	57,000	55,513
Emergency Preparedness Grants	<i>M</i>	26,217 ¹	26,189 ²	26,364 ²	28,318
	<i>D</i>	188	188	-	-
		26,405	26,377		28,318
Operational Expenses	<i>D</i>	21,000	20,960	22,500	20,960
TOTAL		\$249,647	\$249,194	\$262,152	\$259,136
<i>Mandatory</i>		26,217	26,189	26,364	28,318
<i>Discretionary</i>		223,430	223,005	235,788	230,818
<u>PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS</u>					
Pipeline Safety User Fees	<i>D</i>	124,464	124,263	128,000	124,263
Pipeline Safety Underground Natural Gas Storage Fee	<i>D</i>	-	-	8,000	8,000
Hazardous Materials Registration Program	<i>M</i>	689	800	800	800
Hazardous Materials Transportation Registration, Filing, and Permits	<i>M</i>	24,695	26,377	26,364	28,318
TOTAL		\$149,848	\$151,440	\$163,164	\$161,381

¹ Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016, February 2, 2015.

² Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2017, February 9, 2016.

EXHIBIT II-4(a)
CURRENT AUTHORIZATIONS
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<i>Mandatory/ Discretionary</i>	<u>FY 2016 ACTUAL</u>	<u>FY 2017 AUTHORIZED</u>	<u>FY 2018 AUTHORIZED</u>
Pipeline Safety ²	<i>D</i>	146,623	158,123	162,000
Hazardous Materials Safety ³	<i>D</i>	55,619	55,000	57,000
Emergency Preparedness Grants ³	<i>M</i>	28,130 ¹	28,318	28,318
	<i>D</i>	188	-	
		28,318	28,318	28,318
Operational Expenses ²	<i>D</i>	21,000	22,000	22,000
<u>TOTAL</u>		<u>\$251,560</u>	<u>\$263,441</u>	<u>\$269,318</u>

<i>Mandatory</i>	28,130	28,318	28,318
<i>Discretionary</i>	223,430	235,123	241,000

PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS

Pipeline Safety User fees	<i>D</i>	124,464	150,123	154,000
Pipeline Safety Underground Natural Gas Storage Fee	<i>D</i>	0	8,000	8,000
Hazardous Materials Registration Program	<i>M</i>	689	800	800
Hazardous Materials Transportation Registration, Filing, and Permits	<i>M</i>	24,695	28,318	28,318
<u>TOTAL</u>		<u>\$149,848</u>	<u>\$187,241</u>	<u>\$191,118</u>

¹ Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016, February 2, 2015.

² Reflects authorization of appropriations from the Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (Public Law 114-183).

³ Reflects authorization of appropriations from the Fixing America's Surface Transportation Act (Public Law 114-94).

EXHIBIT II-5
FY 2018 OUTLAYS
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<u>M/D</u>	<u>FY 2016 ACTUAL</u>	<u>FY 2017 ANNUALIZED CR</u>	<u>FY 2018 REQUEST</u>
Pipeline Safety				
Pipeline Safety Fund	<i>D</i>	135,505	142,964	135,288
Trust Fund Share of Pipeline Safety	<i>D</i>	18,020	21,698	22,525
Subtotal, Pipeline Safety		153,524	164,662	157,813
Hazardous Materials Safety	<i>D</i>	53,722	63,408	55,513
Emergency Preparedness Grants				
Mandatory	<i>M</i>	26,539	35,969	38,333
Discretionary	<i>D</i>	200	122	53
Subtotal, Emergency Preparedness Grants		26,739	36,091	38,386
Operational Expenses	<i>D</i>	21,275	21,806	20,960
Research and Special Programs		86	243	0
TOTAL		255,346	286,210	272,672
<i>Discretionary</i>		228,806	250,241	234,339
<i>Mandatory</i>		26,539	35,969	38,333

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

PHMSA SUMMARY	FY 2016 Actual	FY 2017 Annualized CR	Annualization of 2017				Baseline Changes				FY 2018 Baseline Estimate	Program Increases/ Decreases	FY 2018 Request
			Realignments	Pay Raises	Annualization of 2017 FTE	2018 Pay Raises	Compensable Days (260 days) no change	GSA Rent	WCF Increase/ Decrease	Inflation/De flation			
PERSONNEL RESOURCES (FTE)	508.0	558.0	16.5								574.5	3.0	577.5
Direct FTE	508.0	558.0	16.5								574.5	3.0	577.5
Reimbursable FTE	0.0	0.0	0.0								0.0		0.0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	81,497	\$82,963	2,359	448		1,223					86,993	429	87,422
Travel	6,463	\$6,190									6,190	90	6,280
GSA Rent	8,274	\$7,225						145			7,370	39	7,409
Communications & Utilities	915	\$588									588		588
Printing	285	\$399									399		399
Other Services:													
- Other	11,567	\$12,598	(4,660)								7,938	1,492	9,429
- WCF	8,488	\$8,287							485		8,772		8,772
Supplies	105	\$390									390		390
Equipment	1,390	\$502									502	27	529
Subtotal, Administrative	118,984	\$119,143	(2,301)	448	0	1,223	0	145	485	0	119,143	2,077	121,219
PROGRAMS													
Contract Programs													
Pipeline Safety	22,506	\$22,463									22,463		22,463
Hazardous Materials Safety	9,015	\$8,998									8,998		8,998
Emergency Preparedness Grants	722	\$722									722	53	775
Operational Expenses	5,750	\$5,355									5,355		5,355
Subtotal, Programs	37,993	\$37,537	0	0	0	0	0	0	0	0	37,537	53	37,591
Research and Development													
Pipeline Safety	12,000	\$11,977									11,977		11,977
Hazardous Materials Safety	7,570	\$7,556									7,556		7,556
Subtotal, Research and Development	19,570	\$19,533	0	0	0	0	0	0	0	0	19,533		19,533
Grants													
Pipeline Safety	47,452	\$47,362									47,362	6,000	53,362
Hazardous Materials Safety	1,000	\$998									998		998
Emergency Preparedness Grants	24,648	\$24,622									24,622	1,811	26,433
Subtotal, Grants	73,100	\$72,982	0	0	0	0	0	0	0	0	72,982	7,811	80,793
Subtotal, Programs	130,663	\$130,052	0	0	0	0	0	0	0	0	130,052	7,865	137,916
TOTAL FINANCIAL RESOURCES	\$249,647	\$249,194	(\$2,301)	\$448	\$0	\$1,223	\$0	\$145	\$485	\$0	\$249,194	\$9,941	\$259,136

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

Baseline Changes													
PIPELINE SAFETY	FY 2016 Actual	FY 2017 Annualized CR	Realignments	Annualization of 2017 Pay Raises	Annualization of 2017 FTE	2018 Pay Raises	Compensable Days (260 days) no change	GSA Rent	WCF Increase/ Decrease	Inflation/ Deflation	FY 2018 Baseline Estimate	Program Increases/ Decreases	FY 2018 Request
PERSONNEL RESOURCES (FTE)	258.0	292.0	9.5								301.5	3.00	304.5
Direct FTE	258.0	292.0	9.5								301.5	3.00	304.5
Reimbursable FTE	0.0	0.0	0.0								0.0		0.0
FINANCIAL RESOURCES			0.0										
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	43,054	44,483	1,358	241		657					46,739	429	47,168
Travel	4,505	4,120									4,120	90	4,210
GSA Rent	4,788	3,960						79			4,039	39	4,078
Communications & Utilities	446	380									380		380
Printing	76	105									105		105
Other Services:													
- Other	6,403	6,427	(2,590)								3,837	1,415	5,252
- WCF	4,223	4,612							255		4,867		4,867
Supplies	37	225									225		225
Equipment	1,133	230									230	27	257
Subtotal, Administrative	64,665	64,542	(1,232)	241	0	657	0	79	255	0	64,542	2,000	66,542
PROGRAMS													
Contract Programs													
Compliance/Pipeline Integrity Management	10,635	10,615									10,615		10,615
Training, Information, & Community Assist. Services	8,501	8,485									8,485		8,485
Mapping and Information Systems	1,821	1,818									1,818		1,818
Implementing the Oil Pollution Act	1,549	1,546									1,546		1,546
Subtotal, Contract Programs	22,506	22,463	0	0	0	0	0	0	0	0	22,463		22,463
Research & Development													
Subtotal, Research and Development	12,000	11,977.19	0	0	0	0	0	0	0	0	11,977		11,977
Grants													
State Pipeline Safety Grants	44,894	44,809									44,809	6,000	50,809
State One-call Grants	1,058	1,056									1,056		1,056
State Damage Prevention Grants	1,500	1,497									1,497		1,497
Subtotal, Grants	47,452	47,362	0	0	0	0	0	0	0	0	47,362	6,000	53,362
Subtotal, Programs	81,958	81,802	0	0	0	0	0	0	0	0	81,802	6,000	87,802
TOTAL FINANCIAL RESOURCES	\$146,623	146,344	(\$1,232)	\$241	\$0	\$657	\$0	\$79	\$255	\$0	\$146,344	\$8,000	\$154,344

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

	Baseline Changes										
	FY 2016 Actual	FY 2017 Annualized CR	Realignments	Annualization of 2017 Pay Raises	2018 Pay Raises	Compensable Days (260 days) no change	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2018 Baseline Estimate	Program Increases/Decreases
HAZARDOUS MATERIALS SAFETY											
PERSONNEL RESOURCES (FTE)	186.0	196.0	7.0							203.0	203.0
Direct FTE	186.0	196.0	7.0							203.0	203.0
Reimbursable FTE	0.0	0.0	0.0							0.0	0.0
FINANCIAL RESOURCES											
ADMINISTRATIVE EXPENSES											
Salaries and Benefits	27,640	27,619	1,001	150	410					29,180	29,180
Travel	1,899	2,000								2,000	2,000
GSA Rent	2,445	2,180					44			2,224	2,224
Communications & Utilities	409	120								120	120
Printing	142	219								219	219
Other Services:											
- Other	1,616	2,659	(1,776)							883	883
- WCF	3,611	2,986						171		3,157	3,157
Supplies	23	63								63	63
Equipment	249	115								115	115
Subtotal, Administrative	38,034	37,962	(775)	150	410	0	44	171	0	37,962	37,962
PROGRAMS											
Contract Programs											
Hazmat Information and Analysis	2,436	2,431								2,431	2,431
Investigation and Enforcement	1,900	1,896								1,896	1,896
Outreach, Training & Compliance	3,898	3,891								3,891	3,891
Hazmat Registration Program	781	780								780	780
Subtotal, Contract Programs	9,015	8,998	0	0	0	0	0	0	0	8,998	8,998
Research & Development											
Subtotal, Research and Development	7,570	7,556	0	0	0	0	0	0	0	7,556	7,556
Grants											
Community Safety Grants	1,000	998								998	998
Subtotal, Grants	1,000	998	0	0	0	0	0	0	0	998	998
Subtotal, Programs	17,585	17,552	0	0	0	0	0	0	0	17,552	17,552
TOTAL FINANCIAL RESOURCES	\$55,619	\$55,513	(\$775)	\$150	\$410	\$0	\$44	\$171	\$0	\$55,513	\$0

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

	Baseline Changes										
	FY 2016 Actual ²	FY 2017 Annualized CR ³	Annualization of 2017 Pay Raises	Annualization of 2017 FTE	2018 Pay Raises	Compensable Days (260 days) no changes	GSA Rent Decrease	Inflation/D eflation	FY 2018 Estimate Baseline	Program Increases/De creases	FY 2018 Request
EMERGENCY PREPAREDNESS GRANTS											
FINANCIAL RESOURCES											
ADMINISTRATIVE EXPENSES											
Other Services:											
- Other	1,035	1,033							1,033	77	1,110
Subtotal, Administrative	1,035	1,033							1,033	77	1,110
PROGRAMS											
Mandatory Programs											
Grants	24,460	24,434							24,434	1,999	26,433
Technical Assistance	139	140							140	10	150
Emergency Response Guidebook (WCF) ¹	583	582							582	43	625
Subtotal, Mandatory Programs	25,182	25,156							25,156	2,052	27,208
Subtotal, Mandatory Budget Authority	26,217	26,189							26,189	2,129	28,318
Discretionary Programs											
Grants	188	188							188	(188)	0
Subtotal, Discretionary Budget Authority	188	188							188	(188)	0
Subtotal, Programs	25,370	25,343							25,343	1,865	27,208
TOTAL FINANCIAL RESOURCES	\$26,405	26,377							\$26,377	\$1,941	\$28,318

¹PHMSA's FY 2018 WCF request is \$9.40 million, of which \$8.77 million will be used for FY 2018 WCF expenses and \$625,000 will be used toward the printing of the Emergency Response Guidebook in FY 2020. The Emergency Response Guidebooks are printed once every four years.

²Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016, February 2, 2015.

³Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2017, February 9, 2016.

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

OPERATIONAL EXPENSES	Baseline Changes												
	FY 2016 Actual	FY 2017 Annualized CR	Realignments	Annualization of 2017 Pay Raises	Annualization of 2017 FTE	2018 Pay Raises	Compensable Days (260 days) no change	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2018 Baseline Estimate	Program Increases/Decreases	FY 2018 Request
PERSONNEL RESOURCES (FTE)													
Direct FTE	64.0	70.0									70.0		70.0
Reimbursable FTE	64.0	70.0									70.0		70.0
	0.0	0.0									0.0		0.0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	10,803	10,862		57		156					11,075		11,075
Travel	59	70									70		70
GSA Rent	1,041	1,085						22			1,107		1,107
Communications & Utilities	60	88									88		88
Printing	67	75									75		75
Other Services:													
- Other	2,513	2,479	(294)								2,185		2,185
- WCF	654	689							59		748		748
Supplies	45	102									102		102
Equipment	8	157									157		157
Subtotal, Administrative	15,250	15,605	(294)	57	0	156	0	22	59	0	15,605		15,605
PROGRAMS													
Contract Programs													
Information Technology	5,750	5,355									5,355		5,355
Subtotal, Contract Programs	5,750	5,355	0	0	0	0	0	0	0	0	5,355		5,355
TOTAL FINANCIAL RESOURCES	\$21,000	20,960	(\$294)	\$57	\$0	\$156	\$0	\$22	\$59	\$0	\$20,960	\$0	\$20,960

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

	FY 2016¹	FY 2017²	FY 2018³
	ACTUAL	ANNUALIZED CR	REQUEST
DIRECT:			
Pipeline Safety	4,223	4,612	4,867
Hazardous Materials Safety	3,611	2,986	3,157
Emergency Preparedness Grants	2,377	[582]	[625]
Operational Expenses	654	689	748
TOTAL	\$10,865	\$8,287	\$8,772

Note: Bracketed figures are excluded from the table's calculations.

