



BUDGET ESTIMATES FISCAL YEAR 2020

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 2020 BUDGET REQUEST
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I: Overview

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2020 ADMINISTRATOR'S OVERVIEW**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) oversees the safe movement of hazardous materials and energy-related products. The consistent safe delivery of these commodities provides economic growth, supporting packagers, shippers and pipeline operators as they move these products to the consumers – homes and business – that rely on them. PHMSA executes its mission by developing safety standards to protect the public, advancing industry safety systems, encouraging innovation and research, providing comprehensive safety inspections, and when necessary, executing enforcement actions.

Safety is PHMSA's primary mission and foremost priority. PHMSA's FY 2020 funding request includes, among others, the following safety investments:

- Funding for 572 positions that directly execute and support standards development, safety inspections, incident investigation, data analysis and safety support functions
- Providing \$19.60 million for research and development that supports innovative safety inspection outcomes, advances in safer packaging and transportation methods, and insight into emerging issues such as the safe transportation of liquified natural gas
- Supporting contract safety programs with \$20.54 million to extend and advance systems and technology, data analysis and information for effective safety programs
- Making available \$84.33 million for grants to states, local communities, safety organizations and not-for-profits to help prevent, plan and prepare for, and respond to hazardous materials incidents.

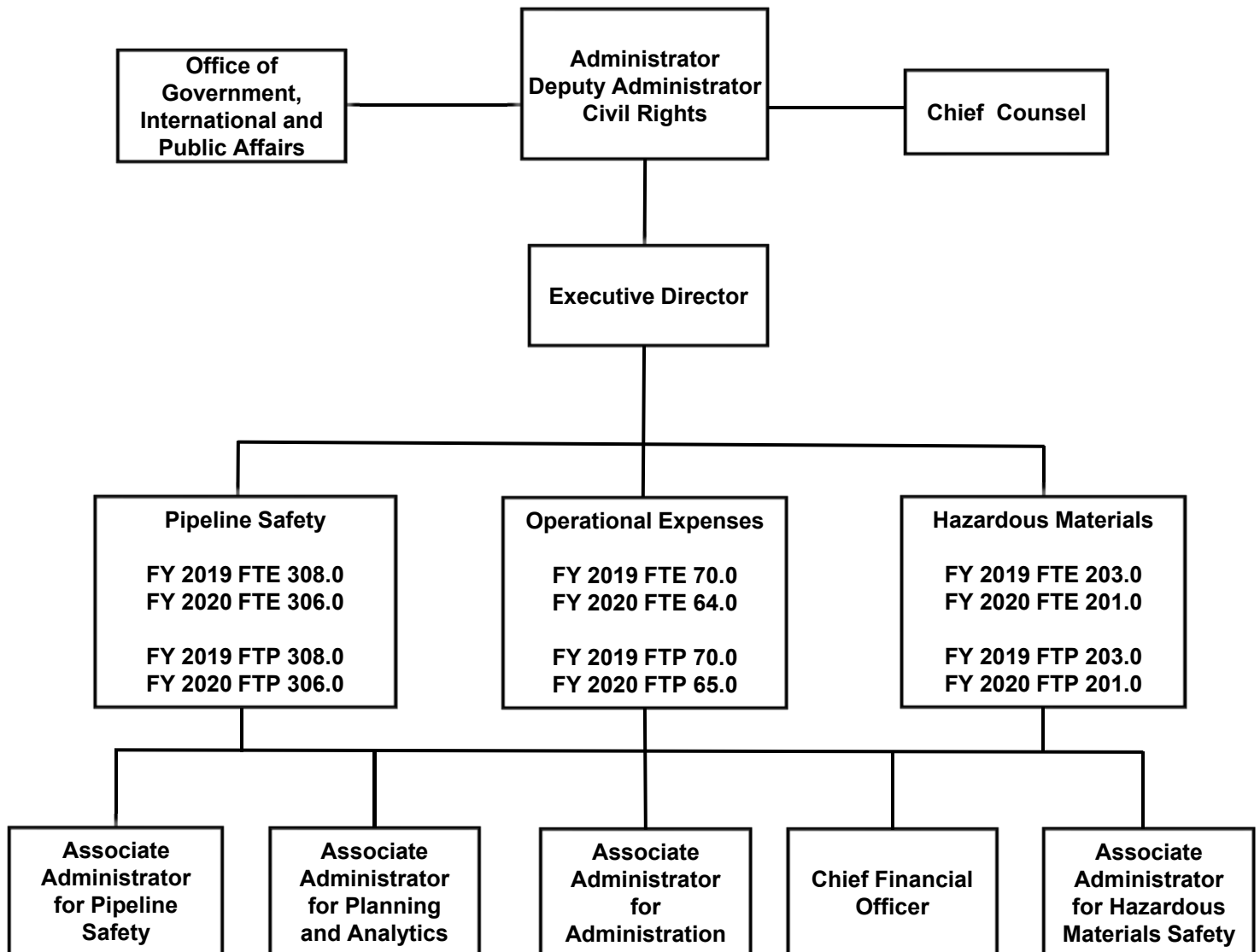
PHMSA's safety mission extends to more than 40,000 companies involved in the transportation of regulated hazardous materials. PHMSA's oversight includes the expansive U.S. pipeline network of more than 2.7 million miles that moves more than 16 billion barrels¹ of hazardous liquids and gases safely annually. Oversight also extends to the surface, air and vessel transportation of hazardous materials, which accounts for more than 2.7 billion tons of regulated hazardous products valued at more than \$3.1 trillion, annually.

