



U.S. Department of
Transportation

BUDGET ESTIMATES

FISCAL YEAR 2019

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 2019 BUDGET REQUEST
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I: Overview

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2019 BUDGET REQUEST OVERVIEW**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) oversees the safe movement of hazardous materials and energy-related products. The consistently safe delivery of these commodities supports the growth of American industry ensuring that packagers, shippers and transporters can move these products to the consumers – homes and business – that rely on them. PHMSA’s safety programs advance industry safety systems, promote safety standards, encourage innovation and research, provide comprehensive safety inspections, and when necessary, initiate enforcement actions.

PHMSA is responsible for promoting the safe and reliable transportation of dangerous goods by air, water, highway, rail, and pipelines. The expansive U.S. pipeline network extends more than 2.7 million miles and moves more than 16 billion barrels of hazardous liquids and gases safely and without incident 99.9997 percent of the time. And, PHMSA’s safety operations add less than 1 cent per barrel to achieve this unparalleled safe delivery rate.

Surface, air and vessel transportation of hazardous materials account for more than 2.7 billion tons of regulated hazardous products annually with a value of \$3.1 trillion. Despite the amount of activity and risk posed by hazardous materials, safe delivery occurs 99.9994 percent of the time. PHMSA’s safety operations add about 3 cents per ton of material shipped to maintain this significant rate.

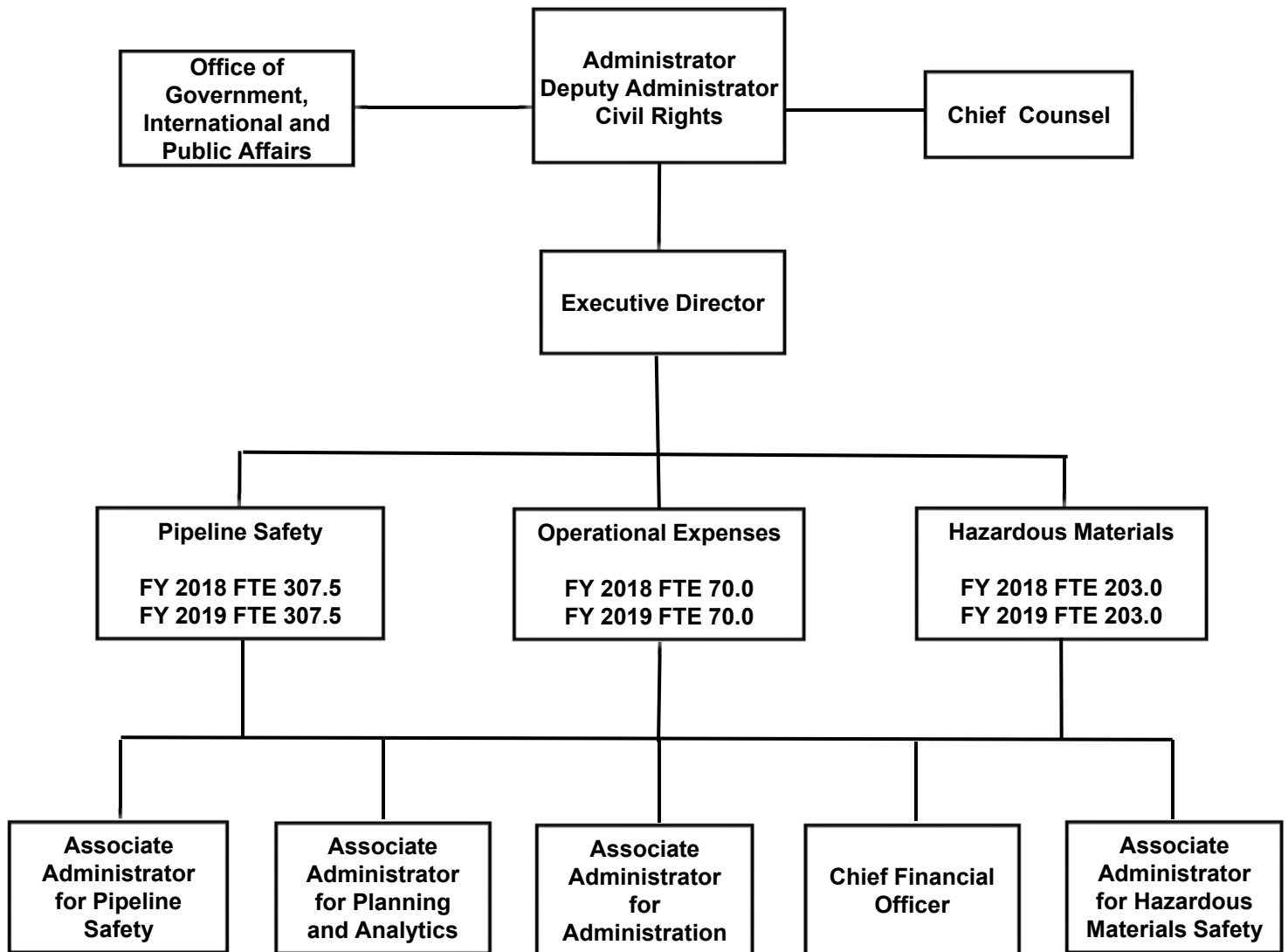
PHMSA works to improve the safety systems of the more than 40,000 companies involved in the commercial manufacture, packaging and transportation of U.S. DOT-regulated hazardous commodities as well as the operators responsible for the nation’s expansive 2.7-million-mile network of liquid and gas pipelines. This funding request supports PHMSA’s mission to further improve industry safety programs.

In FY 2019, PHMSA will carry out the legislative requirements in the Fixing America’s Surface Transportation (FAST) Act of 2015 that call for PHMSA to improve the safe movement of liquefied natural gas and crude oil transported 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 underground storage of natural gas. This growing practice occurs when natural gas is pumped into non-operational salt caverns and mines for storage by operators while it awaits use based upon market demand. PHMSA again requests \$8 million called for in the PIPES Act of 2016 to fund federal and state oversight of approximately 400 underground storage facilities. PHMSA is well-positioned to meet the safety requirements of these two Acts.

To ensure the continued safe transportation of hazardous materials by air, water and land, PHMSA searches for – and finds – new ways to reduce risk. PHMSA staff experts conduct comprehensive preventative inspections, and offer operators, manufacturers, shippers and transporters new and innovative risk-reduction guidance aimed at improving safety and minimizing incidents. PHMSA grant programs provide thousands of public first responders and emergency planners with vital training and information on how to plan for, mitigate and respond to an incident.

PHMSA's FY 2019 budget request of \$254.30 million is largely funded by the regulated 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 request, while the remainder is funded through the general fund. This request includes \$150.20 million for Pipeline Safety, \$52.07 million for Hazardous Materials Safety, \$28.32 million in Emergency Preparedness Grants, and \$23.71 million to fund the Operational Expense account (inclusive of grant programs).

**Exhibit I: Pipeline and Hazardous Materials Safety Administration (PHMSA)
Full-Time Equivalents (FTEs) for FY 2018 Annualized CR and FY 2019 Request
Totals: FY 2018 Annualized CR FTE – 580.5 / FY 2019 Request FTE – 580.5**



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II: Budget Summary
Tables

EXHIBIT II-1
FY 2019 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<u>FY 2017 ACTUAL</u>	<u>FY 2018 ANNUALIZED CR</u>	<u>FY 2019 REQUEST</u>
Pipeline Safety			
Pipeline Safety Fund	\$128,000	\$127,132	\$119,200
Underground Natural Gas Storage	6,292 ¹	7,945	8,000
Oil Spill Liability Trust Fund	20,288	20,150	23,000
Subtotal	154,580	155,227	150,200
Hazardous Materials Safety			
General Fund	57,000	56,613	52,070
Subtotal	57,000	56,613	52,070
Emergency Preparedness Grants			
Emergency Preparedness Fund (Mandatory)	26,364 ²	26,449 ³	28,318
Subtotal	26,364	26,449	28,318
Operational Expenses			
General Fund	22,500	22,347	23,710
Subtotal	22,500	22,347	23,710
TOTAL	\$260,444	\$ 260,636	\$ 254,298
Appropriations	\$ 260,444	\$ 260,636	\$ 254,298
Rescissions	\$ -	\$ -	\$ -

¹ In FY 2017, PHMSA was appropriated \$8M in user fees for Underground Natural Gas Storage, \$7.7 million was collected. \$6.3 million was moved to the expenditure account however a final treasury warrant for \$1.4 million was not processed by the end of the fiscal year and a warrant coupled with a beginning balance adjustment in FY 2018 have been requested to apply this amount to the FY 2017 appropriation.

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.

³ 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 2018, May 23, 2017.

EXHIBIT II-2
FY 2019 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

<u>ACCOUNT NAME</u>	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
PIPELINE SAFETY	\$156,288	\$155,227	\$150,200
Pipeline Safety Fund	128,000	127,132	119,200
Underground Natural Gas Storage Fee	8,000	7,945	8,000
Oil Spill Liability Trust Fund	20,288	20,150	23,000
HAZARDOUS MATERIALS SAFETY	57,000	56,613	52,070
General Fund	57,000	56,613	52,070
EMERGENCY PREPAREDNESS GRANTS¹	28,318	28,318	28,318
OPERATIONAL EXPENSES	22,500	22,347	23,710
General Fund	22,500	22,347	23,710
TOTAL	\$264,106	\$262,505	\$254,298

¹ Obligation limitation amount does not include sequestration.

EXHIBIT II-3
FY 2019 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOALS
Appropriations, Obligation Limitation, and Exempt Obligations
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

	Safety	Infrastructure	Innovation	Accountability	Total
ACCOUNT					
Pipeline Safety	\$ 158,426	\$ -	\$ 6,000	\$ -	\$ 164,426
Hazardous Materials Safety	\$ 86,072	\$ -	\$ 3,800	\$ -	\$ 89,872
TOTAL	\$ 244,498	\$ -	\$ 9,800	\$ -	\$ 254,298

EXHIBIT II-4
FY 2019 BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<i>Mandatory/ Discretionary</i>	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Pipeline Safety	<i>D</i>	\$154,580 ¹	\$155,227	\$150,200
Hazardous Materials Safety	<i>D</i>	57,000	56,613	52,070
Emergency Preparedness Grants	<i>M</i>	26,364 ²	26,449 ³	28,318
Operational Expenses	<i>D</i>	22,500	22,347	23,710
TOTAL		\$260,444	\$260,636	\$254,298

<i>Mandatory</i>	26,364	26,449	28,318
<i>Discretionary</i>	234,080	234,187	225,980

PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS

Pipeline Safety User Fees	<i>D</i>	\$127,605	\$127,132	\$119,200
Pipeline Safety Underground Natural Gas Storage Fee	<i>D</i>	7,691	7,945	8,000
Hazardous Materials Registration Program	<i>M</i>	619	800	800
Hazardous Materials Transportation Registration, Filing, and Permits	<i>M</i>	24,061	28,318	28,318
TOTAL		\$159,976	\$164,195	\$156,318

¹ In FY 2017, PHMSA was appropriated \$8M in user fees for Underground Natural Gas Storage, \$7.7 million was collected. \$6.3 million was moved to the expenditure account however a final treasury warrant for \$1.4 million was not processed by the end of the fiscal year and a warrant coupled with a beginning balance adjustment in FY 2018 have been requested to apply this amount to the FY 2017 appropriation.

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.

³ 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 2018, May 23, 2017.