¹ In FY 2016, OST's cost was \$10.87 million for Working Capital Fund (WCF) Services. Of this amount, \$2.38 million is for the printing of the Emergency Response Guidebook (ERG), of which PHMSA has obligated \$1.75 million in previous years at the rate of \$592,930 in 2013, \$580,000 in 2014 and \$579,375 in 2015, resulting in a FY 2016 request by PHMSA of \$9.12 million.

² PHMSA's FY 2017 WCF request is \$8.87 million, of which \$8.29 million will be used for FY 2017 WCF expenses and \$581,875 will be used toward the printing of the Emergency Response Guidebook in FY 2020. The Emergency Response Guidebooks are printed once every four years.

³ PHMSA's FY 2018 WCF request is \$9.40 million, of which \$8.77 million will be used for FY 2018 WCF expenses and \$625,000 will be used toward the printing of the Emergency Response Guidebook in FY 2020. 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

	FY 2016 ACTUAL	FY 2017 ANNUALIZED CR	FY 2018 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Pipeline Safety	258	292	305
Hazardous Materials Safety	186	196	203
Operational Expenses	64	70	70
	<hr/>	<hr/>	<hr/>
SUBTOTAL, DIRECT FUNDED	508	558	578
	<hr/>	<hr/>	<hr/>
TOTAL FTEs	508	558	578
	<hr/>	<hr/>	<hr/>

EXHIBIT II-9
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
RESOURCE SUMMARY - STAFFING
FULL-TIME PERMANENT POSITIONS

	FY 2016 ACTUAL	FY 2017 ANNUALIZED CR	FY 2018 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Pipeline Safety	302	302	308
Hazardous Materials Safety	203	203	203
Operational Expenses	70	70	70
	<hr/>	<hr/>	<hr/>
SUBTOTAL, DIRECT FUNDED	575	575	581
	<hr/>	<hr/>	<hr/>
TOTAL POSITIONS	575	575	581

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

(In thousands of dollars)

Identification code 69-0104-0-1-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Obligations by program activity:			
0001 Research and special programs	0	195	0
0900 Total new obligations (object class 25.3)	0	195	0
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	130	195	0
1021 Recoveries of prior year unpaid obligations	65	0	0
1050 Unobligated balance (total)	195	195	0
Budget authority:			
Appropriations, discretionary:			
1101 Appropriation (special or trust fund)	0	0	0
1160 Appropriation, discretionary (total)	0	0	0
1900 Budget authority (total)	0	0	0
1910 Total budgetary resources available	195	195	0
Memorandum (non-add) entries:			
1941 Unexpired unobligated balance, end of year	195	0	0
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	199	48	0
3010 Obligations incurred, unexpired accounts	0	195	0
3020 Outlays (gross)	-86	-243	0
3040 Recoveries of prior year unpaid obligations, unexpired	-65	0	0
3050 Unpaid obligations, end of year	48	0	0

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

(In thousands of dollars)

Identification code 69-0104-0-1-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	199	48	0
3200 Obligated balance, end of year	48	0	0
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	0	0	0
4010 Outlays from new discretionary authority	0	0	0
4011 Outlays from discretionary balances	86	243	0
4020 Outlays, gross (total)	86	243	0
4070 Budget authority, net (discretionary)	0	0	0
4080 Outlays, net (discretionary)	86	243	0
4180 Budget authority, net (total)	0	0	0
4190 Outlays, net (total)	86	243	0

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

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

(In thousands of dollars)

Identification code 69-0104-0-1-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Direct Obligations:			
23.3 Communications, utilities, and miscellaneous charges	0	15	0
25.3 Other purchases of goods and services from government accounts	0	60	0
31.0 Equipment	0	120	0
Subtotal, Direct obligations	\$0	\$195	\$0
99.0 Subtotal, Reimbursable obligations	\$0	\$0	\$0
99.9 Total new obligations	\$0	\$195	\$0

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

Pipeline Safety

APPROPRIATIONS LANGUAGE

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OIL SPILL LIABILITY TRUST FUND)

For expenses necessary to conduct the functions of the pipeline safety program, for grants-in-aid to carry out a pipeline safety program, as authorized by 49 U.S.C. 60107, and to discharge the pipeline program responsibilities of the Oil Pollution Act of 1990, [\$146,623,000] *\$154,344,270*, of which [\$22,123,000] *\$22,080,944* shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2018] *2020*; and of which [\$124,500,000] *\$124,263,326* shall be derived from the Pipeline Safety Fund, of which [\$59,835,000] *\$59,721,254* shall remain available until September 30, [2018] *2020*, *and of which \$8,000,000 shall be derived from fees collected under 49 U.S.C. 60302 and deposited in the Underground Natural Gas Storage Facility Safety Account and shall remain available for carrying out 49 U.S.C. 60141, of which \$6,000,000 shall remain available until September 30, 2020 [*: *Provided*, That not less than \$1,058,000 of the funds provided under this heading shall be for the One-Call state grant program: *Provided further*, That not less than \$1,000,000 of the funds provided under this heading shall be for the finalization and implementation of rules required under section 60102(n) of title 49, United States Code, and section 8(b)(3) of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (49 U.S.C. 60108 note; 125 Stat. 1911)].

Note. — A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

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

	FY 2016 ACTUAL	FY 2017 ANNUALIZED CONTINUING RESOLUTION	FY 2018 REQUEST	CHANGE FY 2017-2018
Operations	\$87,171	\$87,005	\$89,005	\$2,000
Research and Development	12,000	11,977	11,977	\$0
Grants	47,452	47,362	53,362	\$6,000
TOTAL	<u>\$146,623</u>	<u>\$146,344</u>	<u>\$154,344</u>	<u>\$8,000</u>
FTEs				
Direct Funded	258.0	292.0	304.5	12.5

Program and Performance Statement

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for overseeing the safe movement of energy products and hazardous materials to market. The Pipeline Safety program oversees the complex network of more than 2.7 million miles of gas and hazardous liquid pipelines within the United States. PHMSA and a network of state staff set safety standards and conduct inspections to help operators deliver product to market uninterrupted by leaks or failures. The Pipeline Safety program is funded by pipeline operators and a share of the fees collected by the Oil Spill Liability Trust Fund.

EXHIBIT III-1a

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
SUMMARY ANALYSIS OF CHANGE FROM FY 2017 Annualized Continuing
Resolution to FY 2018 Budget
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	Change from FY 2017 to FY 2018 \$000	Change from FY 2017 to FY 2018 FTE
<u>PIPELINE SAFETY</u>		
FY 2017 Annualized Continuing Resolution	\$146,344	292.0
Administrative Adjustments to Base:		
Salaries and Benefits	1,358	9.5
Annualization of 2017 Pay Raise	241	0.0
FY 2018 Pay Raise	657	0.0
GSA Rent	79	0.0
Working Capital Fund	255	0.0
Other Services	(2,590)	0.0
Subtotal, Adjustments to Base	0	9.5
New or Expanded Programs		
1.Underground Natural Gas Storage Facilities	8,000	3.0
<i>a. Inspection and Enforcement Costs</i>	<i>[2,000]</i>	<i>[3.0]</i>
<i>b. Pipeline Safety Grants</i>	<i>[6,000]</i>	<i>[0.0]</i>
Subtotal, New or Expanded Programs	8,000	3.0
FY 2018 Request	\$154,344	304.5

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

SPECIAL AND TRUST FUND RECEIPTS SCHEDULE (N)

(In thousands of dollars)

Identification code 69-5172-0-2-407

	FY 2016 <u>Actual</u>	FY 2017 Annualized <u>CR</u>	FY 2018 <u>Request</u>
0100.01 Balance, start of year	\$42,442	\$42,407	\$42,407
0198.01 Reconciliation adjustment	0	0	0
0199.01 Balance, start of year, total	42,442	42,407	42,407
Receipts and offsetting receipts:			
1120.01 Pipeline Safety Fund	124,464	124,263	124,263
1120.02 Pipeline Safety Design Review Fund	0	0	0
1120.03 Underground Natural Gas Storage Facilities Account	0	0	8,000
Adjustments	0	0	0
1999.01 Total receipts	124,464	124,263	132,263
2000.01 Total: Balances and receipts	166,907	166,670	174,670
Appropriations, Current law:			
2101.01 Pipeline Safety [021-50-5172-0-1101]	-124,500	-124,263	-132,263
Adjustments	0	0	0
2199.01 Total current law appropriations (-)	-124,500	-124,263	-132,263
3010.01 Special and trust fund receipts returned	0	0	0
5099.01 Balance, end of year	\$42,407	\$42,407	\$42,407

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

Identification code 69-5172-0-2-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Obligations by program activity:			
0001 Operations	84,966	114,689	89,005
0002 Research and development	4,213	21,517	11,977
0003 Grants	53,090	47,559	53,362
0799 Total direct program	142,269	183,766	154,344
0801 Reimbursable program	14	2,700	2,700
0900 Total new obligations	142,283	186,466	157,044
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	26,499	37,421	0
1021 Recoveries of prior year unpaid obligations	6,645	0	0
1050 Unobligated balance (total)	33,145	37,421	0
Budget authority:			
Appropriations, discretionary:			
1101 Appropriation (special or trust fund)	124,500	124,263	132,263
1160 Appropriation, discretionary (total)	124,500	124,263	132,263
1700 Collected	18,086	24,781	24,781
1701 Change in uncollected payments, Federal sources	4,097	0	0
1750 Spending auth from offsetting collections, disc (total)	22,184	24,781	24,781
1900 Budget authority (total)	146,684	149,044	157,044
1930 Total budgetary resources available	179,828	186,466	157,044
Memorandum (non-add) entries:			
1940 Unobligated balance expiring	-124	0	0
1941 Unexpired unobligated balance, end of year	37,421	0	0
Special and non-revolving trust fund:			
1089 Other expired unobligated balances withdrawn	1,053	0	0
1952 Expired unobligated balance, start of year	2,465	2,084	2,084
1953 Expired unobligated balance, end of year	2,084	2,084	2,084

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

Identification code 69-5172-0-2-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	114,587	95,815	114,536
3010 Obligations incurred, unexpired accounts	142,283	186,466	157,044
3011 Obligations incurred, expired accounts	183	0	0
3020 Outlays (gross)	-153,601	-167,745	-160,069
3040 Recoveries of prior year unpaid obligations, unexpired	-6,645	0	0
3041 Recoveries of prior year unpaid obligations, expired	-991	0	0
3050 Unpaid obligations, end of year	95,815	114,536	111,511
Uncollected payments:			
3060 Uncollected pymts, Fed sources, brought forward, Oct 1	-10,966	-14,917	-14,917
3070 Change in uncollected pymts, Fed sources, unexpired	-4,099	0	0
3071 Change in uncollected pymts, Fed sources, expired	148	0	0
3090 Uncollected pymts, Fed sources, end of year	-14,917	-14,917	-14,917
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	103,621	80,898	99,619
3200 Obligated balance, end of year	80,898	99,619	96,594
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	146,684	149,044	157,044
4010 Outlays from new discretionary authority	60,793	74,409	78,329
4011 Outlays from discretionary balances	92,808	93,336	81,740
4020 Outlays, gross (total)	153,601	167,745	160,069
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	-18,034	-24,781	-24,781
4033 Non-Federal sources	-62	0	0
4040 Offsets against gross budget auth and outlays (total)	-18,096	-24,781	-24,781

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

Identification code 69-5172-0-2-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Additional offsets against gross budget authority only:			
4050 Change in uncollected pymts, Fed sources, unexpired	-4,099	0	0
4051 Offsetting collections credited to expired accounts	0	0	0
4054 Recoveries of prior year obligations, expired accounts	6	0	0
4060 Additional offsets against budget authority only (total)	-4,093	0	0
4070 Budget authority, net (discretionary)	124,495	124,263	132,263
4080 Outlays, net (discretionary)	135,505	142,964	135,288
4180 Budget authority, net (total)	124,495	124,263	132,263
4190 Outlays, net (total)	135,505	142,964	135,288

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

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

(In thousands of dollars)

Identification code 69-5172-0-2-407

	FY 2016 <u>Actual</u>	FY 2017 Annualized <u>CR</u>	FY 2018 <u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$27,607	\$34,329	\$36,421
11.3 Other than full-time permanent	134	135	137
11.5 Other personnel compensation	285	288	291
11.9 Total personnel compensation	\$28,026	\$34,753	\$36,849
12.1 Civilian personnel benefits	8,866	9,730	10,318
21.0 Travel and transportation of persons	3,929	4,120	4,210
23.1 Rental payments to GSA	3,613	3,960	4,078
23.2 Rental payments to others	48	0	0
23.3 Communications, utilities, and miscellaneous charges	736	736	736
24.0 Printing and reproduction	955	955	955
25.1 Advisory and assistance services	15,006	21,106	11,028
25.2 Other services	403	500	403
25.3 Other purchases of goods and services from government accounts	10,224	20,324	9,479
25.4 Operation and maintenance of facilities	863	1,963	863
25.5 Research and development contracts	4,211	21,517	11,977
25.7 Operation and maintenance of equipment	9,084	13,440	8,084
26.0 Supplies and materials	219	225	225
31.0 Equipment	1,777	2,877	1,777
41.0 Grants, subsidies, and contributions	54,308	47,559	53,362
Subtotal, Direct obligations	\$142,269	\$183,766	\$154,344
99.0 Subtotal, Reimbursable obligations	14	2,700	2,700
99.9 Total new obligations	\$142,283	\$186,466	\$157,044

EMPLOYMENT SUMMARY

Identification code 69-5172-0-2-407

	FY 2016 <u>Actual</u>	FY 2017 Annualized <u>CR</u>	FY 2018 <u>Request</u>
10.01 Direct civilian full-time equivalent employment	258	292	305

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Pipeline Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2009	\$74,481,000	\$75,481,000 ^{2/}
2010	\$87,334,000 ^{2/}	\$87,334,000 ^{2/}
2011	\$93,206,000 ^{2/}	\$88,836,000 ^{1/, 2/ & 3/}
2012	\$99,354,000 ^{2/}	\$91,679,000 ^{2/}
2013	\$155,500,000 ^{2/}	\$86,884,000 ^{1/, 2/ & 5/}
2014	\$133,000,000 ^{4/}	\$100,014,000 ^{4/}
2015	\$140,000,000 ^{4/ & 6/}	\$126,000,000 ^{4/}
2016	\$155,604,000 ^{4/ & 6/}	\$124,500,000
2017	\$156,943,000 ^{4/ & 6/}	\$124,263,326 ^{1/}
2018	\$132,263,326 ^{7/}	

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

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

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

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

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

6/ Reflects the inclusion of \$2.0 million Design Review Fund.