PHMSA's FY 2020 budget request of \$254.53 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 \$149.00 million for Pipeline Safety, \$53.00 million for Hazardous Materials Safety, \$28.32 million in Emergency Preparedness Grants, and \$24.22 million to fund the Operational Expense account, inclusive of grant programs.

PHMSA's funding request supports accomplishment of our mission to protect people and the environment by advancing the safe transportation of energy and other hazardous materials that are essential to our daily lives.

¹Equates to 672 billion gallons.

Exhibit I: Pipeline and Hazardous Materials Safety Administration (PHMSA)
Full-Time Equivalents (FTE) and Full-Time Positions (FTP) for FY 2019 Enacted and FY 2020 Request
FTE Totals: FY 2019 Enacted – 581.0 / FY 2020 Request – 571.0
FTP Totals: FY 2019 Enacted – 581.0 / FY 2020 Request – 572.0



II: Budget Summary
Tables

EXHIBIT II-1
FY 2020 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
Pipeline Safety				
Pipeline Safety Fund	\$131,000	\$131,000	\$134,000	\$119,000
Underground Natural Gas Storage	8,000	8,000	8,000	8,000
Oil Spill Liability Trust Fund	23,000	23,000	23,000	22,000
Subtotal	162,000	162,000	165,000	149,000
Hazardous Materials Safety				
General Fund	59,000	59,000	58,000	53,000
Subtotal	59,000	59,000	58,000	53,000
Emergency Preparedness Grants				
Emergency Preparedness Fund (Mandatory)	26,449 ¹	26,562 ²	26,562 ²	28,318
Subtotal	26,449	26,562	26,562	28,318
Operational Expenses				
General Fund	23,000	23,000	23,710	24,215
Subtotal	23,000	23,000	23,710	24,215
TOTAL	\$270,449	\$ 270,562	\$ 273,272	\$ 254,533
Appropriations	\$ 270,449	\$ 270,562	\$ 273,272	\$ 254,533
Rescissions	\$ -	\$ -	\$ -	\$ -

¹Reflects 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.

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 2019, February 12, 2018.

EXHIBIT II-2
FY 2020 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

<u>ACCOUNT NAME</u>	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
PIPELINE SAFETY	\$162,000	\$162,000	\$165,000	\$149,000
Pipeline Safety Fund	131,000	131,000	134,000	119,000
Underground Natural Gas Storage Fee	8,000	8,000	8,000	8,000
Oil Spill Liability Trust Fund	23,000	23,000	23,000	22,000
HAZARDOUS MATERIALS SAFETY	59,000	59,000	58,000	53,000
General Fund	59,000	59,000	58,000	53,000
EMERGENCY PREPAREDNESS GRANTS¹	28,318	28,318	28,318	28,318
OPERATIONAL EXPENSES	23,000	23,000	23,710	24,215
General Fund	23,000	23,000	23,710	24,215
TOTAL	\$272,318	\$272,318	\$275,028	\$254,533

¹ Amounts do not include sequestration.