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

<u>ACCOUNT NAME</u>	<i>Mandatory/ Discretionary</i>	<u>FY 2017 AUTHORIZED</u>	<u>FY 2018 AUTHORIZED</u>	<u>FY 2019 AUTHORIZED</u>
Pipeline Safety ¹	<i>D</i>	\$158,123	\$162,000	\$165,000
Hazardous Materials Safety ²	<i>D</i>	55,000	57,000	58,000
Emergency Preparedness Grants ²	<i>M</i>	28,318	28,318	28,318
Operational Expenses ¹	<i>D</i>	22,000	22,000	23,000
<u>TOTAL</u>		<u>\$263,441</u>	<u>\$269,318</u>	<u>\$274,318</u>
<i>Mandatory</i>		<i>28,318</i>	<i>28,318</i>	<i>28,318</i>
<i>Discretionary</i>		<i>235,123</i>	<i>241,000</i>	<i>246,000</i>
<u>PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS</u>				
Pipeline Safety User fees	<i>D</i>	\$150,123	\$154,000	\$157,000
Pipeline Safety Underground Natural Gas Storage Fee	<i>D</i>	8,000	8,000	8,000
Hazardous Materials Registration Program	<i>M</i>	800	800	800
Hazardous Materials Transportation Registration, Filing, and Permits	<i>M</i>	28,318	28,318	28,318
<u>TOTAL</u>		<u>\$187,241</u>	<u>\$191,118</u>	<u>\$194,118</u>

¹ Reflects authorization of appropriations from the Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (Public Law 114-183).

² Reflects authorization of appropriations from the Fixing America's Surface Transportation Act (Public Law 114-94).

EXHIBIT II-5
FY 2019 OUTLAYS
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<u>M/D</u>	<u>FY 2017 ACTUAL</u>	<u>FY 2018 ANNUALIZED CR</u>	<u>FY 2019 REQUEST</u>
Pipeline Safety				
Pipeline Safety Fund	<i>D</i>	\$129,796	\$149,826	\$141,681
Trust Fund Share of Pipeline Safety	<i>D</i>	15,961	23,604	23,139
Subtotal, Pipeline Safety		145,757	173,430	164,820
 Hazardous Materials Safety	 <i>D</i>	 51,267	 64,021	 58,524
 Emergency Preparedness Grants				
Mandatory	<i>M</i>	23,229	39,296	37,684
Discretionary	<i>D</i>	182	201	0
Subtotal, Emergency Preparedness Grants		23,411	39,497	37,684
 Operational Expenses	 <i>D</i>	 22,371	 22,172	 23,049
 Research and Special Programs		 81	 162	 0
 TOTAL		 \$242,887	 \$299,282	 \$284,077
<i>Discretionary</i>		219,658	259,986	246,393
<i>Mandatory</i>		23,229	39,296	37,684

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 2017 Actual ^{1,2}	FY 2018 Annualized CR ³	Baseline Changes					WCF Increase/ Decrease	GSA Rent	One More Compensable Days (261 days)	Inflation/De flation	FY 2019 Baseline Estimate	Program Increases/ Decreases	FY 2019 Request
			Annualization of 2018 Pay Raises	2019 Pay Raises	Annualization of 2018 FTE	2019 Pay Raises	2019 Pay Raises							
PERSONNEL RESOURCES (FTE)	540.0	580.5										580.5		580.5
Direct FTE	540.0	580.5										580.5		580.5
Reimbursable FTE	0.0	0.0										0.0		0.0
FINANCIAL RESOURCES														
ADMINISTRATIVE EXPENSES														
Salaries and Benefits	\$78,780	\$86,375	\$410						\$334			\$87,119		\$87,119
Travel	6,572	7,097									1	7,098		7,098
GSA Rent	6,430	6,659						133				6,792		6,792
Communications & Utilities	919	1,027										1,027		1,027
Printing	286	384										384		384
Other Services:														
- Other	14,256	11,513										11,513	(1,433)	10,080
- WCF	8,287	8,772						989				9,761		9,761
Supplies	105	412									1	413		413
Equipment	1,419	596										596		596
Subtotal, Administrative	117,054	122,835	0	0	0	0	0	989	133	334	2	124,703	(1,433)	123,270
PROGRAMS														
Contract Programs														
Pipeline Safety	22,506	22,353										22,353		22,353
Hazardous Materials Safety	10,324	8,257										8,257	1,000	9,257
Emergency Preparedness Grants	722	724										724	51	775
Operational Expenses	5,750	5,115									52	5,167		5,167
Subtotal, Programs	39,302	36,449	0	0	0	0	0	0	0	0	52	36,501	1,051	37,552
Research and Development														
Pipeline Safety	12,000	11,919										11,919	(5,919)	6,000
Hazardous Materials Safety	7,570	7,519										7,519	(3,719)	3,800
Subtotal, Research and Development	19,570	19,438	0	0	0	0	0	0	0	0	0	19,438	(9,638)	9,800
Grants														
Pipeline Safety	57,409	54,743										54,743		54,743
Hazardous Materials Safety	1,000	993										993	(993)	0
Emergency Preparedness Grants	24,609	24,688										24,688	1,745	26,433
Operational Expenses	1,500	1,490										1,490	1,010	2,500
Subtotal, Grants	84,518	81,914	0	0	0	0	0	0	0	0	0	81,914	1,762	83,676
Subtotal, Programs	143,390	137,801	0	0	0	0	0	0	0	0	52	137,853	(6,825)	131,028
TOTAL FINANCIAL RESOURCES	\$260,444	\$260,636	\$0	\$0	\$0	\$0	\$0	\$989	\$133	\$334	\$54	\$262,556	(\$8,258)	\$254,298

¹In FY 2017, PHMSA was appropriated \$8M in user fees for Underground Natural Gas Storage, \$7.7 million was moved to the expenditure account however a final treasury warrant for \$1.4 million was not processed by the end of the fiscal year and a warrant coupled with a beginning balance adjustment in FY 2018 have been requested to apply this amount to the FY 2017 appropriation.

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 2017, February 9, 2016

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 2018, May 23, 2017

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

PIPELINE/SAFETY	Baseline Changes												
	FY 2017 Actual ¹	FY 2018 Annualized CR	Realignments	Annualization of 2018 Pay Raises	Annualization of 2018 FTE	2019 Pay Raises	One More Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation/ Deflation	FY 2019 Baseline Estimate	Program Increases/ Decreases	FY 2019 Request
PERSONNEL RESOURCES (FTE)	291.0	307.5									307.5		307.5
Direct FTE	291.0	307.5									307.5		307.5
Reimbursable FTE	0.0	0.0									0.0		0.0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$40,130	\$45,301		\$215			\$175				\$45,691		\$45,691
Travel	4,595	5,068									5,068		
GSA Rent	2,895	2,953						59			3,012		3,012
Communications & Utilities	446	596									596		596
Printing	76	104									104		104
Other Services:													
- Other	8,714	6,651									6,651	(32)	6,619
- WCF	4,612	4,867							475		5,342		5,342
Supplies	37	248									248		248
Equipment	1,160	424									424		424
Subtotal, Administrative	62,665	66,212	0	215	0	0	175	59	475	0	67,136	(32)	67,104
PROGRAMS													
Contract Programs													
Compliance/Pipeline Integrity Management	10,635	10,563									10,563		10,563
Training, Information, & Community Assist. Services	8,501	8,443									8,443		8,443
Mapping and Information Systems	1,821	1,809									1,809		1,809
Implementing the Oil Pollution Act	1,549	1,538									1,538		1,538
Subtotal, Contract Programs	22,506	22,353	0	0	0	0	0	0	0	0	22,353		22,353
Research & Development													
Subtotal, Research and Development	12,000	11,919	0	0	0	0	0	0	0	0	11,919	(5,919)	6,000
Grants													
State Pipeline Safety Grants	54,851	52,202									52,202		52,202
State One-call Grants	1,058	1,051									1,051		1,051
State Damage Prevention Grants	1,500	1,490									1,490		1,490
Subtotal, Grants	57,409	54,743	0	0	0	0	0	0	0	0	54,743		54,743
Subtotal, Programs	91,915	89,015	0	0	0	0	0	0	0	0	89,015	(5,919)	83,096
TOTAL FINANCIAL RESOURCES	\$154,580	\$155,227	\$0	\$215	\$0	\$0	\$175	\$59	\$475	\$0	\$156,151	(\$5,951)	\$150,200

¹ In FY 2017, PHMSA was appropriated \$8M in user fees for Underground Natural Gas Storage. \$7.7 million was moved to the expenditure account however a final treasury warrant for \$1.4 million was not processed by the end of the fiscal year and a warrant coupled with a beginning balance adjustment in FY 2018 have been requested to apply this amount to the FY 2017 appropriation.

Baseline Changes

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

	FY 2017 Actual ²	FY 2018 Annualized CR ³	Baseline Changes					Program Increases/De creases	FY 2019 Request	
			Annualization of 2018 Pay Raises	Annualization of 2018 FTE	2019 Pay Raises	One More Compensable Days (261 days)	WCF Increase/ Decrease			Inflation/D eflation
EMERGENCY PREPAREDNESS GRANTS										
FINANCIAL RESOURCES										
ADMINISTRATIVE EXPENSES										
Other Services:										
- Other	\$1,033	\$1,037						\$1,037	\$73	\$1,110
Subtotal, Administrative	1,033	1,037						1,037	73	1,110
PROGRAMS										
Mandatory Programs										
Grants	24,609	24,688						24,688	1,745	26,433
Technical Assistance	140	140						140	10	150
Emergency Response Guidebook (WCF) ¹	582	584						584	41	625
Subtotal, Mandatory Programs	25,331	25,412						25,412	1,796	27,208
Subtotal, Mandatory Budget Authority	26,364	26,449						26,449	1,869	28,318
Discretionary Programs										
Grants	0	0						0	0	0
Subtotal, Discretionary Budget Authority	0	0						0	0	0
Subtotal, Programs	25,331	25,412						25,412	1,796	27,208
TOTAL FINANCIAL RESOURCES	\$26,364	\$26,449						\$26,449	\$1,869	\$28,318

¹PHMSA's FY 2019 WCF request is \$10.39 million, of which \$9.76 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 2017, February 9, 2016.

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 2018, May 23, 2017.

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 2019 Baseline Estimate	Program Increases/ Decreases	FY 2019 Request
	FY 2017 Actual	FY 2018 Annualized CR	Realignments	Annualization of 2018 Pay Raises	Annualization of 2018 FTE	2019 Pay Raises	One More Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation/De flation			
PERSONNEL RESOURCES (FTE)	66.0	70.0									70.0		70.0
Direct FTE	66.0	70.0									70.0		70.0
Reimbursable FTE	0.0	0.0									0.0		0.0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$10,803	\$11,536		\$55			\$45				\$11,636		\$11,636
Travel	59	109								1	\$110		\$110
GSA Rent	1,041	1,163						23			\$1,186		\$1,186
Communications & Utilities	60	100									\$100		\$100
Printing	67	62									\$62		\$62
Other Services:													
- Other	2,478	1,866									\$1,866		\$1,866
- WCF	689	748							176		\$924		\$924
Supplies	45	101								1	\$102		\$102
Equipment	8	57									\$57		\$57
Subtotal, Administrative	15,250	15,742	0	55	0	0	45	23	176	2	16,043		16,043
PROGRAMS													
Contract Programs													
Information Technology	5,750	5,115								52	5,167		5,167
Subtotal, Contract Programs	5,750	5,115	0	0	0	0	0	0	0	52	5,167		5,167
Grants													
Information Grants to Communities	1,500	1,490									1,490	(1,490)	0
Community Safety Grants	0	0									0	2,500	2,500
Subtotal, Grants	1,500	1,490	0	0	0	0	0	0	0	0	1,490	1,010	2,500
Subtotal, Programs	7,250	6,605								52	6,657	1,010	7,667
TOTAL FINANCIAL RESOURCES	\$22,500	\$22,347	\$0	\$55	\$0	\$0	\$45	\$23	\$176	\$54	22,700	\$1,010	\$23,710

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

	FY 2017¹	FY 2018²	FY 2019³
	ACTUAL	ANNUALIZED CR	REQUEST
DIRECT:			
Pipeline Safety	\$4,612	\$4,867	\$5,342
Hazardous Materials Safety	2,986	3,157	3,495
Emergency Preparedness Grants	[582]	[584]	[625]
Operational Expenses	689	748	924
TOTAL	\$8,287	\$8,772	\$9,761

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

¹ 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.