7/ Reflects the inclusion of \$8.0 million in Underground Natural Gas Storage Facility fees.

Detailed Justification for the Pipeline Safety Program

What is the request and what funds are currently spent on the program?

FY 2018 – Pipeline Safety Program Budget Request (\$000)

Program Activity	FY 2016 Actual	FY 2017 Annualized Continuing Resolution	FY 2018 Request	Difference from FY 2017 Annualized CR
Administrative Expenses	\$64,665	\$64,542	\$66,542	\$2,000
Contract Programs	22,506	22,463	22,463	0
Research and Development	12,000	11,977	11,977	0
Grants	47,452	47,362	53,362	6,000
Total	\$146,623	\$146,344	\$154,344	\$8,000

What is this program and why is it necessary?

PHMSA's pipeline safety program helps to ensure the safe delivery of energy products to market. The United States has the most expansive network of energy pipelines in the world. Based on annual report data as of October 4, 2016, PHMSA regulates the safety of 207,981 miles of hazardous liquid pipelines; 301,257 miles of gas transmission pipelines; 2,168,599 miles of gas distribution mains and services; 17,711 miles of gas gathering pipelines; and 148 liquefied natural gas plants with total storage capacity over 56 million barrels. This network runs more than 2.7 million miles, transports 65 percent of the energy consumed in the country, and powers nearly every facet of our daily lives from driving to cooking.¹ It does so almost without notice and, for hazardous liquids, without incident 99.9997 percent of the time.²

PHMSA works with pipeline companies to keep energy products flowing safely and without incident. In order to protect people and their property from the dangers of hazardous materials transport, we develop and promote national pipeline safety policy, monitor the safety of pipeline systems through inspections, investigate and share lessons learned from best pipeline safety practices and failures, promote safety management systems aimed at reducing the most common causes of pipeline failure, and conduct research to inform safety policy.

¹ Energy Information Administration (EIA), 2016. U.S. Energy Facts – Energy Explained, June 3, 2016. Available at: http://www.eia.gov/energyexplained/?page=us_energy_home (Accessed February 23, 2017).

² PHMSA pipeline incident flagged files, online at: <http://www.phmsa.dot.gov/pipeline/library/data-stats/flagged-data-files>

PHMSA ensures natural gas is stored safely. With the passage of the *Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016*, PHMSA now ensures the safety of facilities that store natural gas underground in depleted hydrocarbon reservoirs, aquifer reservoirs, and salt caverns, commonly known as Underground Natural Gas Storage. As of November 2016, the Energy Institute of America reported there are 415 active underground natural gas storage fields scattered across 31 states, with about an even split between interstate and intrastate facilities.

The benefits of underground natural gas storage are substantial. For example, underground storage of natural gas plays a critical role in our ability to have energy independence and buffers the seasonal variations in natural gas demand. The significant growth in domestic natural gas production from shale gas in the last decade has prompted renewed interest and investment in storage capacity. Between 1995 and 2014, total natural gas storage capacity increased by nearly 16 percent. This amounts to 9.23 billion cubic feet. To manage the inventory, in 2015, 3.6 billion cubic feet of natural gas was injected into underground storage facilities – a volume valued at over \$15 billion.

U.S. Natural Gas Marketed Production



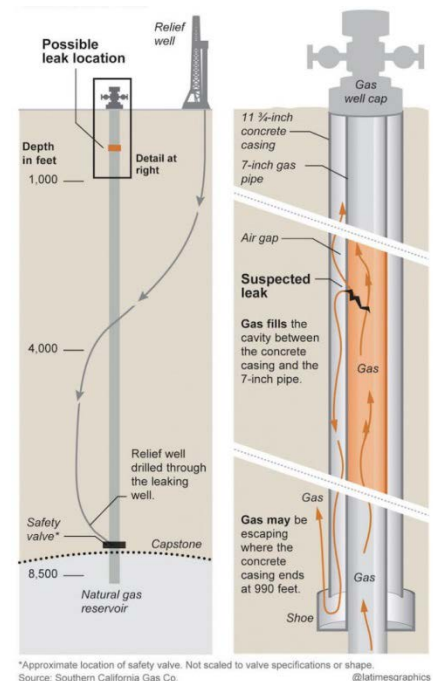
Source: U.S. Energy Information Administration

In order to meet increasing demands of natural gas-fired electricity generating plants, the U.S. production of natural gas has grown by 50 percent in the last few years.

Roughly 90 percent of all such U.S. facilities hold natural gas in depleted hydrocarbon reservoirs, while the remainder store it in salt caverns and depleted aquifers. These facilities easily connect to remote sources of natural gas.

They also have the capacity to hold large amounts of natural gas, and their contents can easily be removed. Such storage facilities allow suppliers to optimize market conditions and increase profits. Slightly more than 400 underground natural gas storage facilities with more than four trillion cubic feet of working capacity currently operate in the United States. Of the 400-plus sites, states are responsible for inspecting more than 200 intrastate facilities.

Many existing underground natural gas storage facilities are more than 50 years old, metal joints are not welded, and do not have a corrosion resistant internal or external protective coating. These characteristics, when combined with a flow of product that includes a mixture of water and other corrosive elements, could cause many wells to leak. As seen in Aliso Canyon, leaks can take months to contain and remediate. Without an effective program that includes reassessments as well as preventive and mitigation measures of well casings, tubing, and wellheads, the United States could see more leaks similar to Aliso Canyon.



*Approximate location of safety valve. Not scaled to valve specifications or shape. Source: Southern California Gas Co. @latimesgraphics

This graphic shows that the Aliso Canyon leak came from a hole in a 7-inch diameter pipe.

PHMSA improves the safe operation of hazardous liquid and gas pipelines with safety management systems. PHMSA promotes safety management systems (SMS) across the pipeline industry. The Office of Pipeline Safety participated in the development of the American Petroleum Institute’s recommended practices for implementing SMS. This collaborative effort included diverse representatives from state safety management agencies, industry and the public. The FY 2018 request for pipeline safety enables PHMSA to satisfy the PIPES Act’s requirements including better collection and sharing of findings and information on pipeline inspections and conditions.

PHMSA promotes the growth of U.S. energy markets. PHMSA is committed to supporting the Administration’s infrastructure and rebuilding initiatives by coordinating and expediting pipeline construction projects within our authority. While PHMSA has no siting or route designation authority, we provide technical support to state and federal agencies that do have these authorities, including the Federal Energy Regulatory Commission, the Department of State, and the U.S. Army Corps of Engineers. In that spirit, and in support of the Administration’s priorities, PHMSA has developed a list of five proposed short- and one long-term actions aimed at helping to coordinate and expedite pipeline construction projects in support of the Administration’s infrastructure and rebuilding initiatives. These include actions like designating construction coordinators, preparing educational resources for stakeholders, and prioritizing the review of construction-related materials from operators.

This budget request ensures that PHMSA can successfully carry out our important work with the pipeline industry to ensure the continued safe delivery of energy products. In FY 2018, PHMSA requests \$154.34 million for Pipeline Safety, an increase of \$8.0 million—an amount that equals the \$8.0 million authorized by the PIPES Act of 2016 for underground natural gas storage facilities—above the FY 2017 Annualized Continuing Resolution of \$146.34 million. The Congressional Budget Office has also confirmed that this \$8.0 million will have a net-zero effect on budget authority by providing an offsetting receipt to the appropriated amount.



A crew prepares the groundwork for laying a pipeline connecting communities to energy from across the country.

FY 2016 Accomplishments:

- Improved the National Registry Notification Form that promptly alerts pipeline inspection staff about new construction and pipeline operator changes.
- Co-chaired with the DOE an Interagency Task Force on Natural Gas Storage Safety. In October 2016, the Task Force published a Final Report making recommendations to increase the safety and reliability of U.S. natural gas storage.
- Participated in the development of safety practices for underground natural gas storage.

FY 2017 Anticipated Accomplishments:

- Host the first Voluntary Information-sharing System working group to improve pipeline and incident data gathered from industry, government, and other stakeholders to reduce incidents throughout our nation's aging pipeline system.
- Through a new Accident Investigation Division, conduct root cause analysis of failures and incidents.
- Lead the development of safety improvements for underground natural gas storage, including:
 - Deliver an Underground Natural Gas Storage Facility Annual Report to Congress;
 - Develop an Excavator Investigation System; and
 - Develop safety inspection protocol for underground natural gas storage facilities.

Administrative Expenses: \$66.54 million (\$2.0 million over the FY 2017 Annualized Continuing Resolution including 3.0 FTE/6 positions)

PHMSA's FY 2018 request includes \$66.54 million for pipeline-related administrative expenses to fund 308 positions and all related costs, including salaries and benefits, travel, training, supplies and equipment (including personal protective equipment for all inspectors). The request supports 210 inspection and enforcement staff distributed across the country through a network of regional offices, as well as subject matter experts that guide the safe operation of our nation's pipelines.

Office of Pipeline Safety staff operate out of our headquarters in Washington, D.C., five regional field offices (West Trenton, NJ; Atlanta, GA; Kansas City, MO; Houston, TX; and Lakewood, CO); three district offices (Chicago, IL; Ontario, CA; and Anchorage, AK), and a national training center in Oklahoma City, OK. The accident investigation staff is also located in Oklahoma City, OK. Inspection and enforcement staff conduct inspections, investigations and outreach. They also work on the ground with state partners and participate on in-area response drills sponsored by the U.S. Coast Guard.

PHMSA's FY 2018 Administrative Expenses include adjustment-to-base increases as follows: \$241 thousand for annualized 2017 pay raises, \$657 thousand for 2018 pay raises at 1.9 percent, \$79 thousand for GSA rent, \$255 thousand for the Working Capital Fund, offset by a \$1.23 million decrease to administrative and professional support contracts. Additionally, this budget request includes: \$2 million programmatic increase for underground natural gas storage facilities.

Underground Natural Gas Storage Facilities, \$2.0 million

As recently authorized in the PIPES Act, PHMSA requests \$2.0 million for the inspection of nearly 200 underground natural gas storage facilities. The funds would be available annually and supported by user

fees. Overall, \$8.0 million was authorized for collection through user fees assessed on owners of such facilities. In addition to this \$2.0 million request, \$6.0 million will support the Underground Natural Gas Storage Safety Grant program.

Significant growth over the last decade in domestic natural gas production from shale gas has prompted renewed interest and investment in storage capacity. According to the Energy Information Administration, total gas in storage increased by nearly 16 percent between 1995 and 2014.³ Underground storage of natural gas plays a critical role in our energy independence and buffers the seasonal variations in natural gas demand. The need for federal oversight of these facilities was brought to light in October 2015 when the Aliso Canyon natural gas leak caused a state declaration of emergency. More gas leaked from Aliso Canyon than oil from the Deepwater Horizon disaster in the Gulf of Mexico, as an estimated 97,100 tons of methane and 7,300 tons of ethane were released into the atmosphere, making it the worst single natural gas leak in U.S. history. Following the Aliso Canyon release, Congress mandated that PHMSA issue minimum safety standards for underground natural gas storage facilities.

This funding will allow PHMSA to take diligent action to inspect, assess and protect our nation's underground natural gas storage facilities and meet our congressional mandate.

Contract Programs: \$22.46 million (No change)

Pipeline Safety's contract programs support inspection and compliance activities to help ensure the safe movement of hazardous materials through our nation's pipeline network. PHMSA collects and analyzes data to inform safety standards; and trains federal and state inspection and enforcement staff. Contract program costs fund PHMSA's work to assist operators in facilitating special permits, increase stakeholder communications, and support damage prevention efforts.

The Office of Pipeline Safety contract programs include: Compliance and Pipeline Integrity Management, (\$10.62 million), Training, Information and Community Assistance Services, (\$8.49 million), Mapping and Information Systems (\$1.82 million), and Implementing the Oil Pollution Act, (\$1.55 million) areas as follows:

Compliance and Pipeline Integrity Management, \$10.62 million

PHMSA puts in place safety standards and regulations that operators use to assess the condition and maintenance of pipelines. Specifically, each operator must have formal pipeline integrity management plans in place that are updated regularly. Such plans assess pipeline conditions and account for oversight and action for pipeline incidents that take place or threaten to harm environmental resources such as drinking water.

Training, Information and Community Assistance Services, \$8.49 million

To enhance pipeline safety, PHMSA funds important training, information sharing and community assistance services for its internal and external stakeholders. It facilitates clear communications among all pipeline stakeholders, including the public, operators and government officials. PHMSA also participates in the Common Ground Alliance on pipeline damage

³ Energy Information Administration (EIA), 2016. Natural Gas Underground Storage Capacity (Summary), Released April 29, 2016. Available at http://www.eia.gov/dnav/ng/ng_stor_cap_a_epg0_sac_mmcfa.htm

prevention efforts and has representatives in each region who inform communities about pipeline safety risks, answer questions, and field complaints.

Mapping and Information Systems, \$1.82 million

The National Pipeline Mapping System is a dataset containing locations of and information about gas transmission and hazardous liquid pipelines and Liquefied Natural Gas (LNG) plants which are under PHMSA's jurisdiction. The National Pipeline Mapping System also contains voluntarily submitted breakout tank data. The data is used by PHMSA for emergency response, pipeline inspections, regulatory management and compliance, and analysis purposes. It is used by government officials, pipeline operators and the general public for a variety of tasks including emergency response, smart growth planning, critical infrastructure protection and environmental protection.

Implementing the Oil Pollution Act, \$1.55 million

This 1990 law requires the preparation of spill response plans by operators that store, handle or transport oil. The purpose of these plans is to minimize the environmental impact of oil spills and improve public and private sector response. PHMSA reviews response plans submitted by operators of onshore oil pipelines to ensure compliance.

Research and Development: \$11.98 million (No change)

PHMSA's Office of Pipeline Safety research and development (R&D) program provides near-term solutions to improve pipeline safety, reduce the environmental impact of failures, and enhance the reliability of the nation's pipeline transportation system. It informs regulatory and enforcement activities and provides the technical and analytical foundation necessary for planning, evaluating and improving the Pipeline Safety program.