EXHIBIT II-3
FY 2020 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	\$ 137,000	\$ -	\$ 12,000	\$ -	\$ 149,000
Hazardous Materials Safety	45,400	-	7,600	-	53,000
Emergency Preparedness Grants	28,318	-	-	-	28,318
Operational Expenses	24,215	-	-	-	24,215
TOTAL	\$ 234,933	\$ -	\$ 19,600	\$ -	\$ 254,533

EXHIBIT II-4
FY 2020 BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<i>Mandatory/ Discretionary</i>	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
Pipeline Safety	<i>D</i>	\$162,000	\$162,000	\$165,000	\$149,000
Hazardous Materials Safety	<i>D</i>	59,000	59,000	58,000	53,000
Emergency Preparedness Grants	<i>M</i>	26,449 ¹	26,562 ²	26,562 ²	28,318
Operational Expenses	<i>D</i>	23,000	23,000	23,710	24,215
TOTAL		\$270,449	\$270,562	\$273,272	\$254,533
<i>Mandatory</i>		26,449	26,562	26,562	28,318
<i>Discretionary</i>		244,000	244,000	246,710	226,215
<u>PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS</u>					
Pipeline Safety User Fees	<i>D</i>	\$128,597	\$131,000	\$134,000	\$119,000
Pipeline Safety Underground Natural Gas Storage Fee	<i>D</i>	7,901	8,000	8,000	8,000
Hazardous Materials Registration Program	<i>M</i>	611	800	800	800
Hazardous Materials Transportation Registration, Filing, and Permits	<i>M</i>	27,993	26,562	26,562	28,318
TOTAL		\$165,102	\$166,362	\$169,362	\$156,118

¹ Reflects sequester of Emergency Preparedness Grants pursuant to the Budget Control Act of 2011 as described in the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2018, May 23, 2017.

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 2019, February 12, 2018.

EXHIBIT II-5
FY 2020 OUTLAYS
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
(\$000)

<u>ACCOUNT NAME</u>	<u>M/D</u>	<u>FY 2018 ACTUAL</u>	<u>FY 2019 ANNUALIZED CR</u>	<u>FY 2019 ENACTED</u>	<u>FY 2020 REQUEST</u>
Pipeline Safety					
Pipeline Safety Fund	<i>D</i>	\$120,413	\$143,356	\$145,784	\$145,933
Trust Fund Share of Pipeline Safety	<i>D</i>	20,375	23,444	23,444	24,402
Subtotal, Pipeline Safety		140,788	166,800	169,228	170,335
 Hazardous Materials Safety	 <i>D</i>	 55,980	 63,500	 62,820	 64,667
 Emergency Preparedness Grants					
Mandatory	<i>M</i>	21,121	32,426	32,426	35,680
Discretionary	<i>D</i>	131	0	0	0
Subtotal, Emergency Preparedness Grants		21,252	32,426	32,426	35,680
 Operational Expenses	 <i>D</i>	 21,803	 23,469	 23,952	 24,053
 Research and Special Programs	 <i>D</i>	 0	 162	 162	 0
 TOTAL		 \$239,823	 \$286,357	 \$288,588	 \$294,735
<i>Discretionary</i>		<i>218,702</i>	<i>253,931</i>	<i>256,162</i>	<i>259,055</i>
<i>Mandatory</i>		<i>21,121</i>	<i>32,426</i>	<i>32,426</i>	<i>35,680</i>