² PHMSA's FY 2018 WCF request is \$9.40 million, of which \$8.77 million will be used for FY 2018 WCF expenses and \$583,750 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 2019 WCF request is \$10.39 million, of which \$9.76 million will be used for FY 2019 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 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Pipeline Safety	291	308	308
Hazardous Materials Safety	183	203	203
Operational Expenses	66	70	70
	<hr/>	<hr/>	<hr/>
SUBTOTAL, DIRECT FUNDED	540	581	581
<u>TOTAL FTEs</u>	<u>540</u>	<u>581</u>	<u>581</u>

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

	FY 2017 ACTUAL¹	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Pipeline Safety	290	308	308
Hazardous Materials Safety	180	203	203
Operational Expenses	67	70	70
SUBTOTAL, DIRECT FUNDED	537	581	581
TOTAL POSITIONS	537	581	581

¹ FY 2017 Actual reflects positions onboard as of September 30, 2017.

**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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Obligations by program activity:			
0001 Research and special programs	45	154	0
0799 Total direct program	45	154	0
0801 Reimbursable program	0	0	0
0900 Total new obligations (object class 25.3)	45	154	0
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	195	154	0
1021 Recoveries of prior year unpaid obligations	5	0	0
1050 Unobligated balance (total)	199	154	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	199	154	0
Memorandum (non-add) entries:			
1941 Unexpired unobligated balance, end of year	154	0	0
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	48	8	0
3010 Obligations incurred, unexpired accounts	45	154	0
3020 Outlays (gross)	-81	-162	0
3040 Recoveries of prior year unpaid obligations, unexpired	-5	0	0
3050 Unpaid obligations, end of year	8	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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	48	8	0
3200 Obligated balance, end of year	8	0	0
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	0	0	0
4010 Outlays from new discretionary authority	45	0	0
4011 Outlays from discretionary balances	36	162	0
4020 Outlays, gross (total)	81	162	0
4070 Budget authority, net (discretionary)	0	0	0
4080 Outlays, net (discretionary)	81	162	0
4180 Budget authority, net (total)	0	0	0
4190 Outlays, net (total)	81	162	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 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, \$150,200,000, to remain available until September 30, 2021, of which \$23,000,000 shall be derived from the Oil Spill Liability Trust Fund; of which \$119,200,000 shall be derived from the Pipeline Safety Fund; 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 for the purpose of carrying out 49 U.S.C. 60141.

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

	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Operations	\$85,171	\$88,565	\$89,457
Research and Development	12,000	11,919	6,000
Grants	57,409	54,743	54,743
TOTAL	\$154,580	\$155,227	\$150,200
FTEs			
Direct Funded	291.0	307.5	307.5

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 the states work together to set standards and conduct safety inspections that help pipeline operators successfully deliver energy products to market. The Pipeline Safety program is funded by pipeline operators, underground natural gas storage facilities and a share of the fees collected by the Oil Spill Liability Trust Fund.

**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 2017 <u>Actual</u>	FY 2018 Annualized <u>CR</u>	FY 2019 <u>Request</u>
0100.01 Balance, start of year	\$42,407	\$44,632	\$44,632
0198.01 Reconciliation adjustment	0	0	0
0199.01 Balance, start of year, total	42,407	44,632	44,632
Receipts and offsetting receipts:			
1120.01 Pipeline Safety Fund	127,605	127,132	119,200
1120.02 Pipeline Safety Design Review Fund	0	0	0
1120.03 Underground Natural Gas Storage Facilities Account	7,691	7,945	8,000
Adjustments	0	0	0
1999.01 Total receipts	135,296	135,077	127,200
2000.01 Total: Balances and receipts	177,702	179,709	171,832
Appropriations, Current law:			
2101.01 Pipeline Safety [021-50-5172-0-1101]	-134,292	-135,077	-127,200
Adjustments	0	0	0
2199.01 Total current law appropriations (-)	-134,292	-135,077	-127,200
3010.01 Special and trust fund receipts returned	1,221	0	0
5099.01 Balance, end of year	\$44,632	\$44,632	\$44,632

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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Obligations by program activity:			
0001 Operations	84,325	117,602	89,457
0002 Research and development	638	32,747	6,000
0003 Grants	56,478	59,168	54,743
0799 Total direct program	141,440	209,517	150,200
0801 Reimbursable program	6	1,700	1,700
0900 Total new obligations	141,446	211,217	151,900
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	37,421	54,290	0
1021 Recoveries of prior year unpaid obligations	3,842	0	0
1050 Unobligated balance (total)	41,264	54,290	0
Budget authority:			
Appropriations, discretionary:			
1101 Appropriation (special or trust fund)	134,292	135,077	127,200
1160 Appropriation, discretionary (total)	134,292	135,077	127,200
1700 Collected	16,101	21,850	24,700
1701 Change in uncollected payments, Federal sources	4,236	0	0
1750 Spending auth from offsetting collections, disc (total)	20,337	21,850	24,700
1900 Budget authority (total)	154,629	156,927	151,900
1930 Total budgetary resources available	195,893	211,217	151,900
Memorandum (non-add) entries:			
1940 Unobligated balance expiring	-157	0	0
1941 Unexpired unobligated balance, end of year	54,290	0	0
Special and non-revolving trust fund:			
1950 Other expired unobligated balances withdrawn	1,221	0	0
1952 Expired unobligated balance, start of year	2,208	2,412	2,412
1953 Expired unobligated balance, end of year	2,412	2,412	2,412
1954 Unobligated balance canceling	1,221		

**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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	95,815	86,090	125,632
3010 Obligations incurred, unexpired accounts	141,446	211,217	151,900
3011 Obligations incurred, expired accounts	2,363	0	0
3020 Outlays (gross)	-146,061	-171,676	-166,381
3040 Recoveries of prior year unpaid obligations, unexpire	-3,842	0	0
3041 Recoveries of prior year unpaid obligations, expired	-3,630	0	0
3050 Unpaid obligations, end of year	86,090	125,632	111,151
Uncollected payments:			
3060 Uncollected pymts, Fed sources, brought forward, Oc	-14,917	-19,146	-19,146
3070 Change in uncollected pymts, Fed sources, unexpired	-4,236	0	0
3071 Change in uncollected pymts, Fed sources, expired	7	0	0
3090 Uncollected pymts, Fed sources, end of year	-19,146	-19,146	-19,146
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	80,898	66,944	106,485
3200 Obligated balance, end of year	66,944	106,485	92,005
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	154,629	156,927	151,900
4010 Outlays from new discretionary authority	60,977	88,038	84,178
4011 Outlays from discretionary balances	85,085	83,638	82,203
4020 Outlays, gross (total)	146,061	171,676	166,381
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	-16,058	-21,850	-24,700
4033 Non-Federal sources	-207	0	0
4040 Offsets against gross budget auth and outlays (total)	-16,265	-21,850	-24,700

**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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Additional offsets against gross budget authority only:			
4050 Change in uncollected pymts, Fed sources, unexpired	-4,236	0	0
4051 Offsetting collections credited to expired accounts	0	0	0
4054 Recoveries of prior year obligations, expired accounts	164	0	0
4060 Additional offsets against budget authority only (total)	-4,072	0	0
4070 Budget authority, net (discretionary)	134,292	135,077	127,200
4080 Outlays, net (discretionary)	129,796	149,826	141,681
4180 Budget authority, net (total)	134,292	135,077	127,200
4190 Outlays, net (total)	129,796	149,826	141,681

**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 2017 <u>Actual</u>	FY 2018 Annualized <u>CR</u>	FY 2019 <u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$31,281	\$34,226	\$34,507
11.3 Other than full-time permanent	58	62	63
11.5 Other personnel compensation	467	498	507
11.9 Total personnel compensation	\$31,807	\$34,786	\$35,077
12.1 Civilian personnel benefits	10,288	10,515	10,614
21.0 Travel and transportation of persons	4,162	4,978	5,068
22.2 Transportation of things	35	0	0
23.1 Rental payments to GSA	2,878	2,702	2,796
23.2 Rental payments to others	54	0	0
23.3 Communications, utilities, and miscellaneous charges	903	896	596
24.0 Printing and reproduction	967	904	904
25.1 Advisory and assistance services	14,113	24,087	13,406
25.2 Other services	478	658	645
25.3 Other purchases of goods and services from government accounts	9,411	19,867	9,342
25.4 Operation and maintenance of facilities	87	120	117
25.5 Research and development contracts	709	32,747	6,000
25.7 Operation and maintenance of equipment	6,943	16,568	9,371
25.8 Subsistence & support of persons	4	5	5
26.0 Supplies and materials	191	248	248
31.0 Equipment	1,268	1,268	1,268
41.0 Grants, subsidies, and contributions	57,141	59,168	54,743
Subtotal, Direct obligations	\$141,439	\$209,517	\$150,200
99.0 Subtotal, Reimbursable obligations	6	1,700	1,700
99.9 Total new obligations	\$141,446	\$211,217	\$151,900

EMPLOYMENT SUMMARY

Identification code 69-5172-0-2-407

	FY 2017 <u>Actual</u>	FY 2018 Annualized <u>CR</u>	FY 2019 <u>Request</u>
10.01 Direct civilian full-time equivalent employment	291	308	308

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Pipeline Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
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/}	\$154,580,000
2018	\$132,263,326 ^{7/}	\$155,226,648 ^{1/, 7/}
2019	\$150,200,000 ^{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.

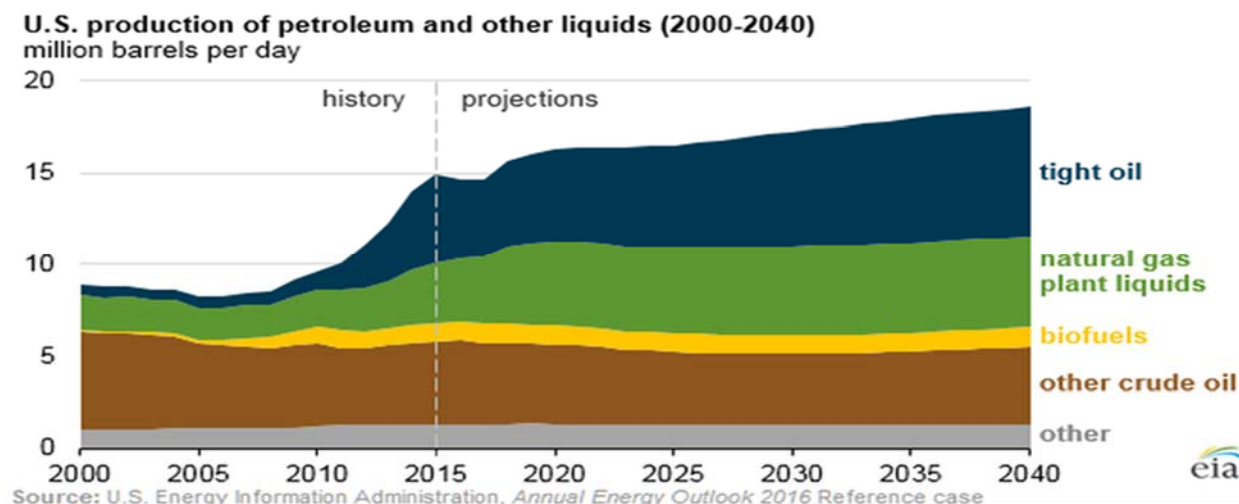
Detailed Justification for the Pipeline Safety Program

FY 2019 – Pipeline Safety Program Budget Request (\$000)

Program Activity	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Administrative Expenses	\$62,665	\$66,212	\$67,104
Contract Programs	22,506	22,353	22,353
Research and Development	12,000	11,919	6,000
Grants	57,409	54,743	54,743
Total	\$154,580	\$155,227	\$150,200
FTEs	291.0	307.5	307.5

What is this program and what does this funding level support?