PHMSA's R&D program remains focused on recommendations from Congress and the National Transportation Safety Board calling for better detection of liquid and gas leaks; preventing excavation damage to pipelines; conducting material testing for cured-in-place liners; and expanding the capability of new robotic inspection tools for difficult-to-inspect pipelines.

Inspection devices, for instance, used to be limited to larger diameter pipelines with long, smooth bends, but the PHMSA R&D program has helped develop technology that allows small diameter pipelines with sharp turns to be internally inspected for defects. This increases the percentage of pipelines that can be internally inspected before they fail. PHMSA's ongoing and anticipatory work with pipeline companies will help carry on the nonstop safe delivery of their products to the American public. As a result of the PIPES Act of 2016, underground storage inspection is a new area now under the regulatory authority of PHMSA. Safely transporting LNG is also an area of increasing importance.

R&D in FY 2018 will address these and other important issues of national significance.

Research & Development	FY 2016 Actual	FY 2017 Annualized Continuing Resolution	FY 2018 Request
Liquefied Natural Gas	\$1,000,000	\$500,000	\$500,000
Underground Natural Gas Storage	1,000,000	500,000	1,000,000
Preventing Pipeline Damage	2,000,000	2,000,000	1,897,188
Leak Detection	2,000,000	2,000,000	2,000,000
Anomaly Detection & Characterization	2,000,000	2,000,000	2,000,000
Anomaly Remediation, Repair & Pipe Rehabilitation/Replacement	985,000	2,000,000	1,500,000
Enhancing Design, Materials and Welding/Joining	1,000,000	827,188	880,000
Impact of Alternative Fuels	-	150,000	150,000
Competitive Academic Advancement Program	2,000,000	2,000,000	2,000,000
Other (host R&D Forum)	15,000	-	50,000
Total, R&D	\$12,000,000	\$11,977,188	\$11,977,188

Grants: \$53.36 million (\$6.0 million over the FY 2017 Annualized Continuing Resolution)

PHMSA provides grants to states to support inspection and enforcement activities of the nation's pipelines that operate in the midst of our cities and neighborhoods. PHMSA relies heavily on state inspectors for the vast network of intrastate lines. Through our strong partnership, states provide a local presence for inspection of these pipeline systems and the design of community safety programs.

Grants include the cost of the following grant programs: State Pipeline Safety (\$50.81 million); State One-Call (\$1.06 million); and State Damage Prevention (\$1.50 million).

State Pipeline Safety Grants, \$50.81 million

The PIPES Act of 2016 authorizes PHMSA to reimburse states up to 80 percent of their reasonable cost of carrying out their pipeline safety programs, including the cost of inspection staff and equipment. Eligibility for reimbursement under this grant program considers both a state's cost and the effectiveness of its pipeline safety program as determined by an on-site review of the state's inspection, compliance, accident investigation, training, and excavation damage prevention records and activities.

Underground Natural Gas Storage Facilities Safety Grants, \$6.0 million

Of the \$8.0 million authorized for collection in the PIPES Act for the new Underground Natural Gas Storage Facility user fee, PHMSA requests \$6.0 million to reimburse the approximately 30 states most impacted by growth of these facilities for their cost of inspections. States would have their inspection program certified and then apply for funding that will be available to them for three years. As a new grant within the long-established State Pipeline Safety Grants program, this would pay up to 80 percent of the costs related to inspection, enforcement, personnel and equipment.

Funding for state inspection efforts is critical to help ensure underground natural gas storage facilities are operating in a safe manner. These grants will help ensure our aging infrastructure receives necessary inspections and maintenance. Preventing incidents similar to Aliso Canyon is key to the reliable transportation of the nation's energy supplies. If storage facilities must choose between rapidly drawing down their supply of gas to reduce the leak rate at a failed well or experiencing a complete interruption of service, it could prove to be detrimental for people who rely on gas for cooking and to heat and cool their homes. Businesses, hospitals and governmental facilities also rely on the stable supply of natural gas as well as the energy produced by gas turbine electric power plants to keep the economy moving.

State One-Call Grants, \$1.06 million

PHMSA awards grants to state agencies for activities promoting damage prevention, related compliance activities, training and public education. Each state that has a certification or agreement with PHMSA may request up to \$45 thousand to perform damage prevention projects. The grants also can be used to enforce damage prevention laws and otherwise support state efforts to promote *811 Call Before You Dig* outreach programs.

State Damage Prevention Grants, \$1.50 million

PHMSA awards grants to states for improvements in comprehensive programs to prevent damage to underground pipelines. Any state authority or municipality related to intrastate gas transportation that is or will be responsible for preventing damage to underground pipeline facilities is eligible to apply.

What does this funding level support?

The funding level requested allows PHMSA and its state partners to support the safe operation of the nation's pipeline network and in turn the safe delivery of energy products to market. The recently enacted PIPES Act of 2016 reaffirms PHMSA's role in keeping pipelines safely operating in support of the U.S. economy.

The PIPES Act advances the Pipeline Safety program's long-term commitment to protecting people and the environment. PHMSA is the only federal agency tasked with oversight of the safe operation of onshore pipelines. PHMSA's work impacts approximately 3,000 companies, that own combined pipelines long enough to encircle the Earth about 100 times and that deliver the energy building blocks that make our economy grow.

The top pipeline risk factors remain aging, vulnerable materials, new infrastructure growth, and proximity of people living and working near pipelines. PHMSA maintains its commitment to reducing major incidents by closely monitoring how pipeline operators manage aging pipelines, control corrosion and other problems, and address weaknesses when necessary. The PIPES Act requires PHMSA to evaluate these risk factors and take action to prevent accidents and failures. It also urges broader collaboration between PHMSA, states and industry in assessing pipeline conditions and ensuring pipeline maintenance to protect the American public and the economy.

Anticipated accomplishments for Pipeline Safety for FY 2018 include:

FY 2018 Anticipated Accomplishments:

- Design Underground Natural Gas Storage safety management best practices under a newly authorized program;
- Work with operators of underground natural gas storage facilities to transition from initial federal safety assessments to more in-depth safety and compliance inspections;
- Begin building the necessary information technology (IT) platform for the Information-sharing System, which will allow PHMSA to collect and share incident data from/with all stakeholders and interest groups;
- Improve safety by updating multiple IT systems to track safety data on the nation's pipelines by developing a single Pipeline Inspection and Enforcement (PIE) system. The system will promote uniform and streamlined safety data across all regions, as well as achieving information-sharing goals in the PIPES Act by incorporating data from state partners about intrastate operators.

What benefits will be provided to the American public through this request?

The funding requested will provide PHMSA with the resources it needs to support the safe delivery of energy products to market. With pipelines crossing thousands of communities in nearly every state, millions of Americans count on operators and PHMSA to oversee their safe operation. This funding continues PHMSA's work to protect people and the environment.

**Trust Fund Share of
Pipeline Safety**

TRUST FUND SHARE OF PIPELINE SAFETY

(OIL SPILL LIABILITY TRUST FUND)

The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to minimize oil spills into water and environmentally sensitive areas. Funding from the Oil Spill Liability Trust Fund contributes to some of the Office of Pipeline Safety's expenses and is included in its request. This section is provided as additional information about the fund. Funding from the Oil Spill Liability Trust Fund is accounted for by an expenditure transfer from which obligations are made and tracked separately from other pipeline safety funds.

EXHIBIT III-1

TRUST FUND SHARE OF PIPELINE SAFETY¹
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2016 ACTUAL	FY 2017 ANNUALIZED CONTINUING RESOLUTION	FY 2018 REQUEST	CHANGE FY 2017- 2018
Operations	\$11,491	\$11,469	\$11,469	\$0
Research and Development	3,000	2,994	2,994	\$0
Grants	7,632	7,618	7,618	\$0
TOTAL	\$22,123	\$22,081	\$22,081	\$0

¹The Oil Spill Liability Trust Fund is used by the Office of Pipeline Safety as part of its overall budget.

Program and Performance Statement

The Oil Pollution Act of 1990 requires the preparation of spill response plans by operators that store, handle or transport oil to minimize the environmental impact of oil spills and to improve public and private sector response. The Pipeline and Hazardous Materials Safety Administration (PHMSA) reviews response plans submitted by operators of onshore oil pipelines to ensure the plans comply with PHMSA regulations. These plans also must be regularly updated by the operator and submitted for 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
TRUST FUND SHARE OF PIPELINE SAFETY
PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-8121-0-7-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Obligations by program activity:			
0001 Trust fund share of pipeline safety	22,123	22,081	22,081
0900 Total new obligations (object class 94.0)	22,123	22,081	22,081
Budgetary resources:			
Budget authority:			
Appropriations, discretionary:			
1101 Appropriation (special or trust fund)	22,123	22,081	22,081
1160 Appropriation, discretionary (total)	22,123	22,081	22,081
1900 Budget authority (total)	22,123	22,081	22,081
1910 Total budgetary resources available	22,123	22,081	22,081
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	10,961	14,916	15,298
3010 Obligations incurred, unexpired accounts	22,123	22,081	22,081
3020 Outlays (gross)	-18,020	-21,698	-22,525
3041 Recoveries of prior year unpaid obligations, expired	-148	0	0
3050 Unpaid obligations, end of year	14,916	15,298	14,855

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

(In thousands of dollars)

Identification code 69-8121-0-7-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	10,961	14,916	15,298
3200 Obligated balance, end of year	14,916	15,298	14,855
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	22,123	22,081	22,081
4010 Outlays from new discretionary authority	10,253	10,820	10,820
4011 Outlays from discretionary balances	7,767	10,878	11,705
4020 Outlays, gross (total)	18,020	21,698	22,525
4070 Budget authority, net (discretionary)	22,123	22,081	22,081
4080 Outlays, net (discretionary)	18,020	21,698	22,525
4180 Budget authority, net (total)	22,123	22,081	22,081
4190 Outlays, net (total)	18,020	21,698	22,525

**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>
2009	\$18,810,000	\$18,810,000
2010	\$18,905,000	\$18,905,000
2011	\$18,905,000	\$18,867,000 ^{1/, 2/}
2012	\$21,510,000	\$18,573,000
2013	\$21,510,000	\$17,602,000 ^{1/, 3/}
2014	\$18,573,000	\$18,573,000
2015	\$19,500,000	\$19,500,000
2016	\$19,500,000	\$22,123,000
2017	\$19,500,000	\$22,080,944 ^{1/}
2018	\$22,080,944	

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

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

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

Detailed Justification for the Trust Fund Share of Pipeline Safety

What is the request and what funds are currently spent on the program?

FY 2018 – Oil Spill Liability Trust Fund Budget Request (Included in the Pipeline Safety Account) (\$000)

Program Activity	FY 2016 Actual	FY 2017 Annualized Continuing Resolution	FY 2018 Request	Difference From FY 2017 Annualized CR
Administrative Expenses	\$736	\$735	\$735	\$0
Contract Programs	10,755	10,734	10,734	0
Research and Development	3,000	2,994	2,994	0
Grants	7,632	7,618	7,618	0
Total	\$22,123	\$22,081	\$22,081	\$0

What is this program and why is it necessary?

The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to prevent, remove, and mitigate damage from oil spills into water and environmentally sensitive areas. As part of PHMSA's Pipeline Safety program, this fund contributes to the following expenses: 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 in a safe and environmentally sound manner. The Fund contribution amount is based on a reasonable share of the cost of these activities for pipelines in and around inland waterways.

Hazardous Materials
Safety

APPROPRIATIONS LANGUAGE

HAZARDOUS MATERIALS SAFETY

For expenses necessary to discharge the hazardous materials safety functions of the Pipeline and Hazardous Materials Safety Administration, [\$55,619,000] \$55,513,268, of which [\$7,570,000] \$7,555,609 shall remain available until September 30, [2018] 2020: *Provided*, 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 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 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 2016 ACTUAL	FY 2017 ANNUALIZED CONTINUING RESOLUTION	FY 2018 REQUEST	CHANGE FY 2017-2018
Operations	\$47,049	\$46,960	\$46,960	\$0
Research and Development	7,570	7,556	7,556	\$0
Grants	1,000	998	998	\$0
TOTAL	\$55,619	\$55,513	\$55,513	\$0
FTEs				
Direct Funded	186.0	196.0	203.0	7.0

Program and Performance Statement

The Pipeline and Hazardous Materials Safety Administration's (PHMSA) Hazardous Materials Safety program is responsible for advancing the flow of commerce and ensuring the safe transportation of hazardous materials. It relies on a comprehensive risk management program to ensure that resources are effectively applied to minimize fatalities and injuries; mitigate the consequences of incidents that occur; and enhance safety through policy and standards development, enforcement, and outreach efforts.