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	Baseline Changes												
	FY 2018 Actual ¹	FY 2019 Annualized CR ²	FY 2019 Enacted ²	Annualization of FY 2019 Pay Raises	Annualization of FY 2019 FTE	FY 2020 Pay Raises	One More Compensable Day (262 days)	GSA Rent	WCF Increase/ Decrease	Inflation/D eflation	FY 2020 Baseline Estimate	Program Increases/ Decreases	FY 2020 Request
PERSONNEL RESOURCES (FTE)	581.0	581.0	581.0										
Direct FTE	581.0	581.0	581.0								570.0	1.0	571.0
Reimbursable FTE	0.0	0.0	0.0								0.0	0.0	0.0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$83,994	\$87,490	\$88,737	\$416			\$674		(\$1,798)		\$88,029	\$143	\$88,172
Travel	6,575	6,543	6,510								6,510	12	6,522
GSA Rent	8,389	7,971	6,792								6,792	13	6,805
Communications & Utilities	881	731	1,027								1,027		1,027
Printing	323	362	309								309		309
Other Services:											0		
- Other	8,877	9,186	7,001	(416)			(562)		(1,443)		4,580	(557)	4,023
- WCF	3,534	3,955	3,955						579		4,534		4,534
- WCF IT ³	5,423	5,343	5,343						12,314		17,657		17,657
Supplies	350	398	413								413		413
Equipment	1,226	879	596								596	9	605
Administrative Subtotal	119,572	122,858	120,683	0	0	0	112	0	9,652	0	130,447	(380)	130,067
PROGRAMS													
Contract Safety Programs													
Pipeline Safety	21,178	21,178	24,353						(3,458)		20,895	(6,783)	14,112
Hazardous Materials Safety	10,909	10,909	9,909				(112)		(4,290)		5,507	(2,900)	2,607
Emergency Preparedness Grants	724	727	727								727	48	775
Operational Expenses	5,750	4,947	5,657						(1,904)		3,753	(710)	3,043
Contract Safety Programs Subtotal	38,561	37,761	40,646	0	0	0	(112)	0	(9,652)	0	30,882	(10,345)	20,537
Research and Development													
Pipeline Safety	13,000	13,000	15,000								15,000	(3,000)	12,000
Hazardous Materials Safety	7,570	7,570	7,570								7,570	30	7,600
Research and Development Subtotal	20,570	20,570	22,570	0	0	0	0	0	0	0	22,570	(2,970)	19,600
Grants													
Pipeline Safety	64,558	61,558	61,558								61,558	(6,217)	55,341
Hazardous Materials Safety	1,000	1,000	1,000								1,000	(1,000)	0
Emergency Preparedness Grants	24,688	25,315	25,315								25,315	1,673	26,988
Operational Expenses	1,500	1,500	1,500								1,500	500	2,000
Grants Subtotal	91,746	89,373	89,373	0	0	0	0	0	0	0	89,373	(5,044)	84,329
Programs Subtotal	150,877	147,704	152,589	0	0	0	(112)	0	(9,652)	0	142,825	(18,359)	124,466
TOTAL	\$270,449	\$270,562	\$273,272	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$273,272	(\$18,739)	\$254,533

¹Reflects 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.

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 2019, February 12, 2018.