PHMSA's pipeline safety program helps to ensure the safe delivery of energy products to market. The United States continues to experience an energy production boom. Since 2000, production has nearly doubled (see graphic below: U.S. crude oil and other liquid fuels production) with nearly all this product moved without incident by pipeline from their points of extraction to refineries, and into consumer markets. Demand for these products is also rising. In 2016, lawmakers authorized oil exports by rolling back the export ban that was signed into law in 1975. This opens the door to new markets and increases demand, but also puts additional stress on the nation's aging transmission and distribution pipelines.



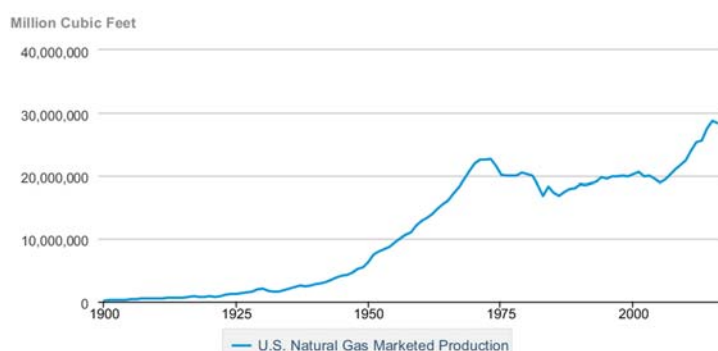
The United States has the most expansive network of energy pipelines in the world. Based on annual report data as of October 4, 2016, PHMSA oversees the safe operation of 207,981 miles of hazardous liquid pipelines; 301,257 miles of gas transmission pipelines; 2,168,599 miles of gas distribution mains 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 moved by pipelines, without incident 99.9997 percent of the time.²

PHMSA works with pipeline companies to keep energy products flowing safely and without incident. To protect people and the environment 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.

PHMSA oversees the safety of storing natural gas. With the passage of the Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016, PHMSA oversees 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 October 2016, 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 maintain energy independence, and buffers the seasonal variations in natural gas demand. The significant growth in domestic natural gas production from shale

U.S. Natural Gas Marketed Production



 Source: U.S. Energy Information Administration

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.

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.

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>

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.

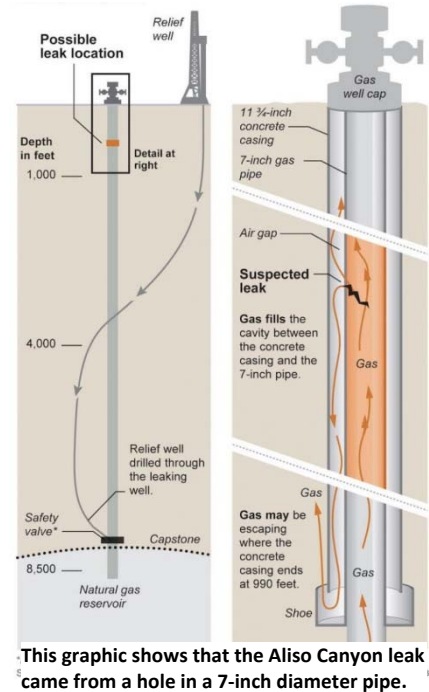
Many existing underground natural gas storage facilities are more than 50 years old, metal joints are not welded, and do not have a corrosion resistant internal or external protective coating. These characteristics, when combined with a flow of product that includes a mixture of water and other corrosive elements, could cause older 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 like Aliso Canyon.

PHMSA improves the safe operation of hazardous liquid and gas pipelines with safety management systems.

Safety Management Systems are a structured process that obligates pipeline operators to manage safety with the same level of priority that other core business processes are managed. The value of such systems lies in the importance they place on regular review and continuous improvement of companies' safety programs. 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.

PHMSA promotes the safe 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 aims to help coordinate and expedite pipeline construction projects in support of the Administration's infrastructure and rebuilding initiatives. These include designating construction coordinators, preparing educational resources for stakeholders, and prioritizing the review of construction-related materials from operators.

The PIPES Act of 2016 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





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

combined pipelines long enough to encircle the Earth about 100 times, and that deliver the energy building blocks that make our economy grow. Specifically, the PIPES Act:

- **Improves federal safety standards:** The PIPES Act requires PHMSA to set federal minimum safety standards for underground natural gas storage facilities. The Act calls for updated safety standards for certain liquefied natural gas facilities to better match changing technology and markets, and takes into account national security considerations. It provides that pipeline operators receive timely post-inspection information from PHMSA to allow them to make changes that improve safe operation, and that product composition information is quickly provided to first responders after an incident. It also increases inspection requirements for certain underwater oil pipelines to enhance safety and protect coastal areas, marine coastal waters, and the Great Lakes by explicitly designating them as unusually environmentally sensitive to pipeline failures.
- **Promotes better use of data and technology to improve pipeline safety:** The PIPES Act asks for an investigation into how technology can be used to improve third-party damage prevention (e.g., excavation damage), a leading cause of releases. It also calls for a study on the latest innovations in pipeline materials, corrosion prevention technology, and training. It created a working group of PHMSA, states, industry stakeholders, and safety groups to develop recommendations on how to create an information sharing system to improve safety outcomes and authorized PHMSA to study the feasibility of a national integrated pipeline safety database to have a clearer picture of federal and state safety oversight efforts.
- **Leverages federal and state pipeline safety resources:** The PIPES Act encourages states to participate in interstate pipeline inspections through PHMSA's state certification program. It provides tools that enhance PHMSA's efforts to hire pipeline safety personnel. It also asks the DOT Inspector General to study staffing constraints and make recommendations to better assist PHMSA with hiring challenges and training needs.

Anticipated accomplishments for Pipeline Safety for FY 2018 include:

FY 2018 Anticipated Accomplishments:

- Design Underground Natural Gas Storage safety program under the new authorization;
- Work with operators of underground natural gas storage facilities to transition from initial federal safety assessments to more in-depth safety and compliance inspections; and
- 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.

Administrative Expenses: \$67.10 million

PHMSA's FY 2019 request includes \$67.10 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 field 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. 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.

Underground Natural Gas Storage Facilities, \$2.00 million

Significant growth over the last decade in domestic natural gas production from shale gas has created windfall supply. To manage the supply, energy producers store the extracted natural gas in depleted oil and gas wells and caverns that are designed to allow the withdrawal of natural gas as the market demands. In fact, 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 improving the safe operation of these facilities was brought to light when the Aliso Canyon natural gas leak occurred in October 2015. 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.

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

Contract Programs: \$22.35 million

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 programs 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, (\$10.56 million), Training, Information and Community Assistance Services, (\$8.44 million), Mapping and Information Systems (\$1.81 million), and Implementing the Oil Pollution Act, (\$1.54 million) areas as follows:

Compliance and Pipeline Integrity Management, \$10.56 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, \$8.44 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 prevention efforts and has representatives in each region who inform communities about pipeline safety risks, answer questions, and field complaints.

Mapping and Information Systems, \$1.81 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 public for a variety of tasks including emergency response, smart growth planning, critical infrastructure protection and environmental protection.

Implementing the Oil Pollution Act, \$1.54 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: \$6.00 million

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.

Research and development projects are cosponsored by PHMSA and pipeline operators. Recent projects focus on development of safety devices that help with: leak detection; detection of mechanical damage; damage prevention; improved pipeline system controls, monitoring and operations; and improvements in pipeline materials. In deciding which R&D proposals to fund, the Office of Pipeline Safety (OPS) gives preference to those that plan to bring a new product to market within five years. Since 2002, 25 safety products have been commercialized through OPS's R&D program.

As an example, inspection devices 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. Because of the changes in PHMSA's responsibilities and the expansion of markets, underground storage and safe transportation of LNG are also areas of increasing R&D importance.

Grants: \$54.74 million

PHMSA provides grants to states to support inspection and enforcement activities of the nation's pipelines that operate in 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 programs: State Pipeline Safety (\$52.20 million), State Damage Prevention (\$1.49 million) and State One-Call (\$1.05 million).

State Pipeline Safety Grants, \$52.20 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. For the last few years, PHMSA has been able to fund less than 70 percent of each state's costs, while state costs have increased due to inflation, development and expansion.

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 requested for the Underground Natural Gas Storage Facility fees and appropriation, PHMSA reimburses \$6.0 million to approximately 30 states most impacted by growth of these facilities for their cost of inspections. States have their inspection programs certified and then apply for funding of their inspection costs. As a grant within the long-established State Pipeline Safety Grants program, this pays up to 80 percent of the costs related to inspection, enforcement, personnel and equipment.

Funding for state inspection efforts is critical to help improve the safety of underground natural gas storage facilities by providing resources for inspections and guidance for safe operations. Preventing incidents is key to the reliable supply of the nation's energy supplies. 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.

The State Pipeline Safety Grant program supports state inspections of pipeline and storage facilities that run within the state (intrastate). In FY 2016, the State Pipeline Safety Grant program provided funding to support 319 gas and 27 hazardous liquid pipeline inspectors. The quality of the State inspections is closely related to safe operation of intrastate pipelines and identifying conditions before they result in leaks, spills and injuries. PHMSA evaluates the quality of state program through an annual *Program Evaluation and Progress Report* score of each state program. The program evaluation includes an on-site review of the state's inspection, compliance, accident investigation, training, and excavation damage prevention records and activities. The performance score is related to the safe operation of intrastate pipelines. In FY 2016, state programs had median scores of 98.2 for gas and 98.4 out of 100 for hazardous liquid pipelines.

PHMSA promotes safe construction of new pipelines and implementation of pipeline operator safety management systems that prevent accidents and spills before they occur. As part of a state's performance, it is required to inspect in these areas. In FY 2016, states inspectors spent 6,060 days on design testing and construction inspections and 2,071 days on damage prevention inspections.

State One-Call Grants and (\$1.05 million) and State Damage Prevention Grants (\$1.49 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. In 2016, damages due to lack of 811 notification were down significantly. The results of the annual 811 survey showed high awareness of the need to call 811 prior to digging. In fact, 59 percent of respondents stated they are likely to call 811 before digging near pipelines or other

underground lines, up from 51% in 2008.⁴ In 2016, damage events reported by One-Call centers were down from 14,516 in 2015 to 10,869.

PHMSA also 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. In 2015, 63 damage prevention grant recipients successfully completed projects and achieved stated objectives.

What benefits will be provided to the American public through this request and why is this program necessary?

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.

FY 2019 Anticipated Accomplishments:

- Evaluate the first-year performance of the Underground Natural Gas Storage Safety program; and
- Consolidate, pending congressional action, the Information Grants to Communities (aka Technical Assistance Grants (TAGs)) and Community Safety Grants programs to increase safety outcomes.