EXHIBIT III-1a

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Summary Analysis of Change from FY 2017 Annualized Continuing Resolution
to FY 2018 Budget**

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

	Change from FY 2017 to FY 2018 \$000	Change from FY 2017 to FY 2018 FTE
<u>HAZARDOUS MATERIALS SAFETY</u>		
FY 2017 Annualized Continuing Resolution	\$55,513	196.0
Administrative Adjustments to Base:		
Salaries and Benefits	1,001	7.0
Annualization of 2017 Pay Raise	150	0.0
FY 2018 Pay Raise	410	0.0
GSA Rent	44	0.0
Working Capital Fund	171	0.0
Other Services	(1,776)	0.0
Subtotal, Adjustments to Base	\$0	7.0
FY 2018 Request	\$55,513	203.0

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

Identification code 69-1401-0-1-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Obligations by program activity:			
0001 Operations	46,978	47,520	46,959
0002 Research and development	4,240	17,344	7,556
0003 Grants	1,000	998	998
0799 Total direct program	52,218	65,862	55,513
0801 Reimbursable program	731	3,450	3,200
0900 Total new obligations	52,949	69,312	58,713
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	6,843	10,349	0
1021 Recoveries of prior year unpaid obligations	46	0	0
1050 Unobligated balance (total)	6,889	10,349	0
Budget authority:			
Appropriations, discretionary:			
1100 Appropriation	55,619	55,513	55,513
1160 Appropriation, discretionary (total)	55,619	55,513	55,513
1700 Collected	869	3,450	3,200
1750 Spending auth from offsetting collections, disc - (total)	869	3,450	3,200
1900 Budget authority (total)	56,488	58,963	58,713
1930 Total budgetary resources available	63,377	69,312	58,713
Memorandum (non-add) entries:			
1940 Unobligated balance expiring	-79	0	0
1941 Unexpired unobligated balance, end of year	10,349	0	0
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	17,572	15,414	17,868
3010 Obligations incurred, unexpired accounts	52,949	69,312	58,713
3011 Obligations incurred, expired accounts	331	0	0
3020 Outlays (gross)	-54,600	-66,858	-58,713
3040 Recoveries of prior year unpaid obligations, unexpired	-46	0	0
3041 Recoveries of prior year unpaid obligations, expired	-792	0	0
3050 Unpaid obligations, end of year	15,414	17,868	17,868

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

Identification code 69-1401-0-1-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Uncollected payments:			
3060 Uncollected pymts, Fed sources, brought forward, Oct 1	-327	-104	-104
3071 Change in uncollected pymts, Fed sources, expired	224	0	0
3090 Uncollected pymts, Fed sources, end of year	-104	-104	-104
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	17,245	15,311	17,764
3200 Obligated balance, end of year	15,311	17,764	17,764
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	56,488	58,963	58,713
4010 Outlays from new discretionary authority	38,501	41,199	40,949
4011 Outlays from discretionary balances	16,099	25,659	17,764
4020 Outlays, gross (total)	54,600	66,858	58,713
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	-617	-3,450	-3,200
4033 Non-Federal sources	-262	0	0
4040 Offsets against gross budget authority and outlays (total)	-879	-3,450	-3,200
Additional offsets against gross budget authority only:			
4051 Offsetting collections credited to expired accounts	224	0	0
4054 Recoveries of prior paid obligations, expired accounts	10	0	0
4060 Additional offsets against budget authority only (total)	234	0	0
4070 Budget authority, net (discretionary)	55,619	55,513	55,513
4080 Outlays, net (discretionary)	53,722	63,408	55,513
4180 Budget authority, net (total)	55,619	55,513	55,513
4190 Outlays, net (total)	53,722	63,408	55,513

**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 2016	FY 2017	FY 2018
	<u>Actual</u>	<u>Annualized</u>	<u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$19,403	\$20,695	21,973
11.3 Other than full-time permanent	460	460	429
11.5 Other personnel compensation	255	255	218
11.9 Total personnel compensation	20,119	21,410	22,620
12.1 Civilian personnel benefits	6,293	6,209	6,560
21.0 Travel and transportation of persons	1,909	2,000	2,000
23.1 Rental payments to GSA	1,891	2,180	2,224
23.2 Rental payments to Others	15	-	-
23.3 Communications, utilities, and misc charges	412	120	120
24.0 Printing and reproduction	321	219	219
25.1 Advisory and assistance services	7,388	7,839	6,002
25.2 Other services	426	425	425
25.3 Other purchases of goods & services from govt accts	3,937	3,940	4,111
25.4 Operation and maintenance of facilities	332	-	-
25.5 Research and development contracts	4,240	17,344	7,556
25.7 Operation and maintenance of equipment	3,321	3,000	2,500
26.0 Supplies and materials	400	63	63
31.0 Equipment	214	115	115
41.0 Grants, subsidies, and contributions	1,000	998	998
42.0 Insurance claims and indemnities	1	-	-
Subtotal, Direct obligations	\$52,218	\$65,862	55,513
99.0 Subtotal, Reimbursable obligations	731	3,450	3,200
99.9 Total new obligations	\$52,949	\$69,312	58,713

EMPLOYMENT SUMMARY

Identification code 69-1401-0-1-407

	FY 2016	FY 2017	FY 2018
	<u>Actual</u>	<u>Annualized</u>	<u>Request</u>
10.01 Direct civilian full-time equivalent employment	186	196	203

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

Hazardous Materials Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2009	\$28,000,000	\$32,000,000
2010	\$35,500,000	\$37,994,000
2011	\$40,434,000 ^{1/}	\$39,020,000 ^{1/ & 2/}
2012	\$50,089,000	\$42,338,000
2013	\$50,673,000	\$40,123,000 ^{1/ & 3/}
2014	\$51,801,000	\$45,000,000
2015	\$52,000,000	\$52,000,000
2016	\$64,254,000	\$55,619,000
2017	\$68,249,000	\$55,513,268 ^{1/}
2018	\$55,513,268	

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

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

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

Detailed Justification for Hazardous Materials Safety

What is the request and what funds are currently spent on the program?

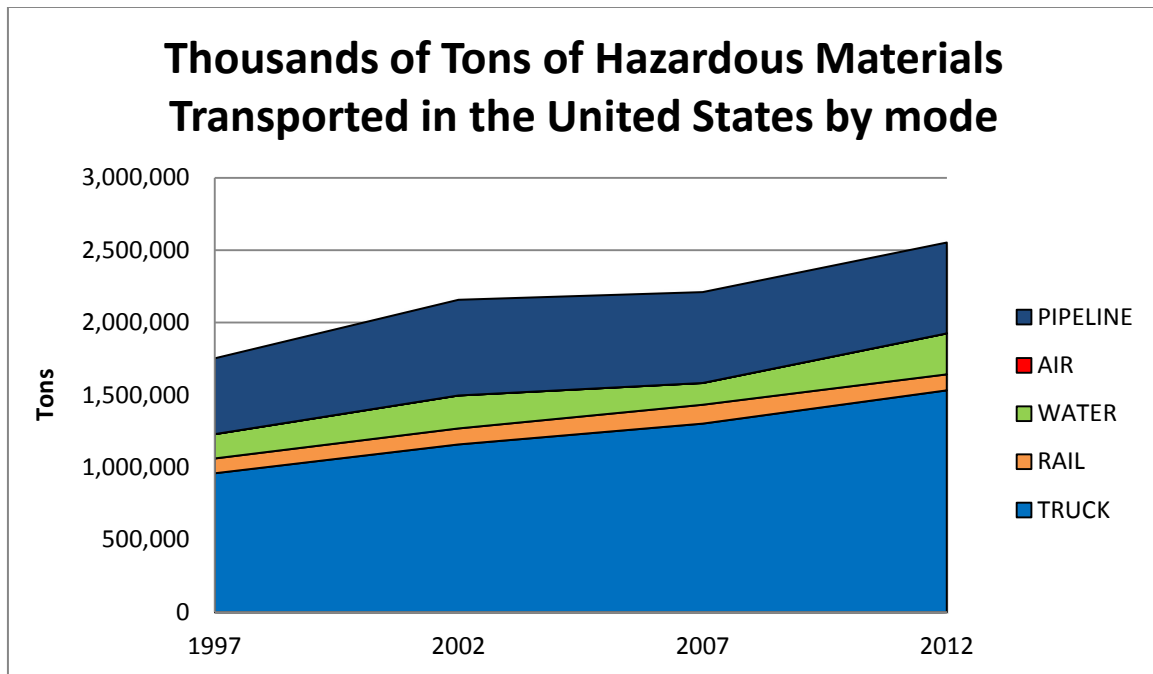
FY 2018 – Hazardous Materials Safety Budget Request (\$000)

Program Activity	FY 2016 Actual	FY 2017 Full Year Continuing Resolution	FY 2018 Request	Difference from FY 2017 Annualized CR
Administrative Expenses	\$38,034	\$37,962	\$37,962	\$0
Contract Programs	9,015	8,998	8,998	0
Research and Development	7,570	7,556	7,556	0
Grants	1,000	998	998	0
Total	\$55,619	\$55,513	\$55,513	\$0

What is this Program and Why is it Necessary?

Americans use hazardous materials to fuel vehicles, heat homes, and purify drinking water. In addition, numerous industries including the agricultural, medical, manufacturing and mining sectors rely on hazardous materials as the building blocks for essential products.

Hazardous materials are packaged and moved by road, rail, water and air. In fact, 2.6 billion tons of hazardous materials were transported by air, train, truck or vessel in quantities ranging from several ounces to thousands of gallons. This amounts to roughly 18 percent of freight moved over 886 million miles of the nation's transportation network. An important contributor to the economy, hazardous materials were estimated to be worth over \$2.3 trillion by the U.S. Department of Commerce. The graphic below demonstrates the robust growth of the hazardous materials transportation industry.



The growing production packaging and shipment industry supports over 1.5 million transportation jobs. The quantity of hazardous materials transported in the U.S. increased approximately 16 percent, from 2.2 to 2.6 billion tons, between 2007 and 2012.

PHMSA ensures energy products shipped by road, rail and water move safely. The discovery of new remote sources of natural gas and crude oil, along with more efficient extraction technologies, has transformed the domestic energy landscape, including the transportation system used to move energy products. In 2017, for example, U.S. crude production is expected to reach 9 million barrels per day, adding to increased exports and the ongoing use of high volume rail shipments. Similarly, growth in U.S. natural gas production has caused the development of many small-scale liquefaction facilities to store natural gas in a compact liquid state while awaiting delivery to market.

PHMSA's Office of Hazardous Materials Safety minimizes risk, prevents hazardous materials transportation accidents, and mitigates the consequences of accidents when they occur. Living up to this mission requires that we continue to ensure safe packaging, train first responders, and invest in promising research and development.

The Fixing America's Surface Transportation Act of 2015 (the FAST Act) provides direction for PHMSA's hazardous materials safety program. This request will enable PHMSA to continue completing the mandates in this authorization. The FAST Act reauthorization ensures that PHMSA will be a more effective, data-driven administration and provide better risk management of hazardous materials transportation for citizens, the safety community and the industry.

- The FAST Act calls for finding better uses of data and technology to improve the shipment of hazardous materials by road, rail, air and water.
- The FAST Act requires completion of projects, including studies and reports to Congress, on

the effectiveness and impacts to industry of specific programs and standards; and specific changes to programs, procedures and agency guidance.

PHMSA is completing the calls for action in the FAST Act.

To continue the safe movement of hazardous materials, PHMSA requests the same level of budget authority, or \$55.51 million, for the Hazardous Materials Safety program.

FY 2016 Accomplishments

- The field investigations team completed an interactive, response-based guide that sets policy and serves as the basis for training on hazardous materials accident/incident investigations. The first class to use this interactive training policy completed the training in September 2016. PHMSA anticipates that all field investigators will complete the course over the next year;
- In March 2016, the Office of Hazardous Materials Safety released the online Code of Federal Regulations (oCFR) ¹ tool for beta testing. It provides the public, industry and PHMSA with faster, one-click navigation between resources vital to transporting hazardous materials. The oCFR tool also includes new features to search, sort and identify the status of resources, such as special permits. OHMS rolled out improvements to the oCFR tool throughout 2016 and plans to release additional features in 2017.

FY 2017 Anticipated Accomplishments

- After reassessing completing research that demonstrates the service life for self-contained breathing apparatus can be extended up to 15 additional years without compromising safety, the Office of Hazardous Materials Safety will issue a special permit that will help save the emergency responder community many millions of dollars through issuance of a special permit and may lead to regulatory relief;
- PHMSA will carry out the next phases of research regarding the safe transportation of volatile shale oil from the Bakken region. These phases will focus on the burn characteristics, testing and computational modeling of a range of crude oil types;
- PHMSA's Office of Hazardous Materials Safety Research and Development (R&D) program will continue to work with North Carolina State University on unique technology to mitigate the negative effects of a hazmat rail tank car derailment. Using N.C. State's already tailored ballistic-grade body and vehicle armor technology for creating thermally insulating composite metal foams, PHMSA hopes to significantly reduce disastrous consequences in a fire or collision by shielding the rail tank car, with minimal weight added, from heat and impact;
- PHMSA's Office of Hazardous Materials Safety will continue collaboration with the Department of Navy to conduct research on lithium battery performance in transportation. Research projects currently underway will inform PHMSA how to simplify and clarify regulations restricting the transport of lithium batteries in commerce, and provide shippers and manufacturers with updated guidance on lithium battery transportation safety;

¹ <http://www.phmsa.dot.gov/hazmat/phmsa-online-cfr>

- Existing regulations require that all hazmat shipments be accompanied by physical shipping papers containing critical information for first responders, carriers, inspectors, etc. Completed research from a pilot program from FY 2016 in this area will facilitate the development of a more robust and state-of-the-art approach to developing this effort, converting the process to electronic means in FY 2017 and beyond;
- Currently, properties of crude oil tend to vary widely, and testing of properties necessitates expensive, time-consuming sampling of product from a well site and painstakingly packaging the sample to ship off to a laboratory to be analyzed, adding to the burden of shipping the crude oil. Harvard University developed a new innovative method to identify the essential properties of crude oil on-site, near real-time. In FY 2017, PHMSA's Office of Hazardous Materials Safety R&D will exclusively fund the final development of the actual device as a critical infrastructure tool to inform the packaging and safety requirements needed to transport crude oil in commerce.
- Information Technology Enhancements – PHMSA is redesigning our incident report submission and processing system. This new reporting system will provide an intuitive process that will ensure data quality by building business rules into the submission process. Internally, the new system will improve efficiency and will better track workflow. Externally, it will improve the customer satisfaction and user experience. Overall, the implementation of this effort will reduce processing times, improve data quality, and simplify the process.
- Process Improvements – PHMSA is analyzing the current state of operations to identify gaps related to standard operating procedure documentation and adequacy. PHMSA will use this information to develop and implement standard operating procedures and business processes, process maps and responsibility matrices. This effort will improve processing times and efficiencies, enhance modal collaboration, and provide greater transparency for stakeholders.

Administrative Expenses: \$37.96 million (No change)

PHMSA's FY 2018 request includes \$37.96 million for hazardous materials safety-related administrative expenses to support the costs of 203 staff including salaries and benefits, travel, training, supplies and equipment for all inspectors.

PHMSA's FY 2018 Administrative Expenses request includes adjustments to the base as follows: \$150 thousand for the annualized cost of the 2017 pay raise, \$410 thousand for the FY 2018 pay raise at 1.9 percent, \$44 thousand for GSA rent increase, \$171 thousand for increases in the Working Capital Fund, and is offset by a \$775 thousand decrease to administrative and professional support contracts. The request includes investments in PHMSA's core business areas of Inspection, Compliance and Safety Management.

Contract Programs: \$9.0 million (No change)

PHMSA's programs include multiple activities such as Hazardous Materials Information and Analysis; Investigation and Enforcement; Outreach, Training & Compliance; and the Hazardous Materials Registration Program. These programs are designed to advance PHMSA's mission of ensuring safe movement of hazardous materials through monitoring Special Permit and Approval applications, verifying incident reports, and measuring day-to-day performance via the Hazardous Materials Information System. With this funding PHMSA analyzes incidents involving transportation of hazardous materials; develops educational tools for outreach and training; and supports the U.S. Coast Guard's efforts in issuing emergency notifications when a hazardous materials incident occurs. PHMSA also ensures a data-driven approach to risk management by maintaining a one-stop, multi-modal Hazardous Materials Intelligence Portal. Finally, PHMSA collects registration fees supporting grants to states and Native American tribes for emergency response training and planning.