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										Program Increases/ Decreases	FY 2020 Request
	FY 2018 Actual	FY 2019 Annualized CR	FY 2019 Enacted	Annualization of FY 2019		FY 2020 Pay	One More Compensable Day (262 days)	GSA Rent	WCF Increase/ Decrease	Inflation/ Deflation	FY 2020 Baseline Estimate	
				Pay Rates	of FY 2019 FTE	Raises						
PERSONNEL RESOURCES (FTE)												
Direct FTE	308.0	308.0	308.0								306.0	306.0
Reimbursable FTE	0.0	0.0	0.0								0.0	0.0
FINANCIAL RESOURCES												
ADMINISTRATIVE EXPENSES												
Salaries and Benefits	\$43,739	\$46,439	\$47,101	\$221			\$358		(\$327)		\$47,353	\$47,353
Travel	4,505	4,500	4,500								4,500	4,500
GSA Rent	4,788	3,612	3,012								3,012	3,012
Communications & Utilities	380	600	596								596	596
Printing	105	105	104								104	104
Other Services:												
- Other	3,791	5,016	3,069	(221)			(358)		(640)		1,850	1,850
- WCF	2,039	2,203	2,203						327		2,530	2,530
- WCF IT	2,874	2,832	2,832						4,098		6,930	6,930
Supplies	225	250	248								248	248
Equipment	818	707	424								424	424
Administrative Subtotal	63,264	66,264	64,089	0	0	0	0	0	3,458	0	67,547	67,547
PROGRAMS												
Contract Safety Programs												
Compliance/Pipeline Integrity Management	7,307	7,307	10,563						(1,458)		9,105	6,003
Training, Information, & Community Assist. Services	8,501	8,501	8,443						(2,000)		6,443	2,785
Mapping and Information Systems	1,821	1,821	1,809								1,809	1,797
Underground Natural Gas Storage Facilities	2,000	2,000	2,000								2,000	2,000
Implementing the Oil Pollution Act	1,549	1,549	1,538								1,538	1,527
Contract Safety Programs Subtotal	21,178	21,178	24,353	0	0	0	0	0	(3,458)	0	20,895	14,112
Research & Development												
Research & Development Subtotal	13,000	13,000	15,000	0	0	0	0	0	0	0	15,000	12,000
Grants												
State Pipeline Safety Grants	56,000	53,000	53,000								53,000	46,800
Underground Natural Gas Storage	6,000	6,000	6,000								6,000	6,000
State One-call Grants	1,058	1,058	1,058								1,058	1,051
State Damage Prevention Grants	1,500	1,500	1,500								1,500	1,490
Grants Subtotal	64,558	61,558	61,558	0	0	0	0	0	0	0	61,558	55,341
Programs Subtotal	98,736	95,736	100,911	0	0	0	0	0	(3,458)	0	97,453	81,453
TOTAL	\$162,000	\$162,000	\$165,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$165,000	\$149,000

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

HAZARDOUS MATERIALS SAFETY	Baseline Changes											Program Increases/ Decreases
	FY 2018 Actual	FY 2019 Annualized CR	FY 2019 Enacted	Annualization of FY 2019 Pay Raises	Annualization of FY 2019 FTE	FY 2020 Pay Raises	One More Compensable Day (262 days)	GSA Rent	WCF Increase/ Decrease	Inflation/D eflation	FY 2020 Baseline Estimate	
PERSONNEL RESOURCES (FTE)	203.0	203.0	203.0						(2.0)		201.0	201.0
Direct FTE	203.0	203.0	203.0						(2.0)		201.0	201.0
Reimbursable FTE	0.0	0.0	0.0								0.0	0.0
FINANCIAL RESOURCES												
ADMINISTRATIVE EXPENSES												
Salaries and Benefits	\$29,180	\$29,180	\$29,596	\$139			\$225		(\$327)		\$29,633	\$29,633
Travel	2,000	1,933	1,900								1,900	1,900
GSA Rent	2,494	2,877	2,594								2,594	2,594
Communications & Utilities	413	30	331								331	331
Printing	143	200	143								143	143
Other Services:											0	
- Other	1,662	1,784	1,440	(139)			(113)		164		1,352	(1,130)
- WCF	1,457	1,469	1,469						218		1,687	1,687
- WCF IT	1,898	1,870	1,870						4,235		6,105	6,105
Supplies	23	63	63								63	63
Equipment	251	115	115								115	115
Administrative Subtotal	39,521	39,521	39,521	0	0	0	112	0	4,290	0	43,923	(1,130)
PROGRAMS												
Contract Safety Programs									(2,669)		0	0
Hazmat Information and Analysis	2,669	2,669	2,669								0	0
Investigation and Enforcement	3,514	3,514	3,514						(810)		2,704	(1,500)
Outreach, Training & Compliance	3,937	3,937	2,937				(112)		(811)		2,014	(1,000)
Hazmat Registration Program	789	789	789								789	(400)
Contract Programs Subtotal	10,909	10,909	9,909	0	0	0	(112)	0	(4,290)	0	5,507	(2,900)
Research & Development												
Research & Development Subtotal	7,570	7,570	7,570	0	0	0	0	0	0		7,570	30
Grants												
Community Safety Grants	1,000	1,000	1,000								1,000	(1,000)
Grants Subtotal	1,000	1,000	1,000	0	0	0	0	0	0	0	1,000	(1,000)
Programs Subtotal	19,479	19,479	18,479	0	0	0	(112)	0	(4,290)	0	14,077	(3,870)
TOTAL	\$59,000	\$59,000	\$58,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$58,000	(\$5,000)
												\$53,000