⁴ Common Ground Alliance, 2016 Dirt Report, pp. 17 and 18.

http://commongroundalliance.com/sites/default/files/publications/DIRT%202016%20Annual%20Report_081017_FINAL_08.11.17_0.pdf. Retrieved 8/24/2017

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**Trust Fund Share of
Pipeline Safety**

APPROPRIATIONS EXPLANATION

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 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Operations	\$9,373	\$9,309	\$13,639
Research and Development	3,000	2,980	1,500
Grants	7,915	7,861	7,861
TOTAL	<u>\$20,288</u>	<u>\$20,150</u>	<u>\$23,000</u>

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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Obligations by program activity:			
0001 Trust fund share of pipeline safety	20,288	20,150	23,000
0900 Total new obligations (object class 94.0)	20,288	20,150	23,000
Budgetary resources:			
Budget authority:			
Appropriations, discretionary:			
1101 Appropriation (special or trust fund)	20,288	20,150	23,000
1160 Appropriation, discretionary (total)	20,288	20,150	23,000
1900 Budget authority (total)	20,288	20,150	23,000
1910 Total budgetary resources available	20,288	20,150	23,000
Memorandum (non-add) entries:			
1950 Other expired unobligated balances withdrawn	-98		
1954 Unobligated balance canceling	98		
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	14,916	19,145	15,690
3010 Obligations incurred, unexpired accounts	20,288	20,150	23,000
3020 Outlays (gross)	-16,052	-23,604	-23,139
3041 Recoveries of prior year unpaid obligations, expired	-7	0	0
3050 Unpaid obligations, end of year	19,145	15,690	15,551

**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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	14,916	19,145	15,690
3200 Obligated balance, end of year	19,145	15,690	15,551
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	20,288	20,150	23,000
4010 Outlays from new discretionary authority	8,300	9,874	11,270
4011 Outlays from discretionary balances	7,752	13,731	11,869
4020 Outlays, gross (total)	16,052	23,604	23,139
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4033 Non-Federal sources	-91	0	0
4040 Offsets against gross budget authority and outlays (total)	-91	0	0
4070 Budget authority, net (discretionary)	20,288	20,150	23,000
4080 Outlays, net (discretionary)	15,961	23,604	23,139
4180 Budget authority, net (total)	20,288	20,150	23,000
4190 Outlays, net (total)	15,961	23,604	23,139

**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>
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	\$20,288,000
2018	\$22,080,944	\$20,150,224 ^{1/}
2019	\$23,000,000	

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 2019 – Oil Spill Liability Trust Fund Budget Request
(Included in the Pipeline Safety Account)
(\$000)**

Program Activity	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Contract Programs	9,373	9,309	13,639
Research and Development	3,000	2,980	1,500
Grants	7,915	7,861	7,861
Total	\$20,288	\$20,150	\$23,000

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, \$52,070,000, to remain available until September 30, 2021: 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.

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

	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Operations	\$48,430	\$48,101	\$48,270
Research and Development	7,570	7,519	3,800
Grants	1,000	993	0
TOTAL	\$57,000	\$56,613	\$52,070
FTEs			
Direct Funded	183.0	203.0	203.0

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.

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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Obligations by program activity:			
0001 Operations	49,327	49,711	48,270
0002 Research and development	4,923	19,954	3,800
0799 Total direct program	54,249	69,665	52,070
0801 Reimbursable program	986	4,050	4,050
0900 Total new obligations	55,235	73,715	56,120
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	10,349	13,052	0
1021 Recoveries of prior year unpaid obligations	60	0	0
1050 Unobligated balance (total)	10,409	13,052	0
Budget authority:			
Appropriations, discretionary:			
1100 Appropriation	57,000	56,613	52,070
1160 Appropriation, discretionary (total)	57,000	56,613	52,070
1700 Collected	981	4,050	4,050
1750 Spending auth from offsetting collections, disc - (total)	981	4,050	4,050
1900 Budget authority (total)	57,981	60,663	56,120
1930 Total budgetary resources available	68,390	73,715	56,120
Memorandum (non-add) entries:			
1940 Unobligated balance expiring	-104	0	0
1941 Unexpired unobligated balance, end of year	13,052	0	0
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	15,414	17,576	23,220
3010 Obligations incurred, unexpired accounts	55,235	73,715	56,120
3011 Obligations incurred, expired accounts	1,840	0	0
3020 Outlays (gross)	-52,315	-68,071	-62,574
3040 Recoveries of prior year unpaid obligations, unexpired	-60	0	0
3041 Recoveries of prior year unpaid obligations, expired	-2,539	0	0
3050 Unpaid obligations, end of year	17,576	23,220	16,766

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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Uncollected payments:			
3060 Uncollected pymts, Fed sources, brought forward, Oct 1	-104	-104	-104
3071 Change in uncollected pymts, Fed sources, expired	0	0	0
3090 Uncollected pymts, Fed sources, end of year	-104	-104	-104
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	15,311	17,472	23,116
3200 Obligated balance, end of year	17,472	23,116	16,662
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	57,981	60,663	56,120
4010 Outlays from new discretionary authority	37,798	42,547	39,458
4011 Outlays from discretionary balances	14,517	25,524	23,116
4020 Outlays, gross (total)	52,315	68,071	62,574
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	-574	-4,050	-4,050
4033 Non-Federal sources	-473	0	0
4040 Offsets against gross budget authority and outlays (total)	-1,048	-4,050	-4,050
Additional offsets against gross budget authority only:			
4051 Offsetting collections credited to expired accounts	0	0	0
4054 Recoveries of prior paid obligations, expired accounts	66	0	0
4060 Additional offsets against budget authority only (total)	66	0	0
4070 Budget authority, net (discretionary)	57,000	56,613	52,070
4080 Outlays, net (discretionary)	51,267	64,021	58,524
4180 Budget authority, net (total)	57,000	56,613	52,070
4190 Outlays, net (total)	51,267	64,021	58,524

**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 2017	FY 2018	FY 2019
	<u>Actual</u>	<u>Annualized</u>	<u>Request</u>
		<u>CR</u>	
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$19,556	22,227	22,418
11.3 Other than full-time permanent	421	467	471
11.5 Other personnel compensation	346	383	386
11.9 Total personnel compensation	20,323	23,077	23,275
12.1 Civilian personnel benefits	6,327	6,461	6,517
21.0 Travel and transportation of persons	1,756	1,920	1,920
23.1 Rental payments to GSA	2,437	2,264	2,309
23.2 Rental payments to Others	19	-	-
23.3 Communications, utilities, and misc charges	374	331	331
24.0 Printing and reproduction	344	218	218
25.1 Advisory and assistance services	5,314	4,691	4,482
25.2 Other services	320	283	270
25.3 Other purchases of goods & services from govt accts	3,897	3,774	3,495
25.4 Operation and maintenance of facilities	19	17	16
25.5 Research and development contracts	4,818	19,954	3,800
25.7 Operation and maintenance of equipment	6,234	5,504	5,259
25.8 Subsistence & support of persons			
26.0 Supplies and materials	102	63	63
31.0 Equipment	908	115	115
41.0 Grants, subsidies, and contributions	1,000	993	-
42.0 Insurance claims and indemnities	56	-	-
Subtotal, Direct obligations	\$54,249	69,665	52,070
99.0 Subtotal, Reimbursable obligations	986	4,050	4,050
99.9 Total new obligations	\$55,235	73,715	56,120

EMPLOYMENT SUMMARY

Identification code 69-1401-0-1-407

	FY 2017	FY 2018	FY 2019
	<u>Actual</u>	<u>Annualized</u>	<u>Request</u>
		<u>CR</u>	
10.01 Direct civilian full-time equivalent employment	183	203	203

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

Hazardous Materials Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
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	\$57,000,000
2018	\$55,513,268	\$56,612,913 ^{1/}
2019	\$52,070,000	

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

FY 2019 – Hazardous Materials Safety Budget Request (\$000)

Program Activity	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Administrative Expenses	\$38,106	\$39,844	\$39,013
Contract Programs	10,324	8,257	9,257
Research and Development	7,570	7,519	3,800
Grants	1,000	993	0
Total	\$57,000	\$56,613	\$52,070
FTEs	183.0	203.0	203.0

What is this program and what does this funding level support?

Hazardous materials shipments continue to rise. More than 2.6 billion tons of hazardous materials are transported annually in the United States by air, highway, rail, and vessel. More than 800,000 hazardous materials shipments occur every day – 365 days a year. Commerce involving hazardous materials transport carries more than \$3.1 trillion in such goods annually.

Hazardous Material Shipments

Year	Value
2002	\$660,181,000,000
2007	\$1,448,218,000,000
2012	\$2,334,425,000,000
2017	\$3,155,185,000,000

Commodity Flow Surveys, Hazardous Materials Data; 2017 PHMSA Projected

Hazardous materials are an integral part of our daily life and a critical element to a strong United States economy. The products used in homes and gardens, farms, vehicles and industry are potentially dangerous if improperly packaged or unsafely transported.



PHMSA works to make sure hazardous materials are packaged and shipped without incident. We accomplish this with a variety of packaging and transport safety standards, safety checks and outreach to the

Clear labeling, through placards, text and graphics, is central to reducing hazmat risk.

packaging and shipping industries. This includes those shipping dangerous products such as oil and gas, liquefied natural gas, explosives, other gases, flammable liquids and solids, oxidizing substances and organic peroxides, lithium ion batteries, radioactive materials, and corrosive substances.

PHMSA works to help energy products shipped by road, rail, and water arrive safely and without incident. The discovery of new remote sources of natural gas and crude oil, along with new extraction technologies, has transformed the domestic energy landscape, demanding a transportation system that reaches remote areas of the country. In 2017, for example, U.S. crude production is expected to reach 9 million barrels per day, with a corresponding surge in high volume rail shipments. Similarly, growth in U.S. natural gas production has driven the development of many large and 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 (OHMS) works to prevent hazardous materials transportation accidents, and mitigates the consequences of accidents when they occur. Living up to this requires that we continue to support safe packaging, train first responders, and invest in promising research and development that solves complex packaging challenges for volatile and other dangerous products.

Congress, through the Fixing America's Surface Transportation Act of 2015 (FAST Act) provides direction for PHMSA's Hazardous Materials Safety program. This request will enable PHMSA to complete many of the mandates in this authorization. Specifically, the FAST Act:

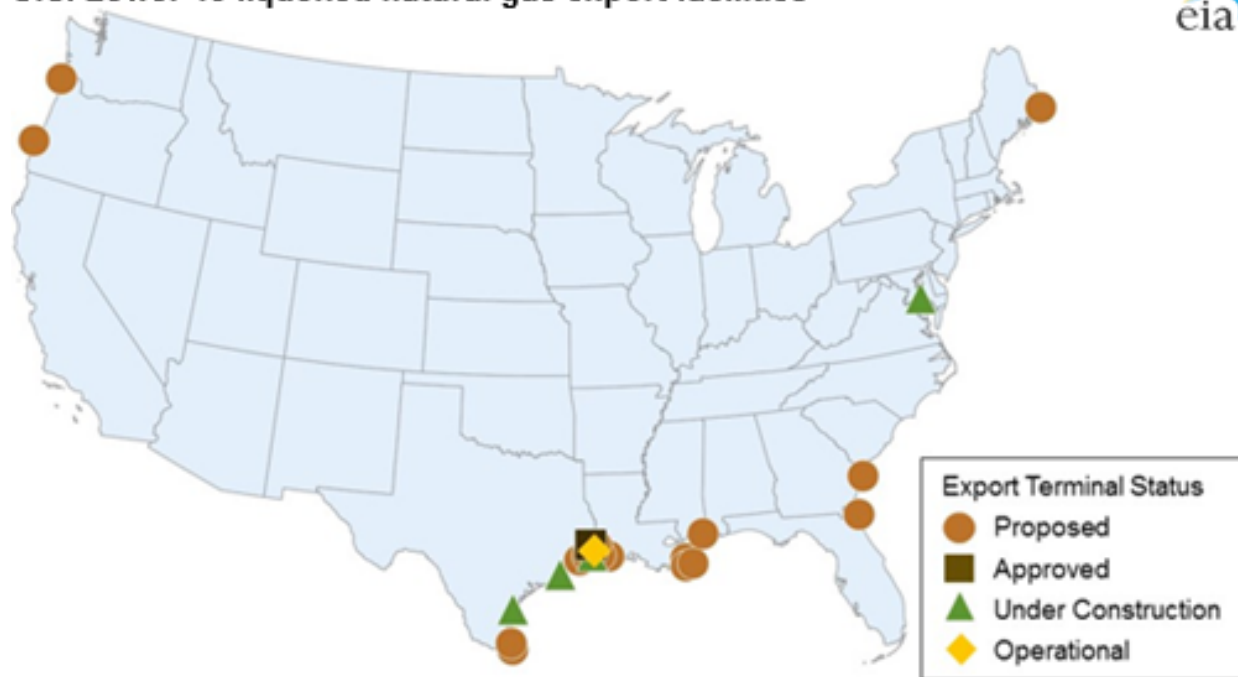
- **Improves the Effectiveness of the Hazardous Materials Grant Programs:** The FAST Act helps emergency responders, hazardous materials professional and local communities. The Act makes several changes to the grant programs to promote greater accountability and give grantees more flexibility in administering grants that help emergency responders prepare for and respond to incidents involving hazardous materials.
- **Improves Emergency Preparedness and Response:** The FAST Act clarifies the U.S. Department of Transportation's (DOT) authority to facilitate the movement of essential hazardous material during national emergencies and disasters and will improve the government's ability to carry out emergency response and relief efforts.