Research and Development: \$7.56 million (No change)

PHMSA's Research and Development (R&D) program directs research to minimize risks associated with the transportation of hazardous materials in domestic commerce.

The mission of the R&D program includes researching and identifying best practices regarding hazardous materials transport with improved and standardized classification processes, development of new packaging materials and technologies, and conducting engineering and scientific analysis in order to reduce regulatory burdens. The R&D program also funds multi-modal programs supporting improved packaging and equipment designs that improve performance of highway transport vehicles, rail cars, airplane cargo holds, and vessels used to transport hazardous materials. Significant emphasis driving our R&D agenda is placed on innovative ways to facilitate efficiency of commerce while enhancing safety.

PHMSA's Office of Hazardous Materials Safety emerging risk projects may include:

- **Crude oil packaging and transport by rail:** PHMSA's Office of Hazardous Materials Safety will continue its collaborative research with the Department of Energy, Federal Railroad Administration and Transport Canada including rail tanker crash tests to collect empirical data for validation and/or revision of computer models for predicting crude oil behavior under combustion and explosion conditions. Validation of predictive model results will establish which crude oil properties are critical influences on understanding transportation risks and accidents and inform efforts to prioritize future sampling, analysis and experiment activities designed to help inform the safe movement of energy products by rail.
- **Informing the safe packaging transportation practices for liquefied natural gas:** With the expansion of domestic natural gas production and the practice of reducing its volume

through liquefaction, the U.S. is quickly readying itself to be an exporter of natural gas products. This practice comes with some risk as liquefied natural gas is a volatile product. PHMSA's Office of Hazardous Materials Safety intends to use previously defined packaging risk and performance data to develop a holistic transport risk model for the surface transport of liquefied natural gas. This model would be used to measure risks and establish operational and packaging practices for liquefied natural gas surface transport. It could also be extended to all cryogenic materials and possibly all bulk transports. This will help PHMSA facilitate commerce and safe transportation alternatives as energy markets shift.

- **Lithium battery research:** PHMSA's Office of Hazardous Materials Safety intends to continue its collaborative research with both U.S. Naval Research Laboratory (NRL) and Naval Surface Warfare Center Carderock (NSWCC). PHMSA's Office of Hazardous Materials Safety and NRL plan to quantify safety hazards associated with common abuse testing (over-charge, over-discharge, and lithium plating) using:
 - A newly procured accelerated rate calorimeter;
 - Laboratory-scale demonstration of novel "trigger mechanisms" to induce battery failure "on demand" for testing and evaluation purposes;
 - Controlled fire testing of candidate battery packaging materials; and
 - A non-invasive health monitoring device, assessing issues of batteries in transportation in real time.

PHMSA and NSWCC will continue to improve our understanding of the failure mechanisms in lithium batteries related to internal shorts occurring in transportation and to develop methods to mitigate such failures. We will also continue analyzing failure data and other post-failure characteristics to develop a set of standard tests to reliably assess the cause of failure for future incidents.

	FY 2016 Actual	FY 2017 Annualized Continuing Resolution	FY 2018 Request
Research & Development			
Risk Management & Mitigation	\$1,250,000	\$1,300,000	\$1,300,000
Emerging Technologies	3,000,000	1,700,000	1,700,000
Package Integrity	1,270,000	2,055,609	2,055,609
Technical Analysis to Aid Risk Assessments	2,050,000	2,500,000	2,500,000
Total, R&D	\$7,570,000	\$7,555,609	\$7,555,609

Grants: \$1.0 million (No change)

Community Safety Grants, \$1 million

This competitive program was created by the FAST Act of 2015. It calls for nonprofit organizations to conduct national outreach and training programs to assist communities, as well as state and local personnel in preparing for and responding to hazardous materials incidents,

including Class 3 flammable liquids traveling by rail. In FY 2016, PHMSA awarded \$1 million to two nonprofit organizations: Commercial Vehicle Safety Alliance and Sustainable Workplace Alliance to train state and local personnel responsible for enforcing the safe transportation of hazardous materials, including Class 3 flammable liquids.

What does this funding level support?

Given the growth in product demand across U.S. hazardous materials industries, PHMSA's mission becomes more essential in promoting the flow of commerce and goods and protecting the American people and the environment. This growth presents challenges for safely transporting hazardous materials to domestic and foreign markets. This budget maintains PHMSA's capabilities to collect, analyze, and use data and information to minimize risks, prevent the occurrence of hazardous materials transportation accidents, and mitigate the consequences of an accident when one occurs.

PHMSA engages in a voluntary systems integrity approach to work collaboratively with global corporations. The Systems Integrity Safety Program helps companies that have systematic noncompliance: a substantially high percentage of incidents leading to deaths, injuries, and environmental releases, or present a high level of risk to the public. The program ensures that these companies develop sustainable solutions by investing in themselves. This voluntary action, in lieu of traditional enforcement actions, has improved compliance, obtained a higher level of safety than possible with standard processes, and leveraged limited investigator resources.

PHMSA investigators have also established liaisons with senior company officials at organizations including major hazardous materials distributors and manufacturers of chemicals and packaging to correct widespread systemic problems. This approach was hugely successful in part because of PHMSA's innovative, non-punitive methods for working together with companies to make them aware of problems, propose solutions, and periodically track progress. In one instance, a company reported that it recouped investments through operational cost savings and improved processes within three years.

PHMSA has identified up to 135 corporations that are strong candidates for enrollment in the Systems Integrity Safety Program, which has the potential to improve the safety for tens of thousands of other companies and hundreds of thousands of persons. The FY 2018 budget request continues to put safety management systems like this into place both internally and externally. A modest request such as this affirms PHMSA's goal to stand at the leading edge of safety and continue contributing to the virtually uninterrupted safe flow of hazardous materials throughout the country.

FY 2018 Anticipated Accomplishments:

- Field and Operations Division -- Significantly enhance the current risk model to take into consideration exposure risk by identifying new criteria such as the volume of material handled by the facility, the inherent risk associated with the products handled and transported, and most importantly, commodity flow information across the country;
- Training & Outreach Division -- Increase the number of users of the Hazardous Materials Transportation Training Module² from 5,082 to 10,000 and add two new modules: Security Requirements and Incident Reporting;
- Outreach and Engagement -- Release a DOT Chart 16 mobile application³ for industry;
- Accident Investigation Division -- Establish a complete accident investigation curriculum to fulfill training requirements of the highest safety standards for all hazardous materials accident investigators.

What benefits will be provided to the American public through this request?

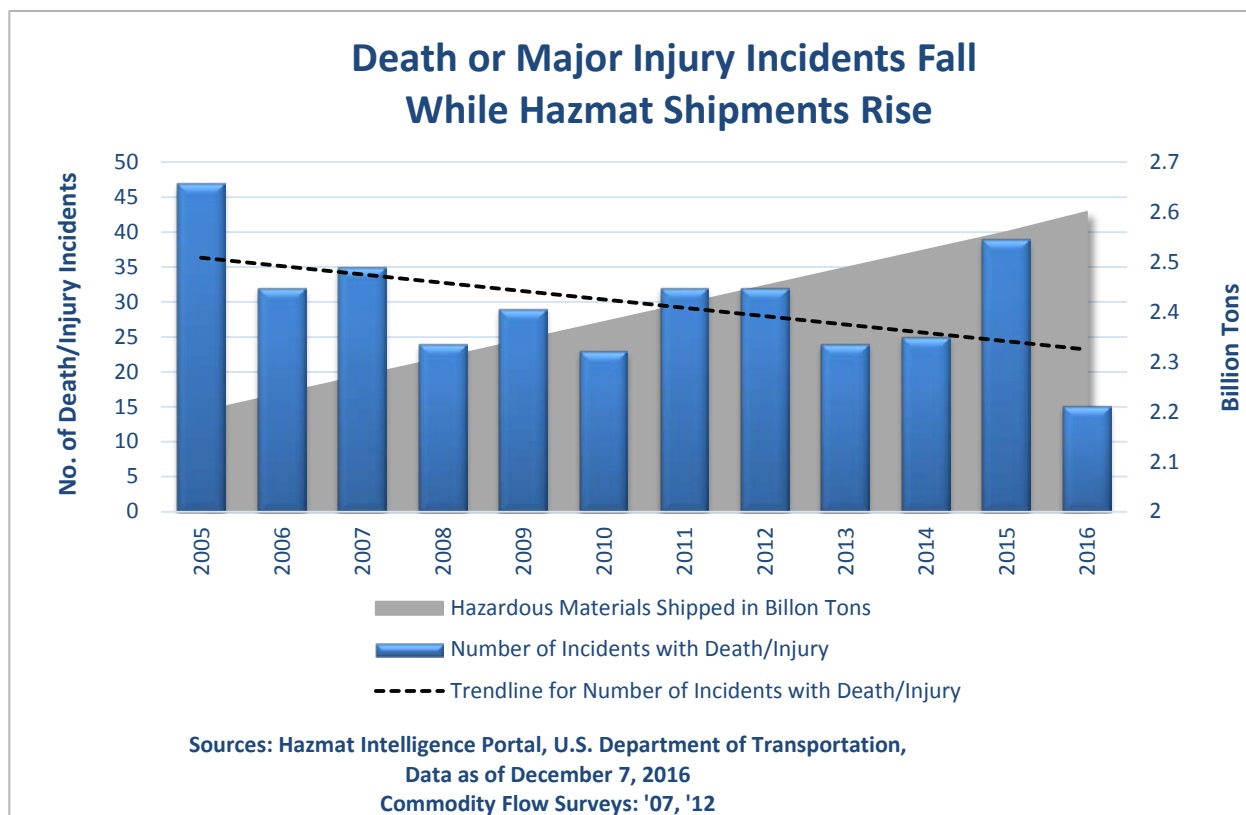
PHMSA's Hazardous Materials Safety program supports the economy by getting products to market smoothly while simultaneously making communities safer and more livable. An effective transportation safety program requires continuous evaluation, revitalization, and updating to address modern risks.

The number of total death and major hazardous material transportation-related injury incidents has declined steadily, while most measures of risk exposure—such as freight shipments, hazardous materials ton-miles, and, more recently, a surge in oil shipments on rail cars—have risen (see graphic below depicting rise in total shipments).

The ongoing successes cannot occur without a corresponding continuous commitment to excellence. New products surrounded by novel packaging and unfamiliar ports of origin raise the premium for safety. PHMSA's request facilitates its ability to proactively address risks raised by the discovery of new energy sources, technology, and shipping methods. With the continued momentum of crude by rail and the countless risks that hazardous materials shippers and carriers face daily, PHMSA directs resources to the highest risks in order to continue protecting the American public from hazardous materials incidents that can cause injury, environmental damage and disruption of commerce.

² The Office of Hazardous Materials Safety has developed training modules that meet the requirements for general awareness training as prescribed in Title 49 CFR, Part 172, Subpart H. The Hazardous Materials Transportation Training Modules contain an interactive training program for individual, self-paced instruction. The online training program introduces users to the HMR, and may be used to meet the requirements for general awareness/familiarization training, or as the basis for developing function-specific training programs.

³ PHMSA's DOT Chart 16 mobile application will provide hazmat stakeholders with readily accessible guidance for markings, labeling and placarding (in full-color) required by the Hazardous Materials Regulations, Title 49, Code of Federal Regulations, with live links to the eCFR for specific guidance for each marking.



To ensure the safety of the American public and the environment, PHMSA requests funding to manage the evolving challenges of shipping hazardous materials, with a commitment to gathering, making sense of, and acting on the wealth of information available to protect people, property and the economy.

**Emergency
Preparedness Grants**

APPROPRIATIONS LANGUAGE

EMERGENCY PREPAREDNESS GRANTS

(EMERGENCY PREPAREDNESS FUND)

[For necessary expenses to carryout 49 U.S.C. 5128(b), \$188,000, to be derived from the Emergency Preparedness Fund, to remain available until September 30, 2017: *Provided*, That notwithstanding] Notwithstanding the fiscal year limitation specified in 49 U.S.C. 5116, not more than \$28,318,000 shall be made available for obligation in fiscal year [2016] 2018 from amounts made available by 49 U.S.C. 5116(h), and 5128(b) and (c): *Provided further*, That notwithstanding 49 U.S.C. 5116(h)(4), not more than 4 percent of the amounts made available from this account shall be available to pay administrative costs: *Provided further*, That none of the funds made available by 49 U.S.C. 5116(h), 5128(b), or 5128(c) shall be made available for obligation by individuals other than the Secretary of Transportation, or his or her designee: *Provided further*, That notwithstanding 49 U.S.C. 5128(b) and (c) and the current year obligation limitation, prior year recoveries recognized in the current year shall be available to develop a hazardous materials response training curriculum for emergency responders, including response activities for the transportation of crude oil, ethanol and other flammable liquids by rail, consistent with National Fire Protection Association standards, and to make such training available through an electronic format: *Provided further*, That the prior year recoveries made available under this heading shall also be available to carry out 49 U.S.C. 5116(a)(1)(C) and 5116(i).

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 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 2016 ACTUAL	FY 2017 ANNUALIZED CONTINUING RESOLUTION	FY 2018 REQUEST	CHANGE FY 2017- 2018
Operations	\$1,757	\$1,755	\$1,885	\$130
Grants	24,648	24,622	26,433	1,811
TOTAL	\$26,405 ¹	\$26,377 ²	\$28,318	\$1,941
FTEs				
Direct				
Funded	0.0	0.0	0.0	0.0

¹Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016, February 2, 2015.

²Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2017, February 9, 2016.

Program and Performance Statement

Federal hazardous materials law (49 U.S.C. 5101 et seq.) established a national registration program for shippers and carriers of hazardous materials. The law established the collection of a fee from each registrant with the fees being used for emergency preparedness planning and training grants; development of training curriculum guidelines for emergency responders and technical assistance to states, political subdivisions, and Native American tribes; publication and distribution of the *Emergency Response Guidebook*; and administrative costs for operating the program.