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

	FY 2018 Actual ²	FY 2019 Annualized CR ³	FY 2019 Enacted ³	Baseline Changes				WCF Increase/ Decrease	Inflation/D eflation	FY 2020 Baseline Estimate	Program Increases/D ecreases	FY 2020 Request
				Annualization of FY 2019 Pay Raises	Annualization of FY 2019 FTE	FY 2020 Pay Raises	One More Compensable Day (262 days)					
EMERGENCY PREPAREDNESS GRANTS												
FINANCIAL RESOURCES												
ADMINISTRATIVE EXPENSES												
Other Services:												
- Other	\$1,037	\$520	\$520							\$520	\$35	\$555
Administrative Subtotal	1,037	520	520							520	35	555
PROGRAMS												
Mandatory Programs												
Grants	24,688	25,315	25,315							25,315	1,673	26,988
Technical Assistance	140	141	141							141	9	150
Emergency Response Guidebook (WCF) ¹	584	586	586							586	39	625
Mandatory Programs Subtotal	25,412	26,042	26,042							26,042	1,721	27,763
Mandatory Budget Authority Subtotal	26,449	26,562	26,562							26,562	1,756	28,318
Programs Subtotal	25,412	26,042	26,042							26,042	1,721	27,763
TOTAL	\$26,449	\$26,562	\$26,562							\$26,562	\$1,756	\$28,318

¹In FY 2020, WCF cost estimate is \$16,216 million. Of this amount \$2.4 million will be used for printing of the Emergency Response Guidebook (ERG), and of this \$2.4 million, PHMSA has obligated \$1,791 million in previous years at the rate of \$581,875 in 2017, \$583,750 in 2018, and \$625,000 in 2019, resulting in a FY 2020 request by PHMSA of \$14,425 million.

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 2018, May 23, 2017.

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 2019, February 12, 2018.

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

	Baseline Changes												
	FY 2018 Actual	FY 2019 Annualized CR	FY 2019 Enacted	Annualization of FY 2019 Pay Raises	Annualization of FY 2019 FTE	FY 2020 Pay Raises	One More Compensable Day (262 days)	GSA Rent	WCF Increase/ Decrease	Inflation/D eflation	FY 2020 Baseline Estimate	Program Increases/ Decreases	FY 2020 Request
OPERATIONAL EXPENSES													
PERSONNEL RESOURCES (FTE)	70.0	70.0	70.0										
Direct FTE	70.0	70.0	70.0										
Reimbursable FTE	0.0	0.0	0.0										
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$11,075	\$11,871	\$12,040	\$56			\$91		(\$1,144)		\$11,043	\$143	\$11,186
Travel	70	110	110								\$110	12	\$122
GSA Rent	1,107	1,482	1,186								\$1,186	13	\$1,199
Communications & Utilities	88	101	100								\$100		\$100
Printing	75	57	62								\$62		\$62
Other Services:											\$0		
- Other	2,387	1,866	1,972	(56)			(91)		(967)		\$858	538	\$1,396
- WCF	38	283	283						34		\$317		\$317
- WCF IT	651	641	641						3,981		\$4,622		\$4,622
Supplies	102	85	102								\$102		\$102
Equipment	157	57	57								\$57	9	\$66
Administrative Subtotal	15,750	16,553	16,553	0	0	0	0	0	1,904	0	18,457	715	19,172
PROGRAMS													
Contract Safety Programs													
Information Technology	5,750	4,947	5,657						(1,904)		3,753	(710)	3,043
Contract Safety Programs Subtotal	5,750	4,947	5,657	0	0	0	0	0	(1,904)	0	3,753	(710)	3,043
Grants													
Information Grants to Communities	1,500	1,500	1,500								1,500	500	2,000
Grants Subtotal	1,500	1,500	1,500	0	0	0	0	0	0	0	1,500	500	2,000
Programs Subtotal	7,250	6,447	7,157	0	0	0	0	0	(1,904)	0	5,253	(210)	5,043
TOTAL	\$23,000	\$23,000	\$23,710	\$0	\$0	\$0	\$0	\$0	\$0	\$0	23,710	\$505	\$24,215