- **Improves the Safe Transportation of Flammable Liquids by Rail:**

The FAST Act requires that all tank cars used to transport crude oil and other hazardous liquids meet the new, safer tank car specifications outlined in DOT's High Hazard Flammable Train final rule to strengthen the safe transportation of flammable liquids by rail, regardless of train composition. The Act would require that an estimated additional 40,000 tank cars be retrofitted to meet the new DOT-117, DOT-117P or DOT-117R specifications outlined in DOT's final rule, and establishes a new timeline to phase-out tank cars that do not met the new specifications.

PHMSA manages emerging energy markets including liquefied natural gas. A new era in energy transport is underway and set to accelerate with rising U.S. capacity to export Liquefied Natural Gas (LNG). As recently as 2015, the United States was a net importer of LNG. That changed in 2016. In February of that year, the first export of LNG from the Lower 48 left Sabine Pass, Louisiana. While initially the lone exporting plant in the contiguous U.S., another facility at Cove Point, Maryland, went into service in late 2017. Seven others are under construction, and three along the Gulf Coast are slated to begin operations before 2021. More U.S. LNG export sites have been proposed to bring abundant American energy to markets abroad.

U.S. Lower 48 liquefied natural gas export facilities



Additionally, domestic transport of LNG by rail has begun. In late September 2016, Alaska Railroad delivered LNG from Anchorage to Fairbanks in the first-ever such shipment under Federal Railroad Administration guidance. A petition was then filed with PHMSA in January 2017 to develop standards to allow rail cars to transport LNG.

To continue the safe movement of hazardous materials, PHMSA requests \$52.07 million for the Hazardous Materials Safety program.

Anticipated FY 2018 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 Module¹ 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 application² 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.

Administrative Expenses: \$39.01 million

PHMSA's FY 2019 request includes \$39.01 million for hazardous materials safety-related administrative expenses to support the costs of 203 staff, including salaries and benefits for 261 compensable days, travel, training, supplies, equipment and uniforms for all inspectors. The request also includes investments in PHMSA's core business areas of Inspection, Compliance and Safety Management.

Contract Programs: \$9.26 million

PHMSA's programs include Hazardous Materials Information and Analysis; Investigation and Enforcement; Outreach, Training and Compliance; and the Hazardous Materials Registration. These programs are designed to assist with the safe movement of hazardous materials, approvals of new ways to move hazardous products (Special Permit and Approval applications), determination of the root cause of incidents, and tracking the safe movement of the most dangerous shipments with the Hazardous Materials Information System. 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 ensures a data-driven

¹ 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 Hazardous Materials Regulations (HMR), and may be used to meet the requirements for general awareness/familiarization training, or as the basis for developing function-specific training programs.

² PHMSA's DOT Chart 16 mobile application will provide hazmat shippers and first responders with readily accessible guidance for markings, labeling and placarding (in full-color) required by the HMR, Title 49, Code of Federal Regulations, with live links to the eCFR for specific guidance for each marking.

approach to managing hazardous materials risk with its one-stop, multi-modal Hazardous Materials Intelligence Portal.

In addition, the following new initiative contributes to the Departmental goal of Transportation Safety.

Voluntary Compliance System Pilot Program, \$1.00 million

PHMSA conducts safety checks on 77,000 regulated entities in the United States with fewer than 60 inspectors. If inspections were scheduled for only the 22,000 highest risk carriers, it would take more than 12 years to inspect each carrier just once. PHMSA must deploy its limited inspection staff to those companies that pose the highest risk. We must also improve the way we determine those companies that maintain good hazardous materials packaging and shipment safety management systems. For the safest companies, inspections would be replaced by safety management system assessments and audits so that PHMSA focuses less on finding isolated incidents, and instead evaluates their safety management systems.

PHMSA requests funding to modernize hazardous materials oversight by moving away from enforcement, toward compliance reviews. In support of PHMSA's strategic direction to focus on continuous improvement, building industry and public trust, and driving efficiency and consistency, PHMSA will set up a pilot voluntary compliance system. Voluntary Compliance System participants will be accepted into the program by having good safety management system programs. Funding for this pilot program will be used to review an applicant's safety management systems, develop acceptance criteria, and provide outreach and training to those considering the program on the safety management policies and practices that are needed to qualify. This pilot program in FY 2019 works with partners at the Department to develop application approval criteria that identify the safest packagers and shippers. PHMSA is modeling this program on the successful U.S. Department of Labor's Voluntary Protection Programs.

Similarly, the Systems Integrity Safety Program is a program for companies with self-identified, systemic safety issues. For these companies, PHMSA will work side by side to design safety solutions for broad application. In a recent example, PHMSA worked closely with a major auto parts distributor needing a safety system improvement. A project was designed and completed with the distributor, and a new safety management practice was recommended and implemented across the company's 5,000 auto parts stores. Instead of identifying a single instance on a single day through an inspection and related fine, PHMSA effected change in 5,000 stores. Both the Voluntary Compliance System and the Systems Integrity Safety Program empower companies to choose to participate and provide incentives (technical assistance and reduced inspection frequency) in exchange for their safety management system investments.

Research and Development: \$3.80 million

PHMSA's Research and Development (R&D) program solves complex problems in the packaging and movement of hazardous materials. This includes researching and identifying best practices regarding hazardous materials transport with better classification of the most dangerous

products, development of new packaging materials and methods to contain those products, and conducting engineering and scientific analysis 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. Driving our R&D agenda, significant emphasis is placed on innovative ways to facilitate efficiency of commerce while enhancing safety.

Some important projects include:

- **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. It could also be extended to all cryogenic materials and possibly all bulk transports. This will help PHMSA facilitate safe transportation alternatives as energy markets shift.

- **Crude oil packaging and transport by rail.** OHMS 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.
- **Lithium battery research.** PHMSA's Office of Hazardous Materials Safety works with both U.S. Naval Research Laboratory (NRL) and Naval Surface Warfare Center Carderock (NSWCC) 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 works cooperatively with regulated and other entities, including shippers, carriers, emergency responders, state and local officials, and academic institutions in its hazardous materials research. It accomplishes this through shared development of proposals and joint funding of the most promising research. In FY 2016, 51 research projects were initiated with external collaboration.

Grants: \$0.0 million

PHMSA proposes consolidating the Community Safety Grant with Pipeline Safety's Information Grants to Communities in the Operational Expenses account to better help communities plan for the unique risk of both pipelines and hazardous material routes in and around their communities.

Anticipated accomplishments for Hazardous Materials Safety for FY 2019 include:

FY 2019 Anticipated Accomplishments

- Launch a shift from enforcement to compliance through the Voluntary Compliance System Pilot Program.
- Continue Operational Efficiencies redesign – Implement operational efficiency systems such as document control, change management, quality objectives and key performance indicators, personnel management (competency assessment, training needs, resource allocation); improve processes and metrics for evaluating performance (e.g., internal audits and management reviews).
- Applying Data Analytics to Optimize Activities – Develop analysis of near-miss data to inform risk prioritization of activities/facilities; improve understanding of hazardous materials commodity flows, develop risk-based performance measures versus output measures for program performance.

What benefits will be provided to the American public through this request and why it this program necessary?

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, while 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.

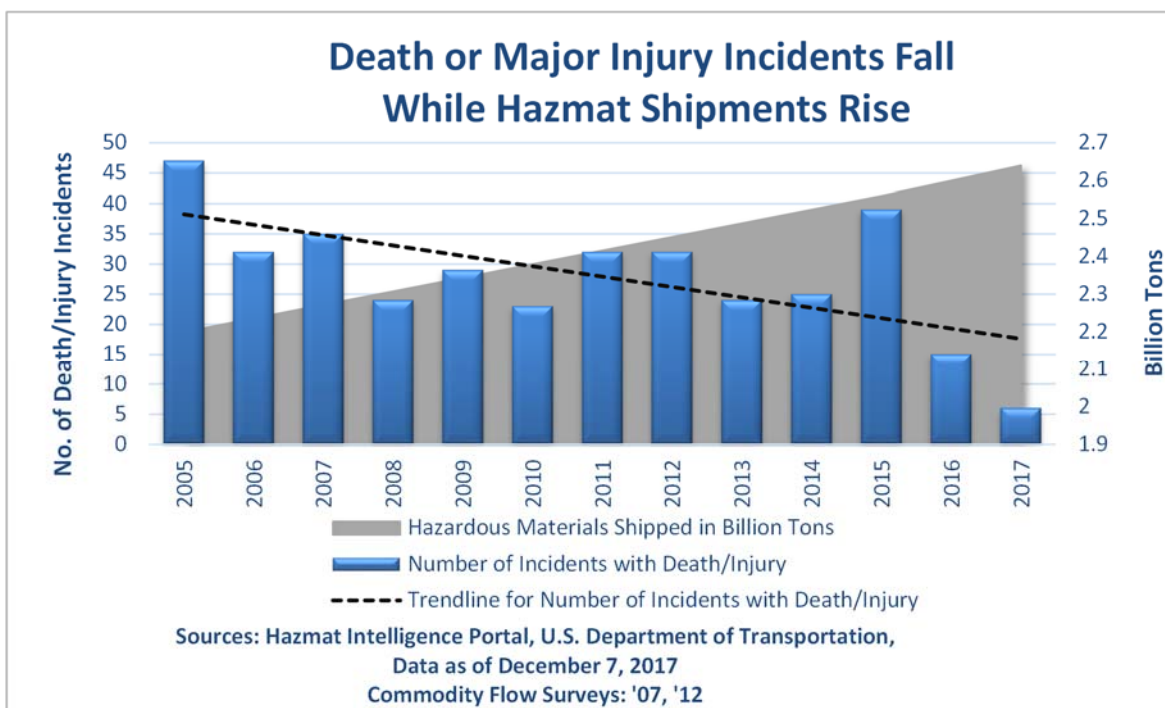
Through the Voluntary Compliance System Pilot Program, PHMSA will be able to reduce oversight on hazardous materials companies that have effective safety management systems. This will allow PHMSA to focus inspection efforts on higher risk companies.

One way PHMSA makes safety gains is by working collaboratively with global corporations. Our 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.

PHMSA's Hazardous Materials Safety program also 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 innovative 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 to continue protecting the

American public from hazardous materials incidents that can cause injury, environmental damage and disruption of commerce.

To ensure the safety of the American public and the environment, PHMSA requests funding to manage the evolving challenges of packaging and 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.

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**Emergency
Preparedness Grants**

APPROPRIATIONS LANGUAGE

EMERGENCY PREPAREDNESS GRANTS

(EMERGENCY PREPAREDNESS FUND)

For expenses necessary to carry out the Emergency Preparedness Grants program not more than \$28,318,000 shall remain available until September 30, 2021, from amounts made available by 49 U.S.C. 5116(h), and 5128(b) and (c): Provided, 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 notwithstanding 49 U.S.C. 5128(b) and (c) and the three year obligation limitation, prior year recoveries recognized in the current year may 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 may also be available to carry out 49 U.S.C. 5116(a)(1)(C) and 5116(i).

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

	FY 2017 ACTUAL¹	FY 2018 ANNUALIZED CR²	FY 2019 REQUEST
Operations	\$1,755	\$1,761	\$1,885
Grants	24,609	24,688	26,433
TOTAL	<u>\$26,364</u> ¹	<u>\$26,449</u> ²	<u>\$28,318</u>
FTEs			
Direct Funded	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 2017, February 9, 2016.

²Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2018, May 23, 2017.

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.