EXHIBIT III-1a

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Summary Analysis of Change from FY 2017 Annualized Continuing Resolution to FY 2018
Budget
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Change from FY 2017 to FY 2018 \$000	Change from FY 2017 to FY 2018 FTE
<u>EMERGENCY PREPAREDNESS GRANTS</u>		
FY 2017 Annualized Continuing Resolution	\$26,377	0.0
New or Expanded Programs		
Emergency Preparedness	1,941	0.0
Subtotal, New or Expanded Programs	\$1,941	0.0
FY 2018 Request	\$28,318	0.0

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

Identification code 69-5282-0-2-407

	FY 2016 <u>Actual</u>	FY 2017 Annualized <u>CR</u>	FY 2018 <u>Request</u>
Unexpended balance, start of year			
01.00 Balance, start of year	\$18,177	\$17,079	\$19,072
01.90 Adjustments	0	0	0
01.99 Balance, start of year, total	18,177	17,079	19,072
Receipts and offsetting receipts:			
02.20 Emergency preparedness fund (offsetting prop. receipts)	24,695	28,183	28,318
02.90 Adjustments	0	0	0
02.99 Total receipts	24,695	28,183	28,318
04.00 Total: Balances and collections	42,872	45,261	47,390
Appropriations:			
05.00 Emergency Preparedness Grants [021-50-5282-0-1201]	-25,071	-28,183	-28,318
05.01 Emergency Preparedness Grants [021-50-5282-0-1203]	-2,823	0	0
05.02 Emergency Preparedness Grants [021-50-5282-0-1232]	1,913	1,887	0
05.90 Adjustments	188	107	0
05.99 Total Appropriations (-)	-25,793	-26,189	-28,318
06.10 Unobligated balance returned to receipts	0	0	0
07.99 Balance, end of year	\$17,079	\$19,072	\$19,072

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

Identification code 69-5282-0-2-407

	FY 2016	FY 2017	FY 2018
	<u>Actual</u>	<u>Annualized</u> <u>CR</u>	<u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
0001 Operations	1,656	1,753	1,885
0002 Emergency Preparedness Grants	20,507	20,487	21,988
0003 Competitive Training Grants	3,023	3,207	3,445
0004 Supplemental Training Grants	932	929	1,000
0900 Total new obligations	26,117	26,377	28,318
BUDGETARY RESOURCES:			
Unobligated Balance			
1000 Unobligated balance, brought forward, October 1	188	81	0
1021 Recoveries of prior year unpaid obligations	20	0	0
1033 Recoveries of prior year paid obligations	9	0	0
1050 Unobligated balance (total)	217	81	0
Budget Authority:			
Appropriation (Discretionary):			
1101 Appropriation (special or trust fund)	188	188	0
1134 Appropriations precluded from obligation	0	-81	0
1160 Appropriation (total) (discretionary)	188	107	0
Appropriation (Mandatory):			
1201 Appropriation (special fund)	24,883	28,076	28,318
1203 Appropriation (previously unavailable)	2,823	0	0
1232 Appropriations temporarily reduced	-1,913	-1,887	0
1260 Appropriation (total) (mandatory)	25,793	26,189	28,318
1900 Total budget authority	25,981	26,296	28,318
1930 Total budgetary resources available	26,198	26,377	28,318
1941 Unexpired unobligated balance, end of year	81	0	0
1952 Expired unobligated balances carried forward, soy	196	33	0
1953 Expired unobligated balances carried forward, eoy	33	0	0

PROGRAM AND FINANCING Cont'd

Identification code 69-5282-0-2-407

	FY 2016	FY 2017	
	<u>Actual</u>	<u>Annualized</u>	<u>FY 2018</u>
		<u>CR</u>	<u>Request</u>
CHANGE IN OBLIGATED BALANCE:			
Unpaid obligations:			
3000 Unpaid obligations brought forward, October 1	45,652	44,986	35,271
3010 Obligations incurred, unexpired accounts	26,117	26,377	28,318
3011 Obligations incurred, expired accounts	0	0	0
3020 Outlays (gross)	-26,764	-36,091	-38,386
3040 Recoveries of prior year unpaid obligations, unexpired accts	-20	0	0
3050 Unpaid obligations, end of year	44,986	35,271	25,204
3100 Obligated balance, start of year	45,652	44,986	35,271
3200 Obligated balance, end of year	44,986	35,271	25,204
BUDGET AUTHORITY AND OUTLAYS, NET:			
Gross budget authority (discretionary):			
4000 Budget authority, gross	188	107	0
Gross outlays (discretionary):			
4010 Outlays from new discretionary authority	0	69	0
4011 Outlays from discretionary balances	216	53	53
4020 Outlays, gross (total) (discretionary)	216	122	53
Offsets against gross budget authority and outlays (discretionary):			
4030 Offsetting collections from Federal sources (-)	-16	0	0
4040 Offsets against gross budget authority and outlays (total) (-)	-16	0	0
Additional offsets against gross budget authority only (discretionary):			
4054 Recoveries of prior paid obligations, expired accounts	16	0	0
4060 Additional offsets against budget authority only (total) (-)	16	0	0
4070 Budget authority, net (discretionary)	188	107	0
4080 Outlays, net (discretionary)	200	122	53

Gross budget authority (mandatory):				
4090	Budget authority, gross	25,793	26,189	28,318
Gross outlays (mandatory):				
4100	Outlays from new authority	1,437	9,660	10,478
4101	Outlays from balances	25,111	26,309	27,856
4110	Outlays, gross (total) (mandatory)	26,548	35,969	38,333
Offsets against gross budget authority and outlays (mandatory):				
4123	Offsetting collections, non-Fed sources (-)	-9		
4130	Offsets against gross budget authority and outlays (total) (-)	-9	0	0
Additional offsets against gross budget authority only (mandatory):				
4143	Recoveries of prior paid obligations, unexpired accounts	9		
4150	Additional offsets against budget authority only (total) (-)	9	0	0
4160	Budget authority, net (mandatory)	25,793	26,189	28,318
4170	Outlays, net (mandatory)	26,539	35,969	38,333
Budget authority and outlays, net (total):				
4180	Budget authority, net (total)	25,981	26,296	28,318
4190	Outlays, net (total)	26,739	36,091	38,386

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

Identification code 69-5282-0-2-407

	FY 2016 <u>Actual</u>	FY 2017 Annualized <u>CR</u>	FY 2018 <u>Request</u>
Direct Obligations:			
21.0 Travel and transportation of persons	\$37	\$46	\$50
25.1 Advisory and assistance services	\$654	720	775
25.2 Other services	\$22	46	50
25.3 Other purchases of goods and services from government accounts	\$736	775	790
25.7 Operation and maintenance of equipment	\$199	199	200
31.0 Equipment	\$8	19	20
41.0 Grants, subsidies, and contributions	\$24,462	24,572	26,433
Subtotal, Direct obligations	\$26,117	26,377	28,318
99.9 Total new obligations	\$26,117	\$26,377	\$28,318

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

**Emergency Preparedness Grants
(Obligation Limitation)**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2009	\$28,318,000	\$28,318,000
2010	\$28,318,000	\$28,318,000
2011	\$28,318,000	\$28,318,000
2012	\$28,318,000	\$28,318,000
2013	\$28,318,000	\$26,865,000 ^{1/}
2014	\$28,318,000	\$26,293,000 ^{2/}
2015	\$28,318,000	\$26,265,000 ^{3/}
2016	\$28,318,000	\$26,405,000 ^{4/}
2017	\$28,318,000	\$26,376,673 ^{5/}
2018	\$28,318,000	

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

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

3/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.

4/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2016, February 2, 2015.

5/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2017, February 9, 2016. Also reflects funding under a full year continuing resolution.

Detailed Justification for Hazardous Materials Emergency Preparedness Grants

What is the request and what funds are currently spent on the program?

FY 2018 – Hazardous Materials Emergency Preparedness Grants Budget Request (\$000)

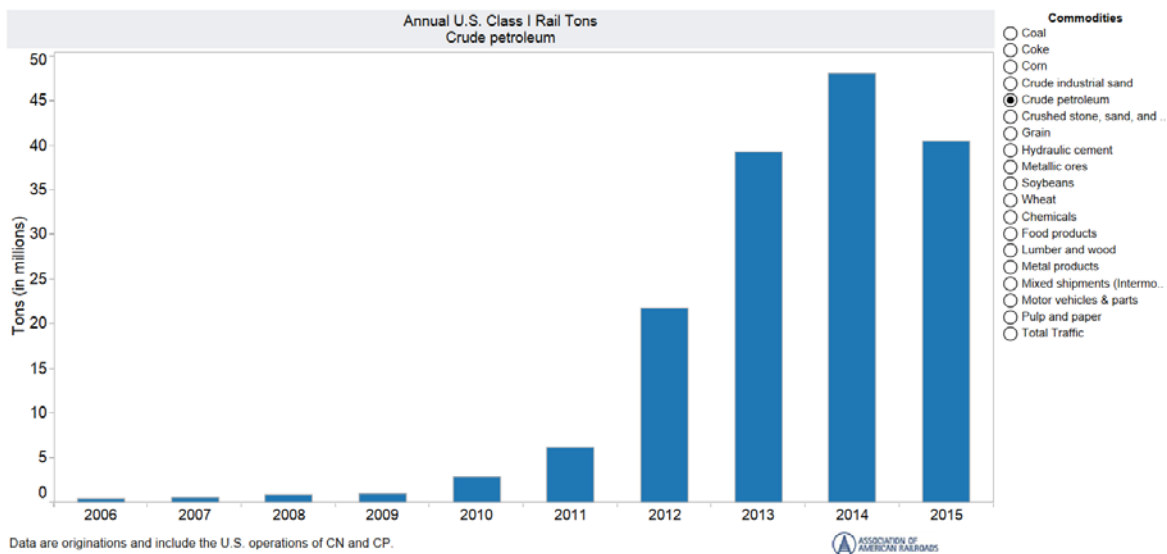
Program Activity	FY 2016 Actual ¹	FY 2017 Annualized Continuing Resolution ²	FY 2018 Request	Difference From FY 2017 Annualized CR
Operations	\$1,757	\$1,755	\$1,885	\$130
Grants	24,648	24,622	26,433	1,811
Total	\$26,405	\$26,377	\$28,318	\$1,941

¹Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2016, February 2, 2015.

²Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2017, February 9, 2016.

What is this program and why is it necessary?

Shipment of hazardous materials in and around our communities has grown with the increase in use of roadway, rail, and waterways to bring crude petroleum to market within the United States. In fact, rail alone has seen growth from 2.5 million tons moved in 2010 to nearly 50 million tons in 2014.



Congress, through the Fixing America's Surface Transportation (FAST) Act of 2015 recognized the need for local support of communities and first responders most affected by this growth. Funding for the program comes from hazardous materials shipper (truckers, rail companies, and airlines) registration fees. Grants provide assistance to communities planning for unique risks of hazardous material routes and training of first responders. The program trains firefighters and other first responders across all 50 states and territories on the response and remediation of difficult hazardous materials fires and incidents. Of the current estimated 1,100,000 firefighters, 800,000 are volunteers for whom this training is extremely critical.

FY 2016 Accomplishments:

- Increased the number of training sessions and community planning efforts by allowing grantees an extended 3-year period of performance to start and complete training programs and community response plans. Prior to this change, grantees were frequently unable to use grant funds prior to expiration;
- Authored and distributed the *Emergency Response Guidebook* which is the “must have” guidebook for shippers and first responders on how to identify and contain spills and respond to hazardous materials incidents. The *Guidebook* is the primary sourcebook for virtually all first responders and drivers carrying hazardous materials. Thirteen million copies of the *Emergency Response Guidebook* have been published and distributed since 1993 at no charge to the emergency response community including nearly 800,000 electronic version downloads;
- Updated the *Guidelines for Response, Planning and Prevention Training for Incidents Involving Hazardous Materials and Weapons of Mass Destruction* to help first responders and homeland security officials keep us safe during events involving misuse of hazardous materials.

FY 2017 Anticipated Accomplishments:

- Issue a second round of Assistance for Local Emergency Response Training (ALERT) Grants that will create a new series of first responders training prepared and delivered by national experts.
- Grants Workshop to ensure better and more focused utilization of grant awards.

In FY 2018, PHMSA requests budget authority of \$28.32 million for Emergency Preparedness Grants, an increase of \$1.94 million above the FY 2017 Annualized Continuing Resolution amount of \$26.38 million. This funding level allows PHMSA to continue important emergency preparedness training and planning grants, technical assistance to grant recipients, and printing of the Emergency Response Guidebook.

Operations: \$1.89 million (\$130 thousand over the FY 2017 Annualized Continuing Resolution)

Operations includes the costs to better manage the grant programs including: Administrative Expenses (\$1.11 million), Oversight and Technical Assistance (\$150 thousand), and Emergency Response Guidebook (\$625 thousand).

Administrative Expenses, \$1.11 million (\$77 thousand above the FY 2017 Annualized Continuing Resolution)

For FY 2018, administrative costs will create training modules for grantees and first responders, and support for the review of State plans for improving local response to hazardous materials shipments, routes, and incidents.

Oversight and Technical Assistance, \$150 thousand (\$10 thousand above the FY 2017 Annualized Continuing Resolution)

The FAST Act requires the Department to provide technical assistance to a state, its political subdivisions or Native American tribes for carrying out emergency response training and planning for incidents involving hazardous materials. PHMSA does this with face to face trainings and outreach, web based outreach, and media.

Emergency Response Guidebook, \$625 thousand (\$43 thousand above the FY 2017 Annualized Continuing Resolution)

PHMSA develops, publishes and distributes an updated version of its *Emergency Response Guidebook* every four years (both paperback and electronic versions). The *Guidebook* 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 widely used by the transportation industry and is internationally recognized.

Grants: \$26.43 (\$1.81 million over the FY 2017 Annualized Continuing Resolution)

Emergency Preparedness Grants provided Federal financial and technical assistance to states, territories and Native American tribes to develop, improve, and carry out emergency plans.

Grants include the cost of the following grant programs: Hazardous Materials Emergency Preparedness (HMEP) Grants, \$21.99, Hazardous Materials Instructor Training (HMIT) Grants, \$3.44 million, Supplemental Public Sector Training Grants, \$1 million, and if funding becomes available, Assistance for Local Emergency Response Training (ALERT) Grants.

Hazardous Materials Emergency Preparedness Grants, \$21.99 million

The \$21.99 million for training and planning grants is distributed among states via a formula that factors in population density, the frequency and costs associated with serious and non-serious incidents, and the type of transportation involved in past incidents. The grants are awarded to states that provide funding to localities and first responders most in need of planning and training.