**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 2017	FY 2018	FY 2019
	<u>Actual</u>	<u>Annualized</u>	<u>Request</u>
		<u>CR</u>	
Unexpended balance, start of year			
01.00 Balance, start of year	\$17,833	\$15,833	\$17,702
01.90 Adjustments	0	0	0
01.99 Balance, start of year, total	17,833	15,833	17,702
Receipts and offsetting receipts:			
02.20 Emergency preparedness fund (offsetting prop. receipts)	24,061	28,318	28,318
02.90 Adjustments	0	0	0
02.99 Total receipts	24,061	28,318	28,318
04.00 Total: Balances and collections	41,894	44,151	46,020
Appropriations:			
05.00 Emergency Preparedness Grants [021-50-5282-0-1201]	-30,752	-28,318	-28,318
05.01 Emergency Preparedness Grants [021-50-5282-0-1203]	0	0	0
05.02 Emergency Preparedness Grants [021-50-5282-0-1232]	1,954	1,869	0
05.03 Emergency Preparedness Grants [021-50-5282-0-1234]	2,729	0	0
05.90 Adjustments	0	0	0
05.99 Total Appropriations (-)	-26,069	-26,449	-28,318
06.10 Unobligated balance returned to receipts	8	0	0
07.99 Balance, end of year	\$15,833	\$17,702	\$17,702

**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 2017 <u>Actual</u>	FY 2018 Annualized <u>CR</u>	FY 2019 <u>Request</u>
OBLIGATIONS BY PROGRAM ACTIVITY:			
0001 Operations	1,541	1,761	1,885
0002 Emergency Preparedness Grants	20,470	20,537	21,988
0003 Competitive Training Grants	3,155	3,218	3,445
0004 Supplemental Training Grants	931	934	1,000
0005 ALERT Grants	2,400	0	0
0900 Total new obligations	28,497	26,449	28,318
BUDGETARY RESOURCES:			
Unobligated Balance			
1000 Unobligated balance, brought forward, October 1	81	0	0
1021 Recoveries of prior year unpaid obligations	2,428	0	0
1033 Recoveries of prior year paid obligations	0	0	0
1050 Unobligated balance (total)	2,509	0	0
Budget Authority:			
Appropriation (Discretionary):			
1101 Appropriation (special or trust fund)	0	0	0
1134 Appropriations precluded from obligation	0	0	0
1160 Appropriation (total) (discretionary)	0	0	0
Appropriation (Mandatory):			
1201 Appropriation (special fund)	30,752	28,318	28,318
1203 Appropriation (previously unavailable)	0	0	0
1232 Appropriations temporarily reduced	-1,954	-1,869	0
1234 Appropriations precluded from obligation	-2,729	0	0
1260 Appropriation (total) (mandatory)	26,069	26,449	28,318
1900 Total budget authority	26,069	26,449	28,318
1930 Total budgetary resources available	28,578	26,449	28,318
1941 Unexpired unobligated balance, end of year	0	0	0
1952 Expired unobligated balances carried forward, soy	33	91	91
1953 Expired unobligated balances carried forward, eoy	91	91	91
1954 Unobligated balance canceling (special and trust funds)	8	0	0

PROGRAM AND FINANCING Cont'd

Identification code 69-5282-0-2-407

	FY 2017	FY 2018	
	<u>Actual</u>	<u>Annualized</u>	<u>FY 2019</u>
		<u>CR</u>	<u>Request</u>
CHANGE IN OBLIGATED BALANCE:			
Unpaid obligations:			
3000 Unpaid obligations brought forward, October 1	44,986	47,660	34,612
3010 Obligations incurred, unexpired accounts	28,497	26,449	28,318
3011 Obligations incurred, expired accounts	37	0	0
3020 Outlays (gross)	-23,432	-39,497	-37,684
3040 Recoveries of prior year unpaid obligations, unexpired accts	-2,428	0	0
3050 Unpaid obligations, end of year	47,660	34,612	25,246
3100 Obligated balance, start of year	44,986	47,660	34,612
3200 Obligated balance, end of year	47,660	34,612	25,246
BUDGET AUTHORITY AND OUTLAYS, NET:			
Gross budget authority (discretionary):			
4000 Budget authority, gross	0	0	0
Gross outlays (discretionary):			
4010 Outlays from new discretionary authority	0	0	0
4011 Outlays from discretionary balances	204	201	0
4020 Outlays, gross (total) (discretionary)	204	201	0
Offsets against gross budget authority and outlays (discretionary):			
4030 Offsetting collections from Federal sources (-)	-22	0	0
4040 Offsets against gross budget authority and outlays (total) (-)	-22	0	0
Additional offsets against gross budget authority only (discretionary):			
4054 Recoveries of prior paid obligations, expired accounts	22	0	0
4060 Additional offsets against budget authority only (total) (-)	22	0	0
4070 Budget authority, net (discretionary)	0	0	0
4080 Outlays, net (discretionary)	182	201	0

Gross budget authority (mandatory):			
4090 Budget authority, gross	26,069	26,449	28,318
Gross outlays (mandatory):			
4100 Outlays from new authority	578	9,786	10,478
4101 Outlays from balances	22,651	29,510	27,206
4110 Outlays, gross (total) (mandatory)	23,229	39,296	37,684
Offsets against gross budget authority and outlays (mandatory):			
4123 Offsetting collections, non-Fed sources (-)	0	0	0
4130 Offsets against gross budget authority and outlays (total) (-)	0	0	0
Additional offsets against gross budget authority only (mandatory):			
4143 Recoveries of prior paid obligations, unexpired accounts			
4150 Additional offsets against budget authority only (total) (-)	0	0	0
4160 Budget authority, net (mandatory)	26,069	26,449	28,318
4170 Outlays, net (mandatory)	23,229	39,296	37,684
Budget authority and outlays, net (total):			
4180 Budget authority, net (total)	26,069	26,449	28,318
4190 Outlays, net (total)	23,411	39,497	37,684

**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 2017	FY 2018	FY 2019
	<u>Actual</u>	<u>Annualized CR</u>	<u>Request</u>
Direct Obligations:			
21.0 Travel and transportation of persons	\$43	\$50	\$75
25.1 Advisory and assistance services	702	775	800
25.2 Other services	9	50	75
25.3 Other purchases of goods and services from government accounts	716	790	800
25.4 Operation and maintenance of facilities	19	0	0
25.5 Research and development contracts	0	0	0
25.7 Operation and maintenance of equipment	51	95	134
25.8 Subsistence & support of persons	0	0	0
26.0 Supplies and materials	1	1	1
31.0 Equipment	0	0	0
41.0 Grants, subsidies, and contributions	26,956	24,688	26,433
Subtotal, Direct obligations	28,497	26,449	28,318
99.0 Subtotal, Reimbursable obligations	0	0	0
99.9 Total new obligations	\$28,497	\$26,449	\$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>
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	\$26,364,058 ^{5/}
2018	\$28,318,000	\$26,449,012 ^{6/}
2019	\$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.

6/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2018, May 23, 2017.

Detailed Justification for Hazardous Materials Emergency Preparedness Grants

FY 2019 – Hazardous Materials Emergency Preparedness Grants Budget Request (\$000)

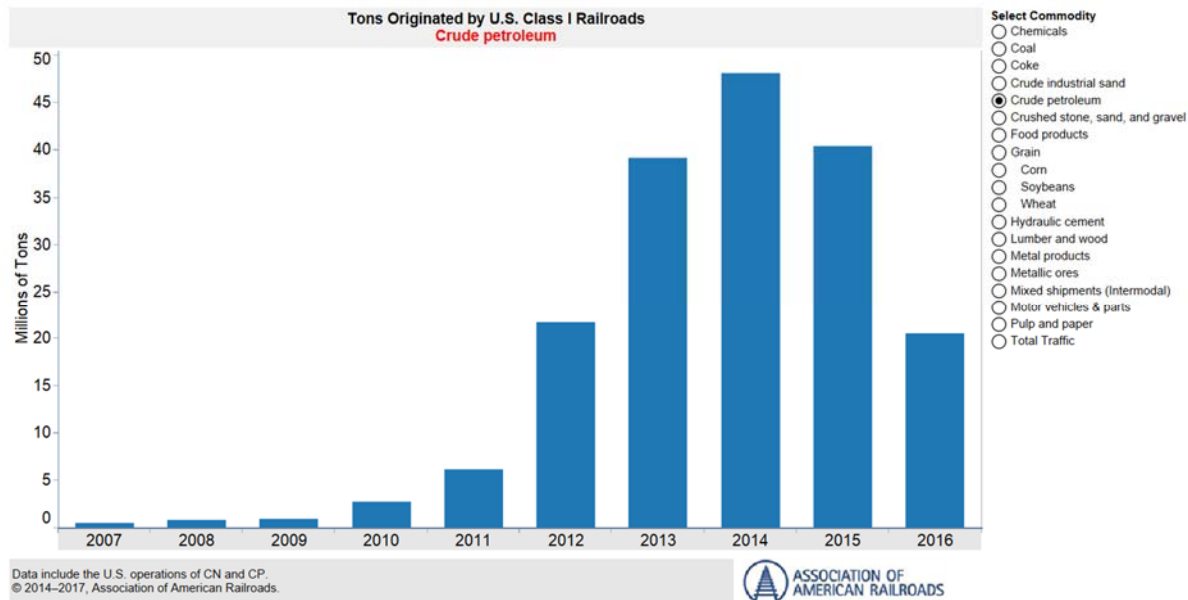
Program Activity	FY 2017 Actual ¹	FY 2018 Annualized CR ²	FY 2019 Request
Operations	\$1,755	\$1,761	\$1,885
Grants	24,609	24,688	26,433
Total	\$26,364	\$26,449	\$28,318

¹Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2017, February 9, 2016.

²Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2018, May 23, 2017.

What is this program and what does this funding level support?

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 more than 20 million tons in 2016 as shown below:



Congress, through the Fixing America’s Surface Transportation (FAST) Act of 2015, recognized the need for the support of communities and first responders most affected by this growth. Funding for the program comes from approximately 40,000 hazardous materials shippers’ (truckers, rail companies, and airlines) registration fees. Grants aid communities planning for unique risks of hazardous material routes and training of first responders. The program funds local firefighters’ and other first responders’ training, 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 2018 Anticipated Accomplishments:

- Improve 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 easier.
- Begin planning and developing content with international partners for the next edition of the *Emergency Response Guidebook* scheduled for release in 2020. Solicit comments from users and stakeholders to enhance the *ERG*.

In FY 2019, PHMSA requests budget authority of \$28.32 million for Emergency Preparedness Grants. 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

Operations include 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

For FY 2019, 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

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

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 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 million

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.

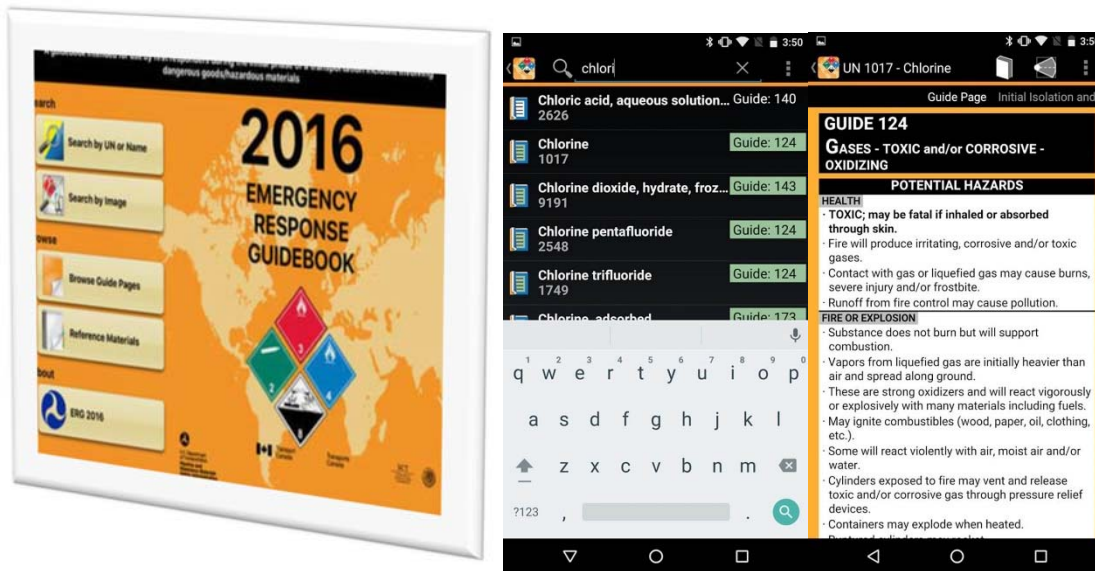
Assistance for Local Emergency Response Training (ALERT) Grants

In 2017, PHMSA awarded ALERT grants totaling \$2.4 million using congressional authority to direct unused grant funds to nonprofit organizations for direct or web-based hazardous materials training. 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.

The grant programs provide funding to states, localities, and local fire and rescue centers managing hazardous materials shipping routes near their homes and businesses. Recipients train first responders in identifying and extinguishing leaked or on fire dangerous substances. Funding also is used to develop or revise emergency plans for bulk transportation of energy products by rail and over the road. Targeted training is provided directly through the Hazardous Materials Instructor Training and the Supplemental Public Sector Training grants. In 2014, 101,413 emergency responders were trained, 10,846 hazmat employees were trained and 1,496 local emergency response plans were developed with Emergency Preparedness Grant funding.

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. The *Emergency Response Guidebooks* are present in almost every emergency response vehicle in the United States.



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 threats.

FY 2019 Anticipated Accomplishments:

- Expand EP grant program data and performance measures to include capturing state and sub-grantee outputs and outcomes, impacts on responder safety and response effectiveness, and effective and efficient grants management practices.
- Increase participation by sponsoring five Regional Response Team and Local Emergency Planning Committee meetings nationwide to share information and conduct outreach. By leveraging these partnerships, PHMSA is better able to ensure grant funds are used to protect public health and safety and the environment by enabling coordinated, efficient, and effective support of the federal, state, tribal, local, and international responses to significant oil and hazardous substance incidents.
- Identify and implement new PHMSA-wide grants management processes for cost efficiency, and to streamline grant activities across the agency.

What benefits will be provided to the American public through this request and why is this program necessary?

Emergency preparedness and response training are vital components in supporting the safety of the nation's first responders and the American public. Effective preparation for emergency situations reduces the impacts when a hazardous materials incident occurs, saving lives and reducing environmental damage. Grant programs supporting emergency preparedness have resulted in low rates of hazardous materials transportation-related deaths, major injuries, and significant damage. The lower impact of incidents when they occur is attributed in part to first responders' ability to identify hazardous materials spilled, secure the site, and extinguish hazardous material fires.

Hazardous materials employees and emergency responders also benefit from training instructors. These grants help ensure workplace safety and compliance when transporting hazardous materials and provide training to firefighters across the nation to ensure a safe and efficient response to hazardous material incidents when they occur. Every year selected nonprofit organizations instruct thousands of such trainers and hazardous materials employees.



Domestic crude oil production growth has led to more unit trains such as this one carrying tons of crude oil.

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Operational Expenses

APPROPRIATIONS LANGUAGE

OPERATIONAL EXPENSES

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, \$23,710,000: Provided, That notwithstanding the amounts specified in 49 U.S.C. 5128(d) and 60130(c), \$2,500,000 shall be for Community Safety Grants and shall remain available until September 30, 2021.

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

	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Operations	\$21,000	\$20,857	\$21,210
Grants	1,500	1,490	2,500
TOTAL	\$22,500	\$22,347	\$23,710
FTEs			
Direct Funded	66.0	70.0	70.0

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.

**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 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Obligations by program activity:			
0001 Operations	20,929	20,857	21,210
0002 Information grants to communities	989	1,490	0
0002 Community Safety Grants	0	0	2,500
0799 Total direct program	21,917	22,347	23,710
0801 Reimbursable program	0	0	0
0900 Total new obligations	21,917	22,347	23,710
Budget authority:			
Appropriations, discretionary:			
1100 Appropriation	22,500	22,347	23,710
1160 Appropriation, discretionary (total)	22,500	22,347	23,710
1900 Budget authority (total)	22,500	22,347	23,710
1930 Total budgetary resources available	22,500	22,347	23,710
Memorandum (non-add) entries:			
1940 Unobligated balance expiring	-583	0	0
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	7,553	6,751	6,926
3010 Obligations incurred, unexpired accounts	21,917	22,347	23,710
3011 Obligations incurred, expired accounts	528	0	0
3020 Outlays (gross)	-22,376	-22,172	-23,049
3041 Recoveries of prior year unpaid obligations, expired	-872	0	0
3050 Unpaid obligations, end of year	6,751	6,926	7,587
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	7,553	6,751	6,926
3200 Obligated balance, end of year	6,751	6,926	7,587
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	22,500	22,347	23,710
4010 Outlays from new discretionary authority	15,795	15,196	16,123
4011 Outlays from discretionary balances	6,581	6,976	6,926
4020 Outlays, gross (total)	22,376	22,172	23,049
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	-5	0	0
4033 Non-Federal sources	0	0	0
4040 Offsets against gross budget authority and outlays (total)	-5	0	0
Additional offsets against gross budget authority only:			
4051 Offsetting collections credited to expired accounts	0	0	0
4053 Recoveries of prior year paid obligations, expired accounts	0	0	0
4060 Additional offsets against budget authority only (total)	0	0	0
4070 Budget authority, net (discretionary)	22,500	22,347	23,710

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 2018		
	FY 2017 Actual	Annualized CR	FY 2019 Request
4080 Outlays, net (discretionary)	22,371	22,172	23,049
4180 Budget authority, net (total)	22,500	22,347	23,710
4190 Outlays, net (total)	22,371	22,172	23,049

**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 2017 <u>Actual</u>	FY 2018 <u>Annualized CR</u>	FY 2019 <u>Request</u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$7,621	\$8,382	\$8,455
11.3 Other than full-time permanent	427	463	467
11.5 Other personnel compensation	155	168	169
11.9 Total personnel compensation	\$8,203	\$9,013	\$9,091
12.1 Civilian personnel benefits	2,444	2,523	2,545
21.0 Travel and transportation of persons	133	109	110
23.1 Rental payments to GSA	1,179	1,163	1,186
23.2 Rental payments to others	17	0	0
23.3 Communications, utilities, and miscellaneous charges	172	100	101
24.0 Printing and reproduction	1	62	63
25.1 Advisory and assistance services	1,833	2,210	2,233
25.2 Other services	177	214	216
25.3 Other purchases of goods and services from government accounts	1,113	748	902
25.4 Operation and maintenance of facilities	8	10	10
25.7 Operation and maintenance of equipment	3,771	4,547	4,593
26.0 Supplies and materials	70	101	102
31.0 Equipment	1,798	57	58
41.0 Grants, subsidies, and contributions	989	1,490	2,500
42.0 Insurance claims and indemnities	10	0	0
Subtotal, Direct obligations	\$21,917	\$22,347	\$23,710
99.0 Subtotal, Reimbursable obligations	0	0	0
99.9 Total new obligations	\$21,917	\$22,347	\$23,710

EMPLOYMENT SUMMARY

Identification code 69-1400-0-1-407

	FY 2017 <u>Actual</u>	FY 2018 <u>Annualized CR</u>	FY 2019 <u>Request</u>
10.01 Direct civilian full-time equivalent employment	66	70	70
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>
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/}	\$22,500,000
2018	\$20,960,079	\$22,347,203 ^{1/}
2019	\$23,710,000	

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

FY 2019 Operational Expenses Budget Request (\$000)

Program Activity: Operations	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Administrative Expenses	\$15,250	15,742	\$16,043
Contract Programs	5,750	5,115	5,167
Grants	1,500	1,490	2,500
Total	\$22,500	\$22,347	\$23,710
FTEs	66	70	70

What is this program and what does this funding level support?

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

The Operational Expenses account provides services to the primary program offices to ensure hiring and retention of high quality engineers and technical staff, supports the regulatory and enforcement processes, compliance with laws and regulations for financial management and acquisition services, and provides leading technologies to support industry and the analysis of data in advancing the safety mission. For FY 2019, PHMSA requests \$23.71 million for Operational Expenses.

Anticipated accomplishments 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;
- Develop state-level policies for the PIPES Act that encourage repair and replacement of leaking natural gas 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 approvals modules for hazardous materials.

Administrative Expenses: \$16.04 million

PHMSA's FY 2019 Administrative Expenses request of \$16.04 million to support costs such as salaries, rent, and contributions to the Working Capital Fund.

Contract Programs: \$5.17 million

PHMSA's request for contract programs in the Operational Expenses account is \$5.17 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 support allows 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 adapted a departmental dashboard for PHMSA information needs. Additional mobile technologies are being developed to support field operations, investigations and accidents. In FY 2017 PHMSA deployed the oCFR app to provide mobile support to shippers, packagers and operators in the field or in transit.

The shipment of hazardous materials by rail, road, water, air and pipeline fuels American businesses and homes, and delivers products to market. With this funding, PHMSA can continue to support its primary safety mission. PHMSA is also positioned to continue innovating 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.

Grant Programs: \$2.50 million

In order to improve program effectiveness, PHMSA proposes consolidating Information Grants to Communities (also known as Technical Assistance Grants (TAGs)) (\$1.50 million) and Hazardous Materials Community Safety Grants (\$1.00 million) into a single grant program in the Operational Expenses account. The new combined grant program will be called *Community Safety Grants*, and awards will be made in compliance with PIPES and FAST Act requirements to applications promising the greatest impact on improving safety. PHMSA also proposes to change the period of availability for these funds from one to three years. This request will require changes to the appropriations language as proposed herein. This consolidation allows PHMSA to direct grant funds to programs that work and leverage funding from similar programs to help localities respond to the unique risks hazardous materials routes and pipelines pose to where people live and work.

Information Grants to Communities provide funds to communities and organizations for technical assistance in the form of engineering or other scientific analysis of pipeline safety issues. Local projects range from public awareness activities to technology solutions. These grants promote public participation in local pipeline development and safety issues.

Community Safety Grants were created by the FAST Act of 2015 for the Hazardous Materials Safety program. This competitive grant 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 flammable liquids traveling by rail.

Both grant programs provide resources to promote safety and public awareness of hazardous materials flowing through communities. Administrative efficiencies and flexibilities are gained by managing the consolidated program. More importantly, leveraging the resources allows PHMSA to provide funding to projects that promote the safe delivery of energy products and hazardous materials.

Anticipated FY 2019 Accomplishments:

- Make time-saving gains in processing hazardous materials-related Specials Permits and Approvals and other approval modules to help industry resolve packaging and shipping problems;
- Fully realize the efficiencies of the online fireworks approvals system; and
- Issue to PHMSA's field offices mobile applications currently under development for operations and investigations.

What benefits will be provided to the American public through this request and why is this program necessary?

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 enable responsiveness to requirements from the PIPES and FAST Acts.

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**IV: Research,
Development and
Technology**

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

	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request	FY 2019 Applied	FY 2019 Development
A. Pipeline Safety	\$13,363	\$13,340	\$7,363	\$0	\$7,363
1. Pipeline Safety	12,000	11,977	6,000	0	6,000
2. Administrative Expenses ¹	1,363	1,363	1,363	0	1,363
B. Hazardous Materials Safety	\$8,116	\$8,102	\$4,346	\$4,346	\$0
1. Hazardous Materials Safety	7,570	7,556	3,800	3,800	0
2. Administrative Expenses ¹	546	546	546	546	0
TOTAL PHMSA	\$21,479	\$21,442	\$11,709	\$4,346	\$7,363

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