Hazardous Materials Instructor Training (HMIT) Grants, \$3.44 million

The HMIT Grants program provides funding to train hazardous materials safety employees to become instructors and develop tools to extend the reach of hazardous materials training. The grants are awarded to nonprofit organizations with expertise in training hazardous materials safety employees.

Supplemental Public Sector Training Grants, \$1 million

These grants help train hazardous materials training instructors so they are well versed in best practices and modern hazardous material incident remediation.

The grants are made to national nonprofit fire service organizations.



First responders trained on removing hazardous materials spilled at an incident.

Assistance for Local Emergency Response Training (ALERT) Grants

In September 2015, PHMSA announced its first ALERT grants totaling \$5.9 million using authority provided by Congress to award unused grant funds for nonprofit organizations to provide direct or web-based hazardous materials training for emergency responders. These grants support training of emergency responders on the risk and remediation of incidents related to the transportation of crude oil, ethanol and other flammable liquids by rail. The grants are made to national organizations and experts in training first responders.

What does this funding level support?

According to the National Fire Protection Association (NFPA), of the more than 1.1 million local U.S. firefighters in 2014, nearly 800,000 were volunteer firefighters that may not have access to the same resources as professional firefighters.



First responders can rely on the *Emergency Response Guidebook's* smartphone application to efficiently minimize and counter potential harm from very particular kinds of hazardous materials.

In addition, the Hazardous Materials Emergency Preparedness Grants program supports state, local and tribal 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*.

Finally, more than 13 million copies of the *Emergency Response Guidebook (ERG)* have been published and distributed since 1993. The *Emergency Response Guidebook* is the primary resource for the nation's first responders, and is the globally recognized authority, having been translated by other nations into more than a dozen languages.

Anticipated accomplishments from the Emergency Preparedness Grants program for FY 2018 include:

FY 2018 Anticipated Accomplishments:

- Improved accessibility and use of the electronic version of the *Emergency Response Guidebook* with a goal of reaching 1 million downloads of the app and electronic version. This will make identifying hazardous materials and remediation at incident sites more likely.
- Support all communities impacted by rail routes that are moving energy products at greater volumes and frequency to better prepare them for potential incidents.

What benefits will be provided to the American public through this request?

The public benefits from the first responder training and the community planning these grants finance. Effective preparation for emergency situations reduces the impacts when a hazardous materials incident occurs, saving lives and reducing negative environmental damage. Grant programs supporting emergency preparedness have resulted in low rates of hazardous materials transportation-related deaths, major injuries, and significant damage. The low incident rates are attributed in part to first responders' ability to identify hazardous materials spilled, secure the site, and extinguish hazardous material fires.

Emergency response employees and hazardous materials transportation and shipping workers benefit from Hazardous Materials Emergency Preparedness-trained instructors providing job-specific training. The *Emergency Response Guidebooks* are present in almost every emergency response vehicle in the United States.



Bakken Crude rolling through Albany, New York.

Finally, the Hazardous Materials Instructor Training grant provides funds for train-the-trainer instruction to hazardous materials employees. In FY 2014, more than 11,000 trainers and hazardous materials employees were trained by four nonprofit organizations.

Operational Expenses

APPROPRIATIONS LANGUAGE

OPERATIONAL EXPENSES

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, [\$21,000,000] \$20,960,079 [: *Provided*, That no later than 90 days after the date of enactment of this Act, the Secretary of Transportation shall initiate a rulemaking to expand the applicability of comprehensive oil spill response plans, and shall issue a final rule no later than one year after the date of enactment of this Act].

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1
OPERATIONAL EXPENSES
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2016 ACTUAL	FY 2017 ANNUALIZED CONTINUING RESOLUTION	FY 2018 REQUEST	CHANGE FY 2017- 2018
Operations	\$21,000	\$20,960	\$20,960	\$0
TOTAL	\$21,000	\$20,960	\$20,960	\$0
FTEs				
Direct Funded	64.0	70.0	70.0	0.0

Program and Performance Statement

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

EXHIBIT III-1a
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Summary Analysis of Change from FY 2017 Annualized Continuing Resolution to FY
2018 Budget
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Change from FY 2017 to FY 2018 <u>\$000</u>	Change from FY 2017 to FY 2018 <u>FTE</u>
<u>OPERATIONAL EXPENSES</u>		
FY 2017 Annualized Continuing Resolution	20,960	70.0
Administrative Adjustments to Base:		
Annualization of 2017 Pay Raise	57	0.0
2018 Pay Raise	156	0.0
GSA Rent	22	0.0
Working Capital Fund	59	0.0
Non-pay Inflation	0	0.0
Other Services	(294)	0.0
Subtotal, Adjustments to Base	0	0.0
FY 2018 Request	20,960	70.0

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

Identification code 69-1400-0-1-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Obligations by program activity:			
0001 Operations	20,921	20,960	20,960
0799 Total direct program	20,921	20,960	20,960
0801 Reimbursable program	0	0	0
0900 Total new obligations	20,921	20,960	20,960
Budget authority:			
Appropriations, discretionary:			
1100 Appropriation	21,000	20,960	20,960
1160 Appropriation, discretionary (total)	21,000	20,960	20,960
1900 Budget authority (total)	21,000	20,960	20,960
1930 Total budgetary resources available	21,000	20,960	20,960
Memorandum (non-add) entries:			
1940 Unobligated balance expiring	-79	0	0
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	8,633	7,553	6,708
3010 Obligations incurred, unexpired accounts	20,921	20,960	20,960
3011 Obligations incurred, expired accounts	178	0	0
3020 Outlays (gross)	-21,276	-21,806	-20,960
3041 Recoveries of prior year unpaid obligations, expired	-903	0	0
3050 Unpaid obligations, end of year	7,553	6,708	6,708

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

Identification code 69-1400-0-1-407	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Uncollected payments:			
3060 Uncollected pymts, Fed sources, brought forward, Oct 1	-108	0	0
3071 Change in uncollected pymts, Fed sources, expired	108	0	0
3090 Uncollected pymts, Fed sources, end of year	0	0	0
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	8,525	7,553	6,708
3200 Obligated balance, end of year	7,553	6,708	6,708
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	21,000	20,960	20,960
4010 Outlays from new discretionary authority	14,817	14,253	14,253
4011 Outlays from discretionary balances	6,459	7,553	6,707
4020 Outlays, gross (total)	21,276	21,806	20,960
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	31	0	0
4033 Non-Federal sources	-32	0	0
4040 Offsets against gross budget authority and outlays (total)	-1	0	0
Additional offsets against gross budget authority only:			
4051 Offsetting collections credited to expired accounts	108	0	0
4053 Recoveries of prior year paid obligations, expired accounts	1	0	0
4060 Additional offsets against budget authority only (total)	110	0	0
4070 Budget authority, net (discretionary)	21,000	20,960	20,960
4080 Outlays, net (discretionary)	21,275	21,806	20,960
4180 Budget authority, net (total)	21,000	20,960	20,960
4190 Outlays, net (total)	21,275	21,806	20,960

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

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

(In thousands of dollars)

Identification code 69-1400-0-1-407

	FY 2016	FY 2017	FY 2018
	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$6,738	\$7,671	\$8,028
11.3 Other than full-time permanent	699	700	510
11.5 Other personnel compensation	115	115	114
11.9 Total personnel compensation	\$7,552	\$8,486	\$8,652
12.1 Civilian personnel benefits	2,361	2,376	2,423
13.1 Benefits to former personnel	0	0	0
21.0 Travel and transportation of persons	51	70	70
23.1 Rental payments to GSA	911	1,085	1,107
26.0 Supplies and materials	68	102	102
31.0 Equipment	354	157	157
42.0 Insurance claims and indemnities	2	0	0
Subtotal, Direct obligations	\$20,921	\$20,960	\$20,960
99.0 Subtotal, Reimbursable obligations	0	0	0
99.9 Total new obligations	\$20,921	\$20,960	\$20,960

EMPLOYMENT SUMMARY

Identification code 69-1400-0-1-407

	FY 2016	FY 2017	FY 2018
	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
10.01 Direct civilian full-time equivalent employment	64.0	70.0	70.0
20.01 Reimbursable civilian full-time equivalent employment	0.0	0.0	0.0

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

Operational Expenses

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2009	\$18,130,000 ^{2/}	\$18,130,000 ^{2/}
2010	\$18,968,000 ^{2/}	\$20,132,000 ^{2/}
2011	\$21,383,000 ^{2/}	\$20,455,000 ^{1/, 2/ & 3/}
2012	\$21,158,000 ^{2/}	\$20,360,000 ^{2/}
2013	\$20,047,000 ^{2/}	\$19,295,000 ^{2/, 3/ & 4/}
2014	\$20,154,000 ^{5/}	\$20,154,000 ^{5/}
2015	\$20,725,000 ^{5/}	\$20,725,000 ^{5/}
2016	\$21,000,000 ^{5/}	\$21,000,000
2017	\$22,188,000 ^{5/}	\$20,960,079 ^{1/}
2018	\$20,960,079	

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

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

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

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

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

What is the request and what funds are currently spent on the program?

FY 2018: Operational Expenses Budget Request (\$000)

Program Activity	FY 2016 Actual	FY 2017 Annualized Continuing Resolution	FY 2018 Request	Difference from FY 2017 Annualized CR
Administrative Expenses	\$15,250	\$15,605	\$15,605	\$0
Contract Programs	5,750	5,355	5,355	0
Total	\$21,000	\$20,960	\$20,960	\$0

What is this program and why is it necessary?

The Operational Expenses account supports the Pipeline and Hazardous Materials Safety Administration's mission of ensuring the safe movement of hazardous materials to market.

The Operational Expenses program provides support services to the primary program offices to ensure hiring and retention of high quality engineers and technical staff, support the regulatory and enforcement processes, ensure compliance with laws and regulations for financial management and acquisition services, and provide leading technologies to support industry and the analysis of data in support of the safety mission.

For FY 2018, the President's Budget requests \$20.96 million for Operational Expenses, without an increase over the FY 2017 level.

FY 2016 Accomplishments:

- Took action to ensure Pacific Gas & Electric (PG&E) was held responsible for a devastating accident. On August 9, 2016, a federal criminal jury in San Francisco returned a guilty verdict against PG&E for multiple violations of federal pipeline safety regulations related to a 2010 gas pipeline accident in San Bruno, California that killed 8 people and destroyed 38 homes;
- Successfully modernized modules of the hazardous materials systems so that shippers and packagers can access modern online systems for electronic recordkeeping supporting hazardous materials packaging and shipping; and
- Worked closely with Congress to reauthorize our programs including providing technical assistance, cost analysis, working with the Congressional Budget Office to renew important authorities and develop new authorities that promote safety and industry.

FY 2017 Anticipated Accomplishments:

- Plan and initiate moving PHMSA systems to a cloud environment and complete modernization of more of the hazardous materials approvals modules to provide faster response times to industry;
- Revise and update PHMSA's grants management policies to better manage grants to states and localities in direct support of the safety mission; and
- Implement the new emergency order authority granted to the Secretary of Transportation in the PIPES Act of 2016. The new authority will be used in the pipeline safety context when an unsafe condition or practice, or combination of unsafe conditions or practices, poses an imminent hazard to public health and safety or the environment.

Administrative Expenses, \$15.60 million (No change)

PHMSA's FY 2018 Administrative Expenses request includes adjustments to base as follows: \$57 thousand for the annualized FY 2017 pay raises, \$156 thousand for a 2018 pay raise at 1.9 percent, \$22 thousand for a GSA rent increase, \$59 thousand increase to the Working Capital Fund, and is offset by a \$294 thousand decrease to administrative and professional support contracts.

Contract Programs, \$5.36 million (No change)

Contract programs of the Operational Expenses account for \$5.36 million to support both Pipeline Safety and Hazardous Materials Safety operations.

Information Resources Management and Information Technology Infrastructure programs make up a significant part of Operations activities. Their wide-ranging projects allow PHMSA to apply modern technology solutions to routine business transactions and to particular challenges, such as ensuring shippers get fast and thorough responses to Special Permits and Approvals requests. For example, in FY 2017 PHMSA completed the automation of the online fireworks approval system, conducted user testing on a new electronic incident reporting system, and is adapting a departmental dashboard for PHMSA information needs. Additional mobile technologies are being developed to support field operations, investigations and accidents.

What does this funding level support?

The shipment of hazardous materials by rail, road, water, air and pipeline fuels American businesses, homes and delivers products to market. With this funding, PHMSA can continue to support its primary safety mission. PHMSA is also positioned to continue modernizing systems that provide transaction support to field personnel, gather and analyze data, improve accountability and customer service, supply better information for first responders, and share information to improve safety outcomes.

Anticipated accomplishments for Operations in FY 2018 include:

Anticipated FY 2018 Accomplishments:

- Present PIPES Act report related to the metrics for lost and unaccounted for natural gas from distribution pipelines and system;
- Develop state level policies for the PIPES Act that encourage repair and replacement of leaking natural gas distribution systems or create barriers for entities to repair/replace leaking natural gas pipelines or distribution systems;
- Accelerate administrative processes through the FAST Act to create certainty for those in the hazardous materials industry seeking Special Permits and Approvals; and
- Complete migration to the cloud and modernization of all approvals modules for hazardous materials.

What benefits will be provided to the American public through this request?

The request will allow PHMSA to advance the use of technology to support effective and efficient industry interactions, improve internal management processes that support compliance and oversight, and ensure responsiveness to requirements from the FAST Act and the PIPES Act.

**IV: Research,
Development and
Technology**

EXHIBIT IV-1
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
RESEARCH, DEVELOPMENT, AND TECHNOLOGY (RD&T)
BUDGET AUTHORITY
(\$000)

	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request	FY 2018 Applied	FY 2018 Development
A. Pipeline Safety	\$13,363	\$13,340	\$13,340	\$0	\$13,340
1. Pipeline Safety	12,000	11,977	11,977	0	11,977
2. Administrative Expenses ¹	1,363	1,363	1,363	0	1,363
B. Hazardous Materials Safety	\$8,116	\$8,102	\$8,102	\$8,102	\$0
1. Hazardous Materials Safety	7,570	7,556	7,556	7,556	0
2. Administrative Expenses ¹	546	546	546	546	0
TOTAL PHMSA	\$21,479	\$21,442	\$21,442	\$8,102	\$13,340

¹The administrative costs displayed here are in addition to the R&D program funds.