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

	FY 2018¹	FY 2019²	FY 2019	FY 2020³	
	ACTUAL	ANNUALIZED	ENACTED	REQUEST	CHANGE
DIRECT:					
Pipeline Safety	\$2,039	\$2,203	\$2,203	\$2,530	\$327
WCF - IT	2,874	2,832	2,832	6,930	4,098
Hazardous Materials Safety	1,457	1,469	1,469	1,687	218
WCF - IT	1,898	1,870	1,870	6,105	4,235
Emergency Preparedness Grants	[584]	[586]	[586]	1,752	1,752
Operational Expenses	38	283	283	317	34
WCF - IT	651	641	641	4,622	3,981
TOTAL	\$8,957	\$9,298	\$9,298	\$23,943	\$14,645

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

¹ PHMSA's FY 2018 WCF cost estimate is \$9.54 million, of which \$8.96 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.

² PHMSA's FY 2019 WCF cost estimate is \$9.88 million, of which \$9.29 million will be used for FY 2019 WCF expenses and \$586,250 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 In FY 2020, WCF cost estimate is \$22.19 million supplemented by \$1.75 million obligated in previous years at the rate of \$581,875 in 2017, \$583,750 in 2018, and \$586,250 in 2019 for the Emergency Response Guidebook, resulting in a FY 2020 request of \$23.94 million for Working Capital Fund expenses.

EXHIBIT II-8
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PERSONNEL RESOURCES - SUMMARY
TOTAL FULL-TIME EQUIVALENTS

	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>				
Pipeline Safety	288	308	308	306
Hazardous Materials Safety	184	203	203	201
Operational Expenses	66	70	70	64
	<hr/>	<hr/>	<hr/>	<hr/>
SUBTOTAL, DIRECT FUNDED	538	581	581	571
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FTEs	538	581	581	571
	<hr/>	<hr/>	<hr/>	<hr/>

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

	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>				
Pipeline Safety	297	308	308	306
Hazardous Materials Safety	193	203	203	201
Operational Expenses	66	70	70	65
	<hr/>	<hr/>	<hr/>	<hr/>
SUBTOTAL, DIRECT FUNDED	556	581	581	572
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL POSITIONS	556	581	581	572
	<hr/>	<hr/>	<hr/>	<hr/>

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

Pipeline Safety

APPROPRIATIONS LANGUAGE

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OIL SPILL LIABILITY TRUST FUND)

For expenses necessary to conduct the functions of the pipeline safety program, and to discharge the pipeline program responsibilities of the Oil Pollution Act of 1990, \$149,000,000, to remain available until September 30, 2022; of which \$22,000,000 shall be derived from the Oil Spill Liability Trust Fund; of which \$119,000,000 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; Provided, That not less than \$1,058,000 of the funds provided under this heading shall be for the One-Call State grant program.

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

	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
Operations	\$84,442	\$87,442	\$88,442	\$81,659
Research and Development	13,000	13,000	15,000	12,000
Grants	64,558	61,558	61,558	55,341
TOTAL	<u>\$162,000</u>	<u>\$162,000</u>	<u>\$165,000</u>	<u>\$149,000</u>
FTEs				
Direct Funded	308.0	308.0	308.0	306.0

Program and Performance Statement

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for overseeing the safe transportation of energy products and hazardous materials to market. PHMSA's Pipeline Safety program covers a large network of more than 2.7 million miles of gas and hazardous liquid pipelines within the United States. PHMSA and its State partners set pipeline safety standards and conduct pipeline safety inspections to make sure pipelines are working safely and at capacity. The Pipeline Safety program is funded by fees collected from pipeline operators and underground natural gas storage facility operators and a share of the Oil Spill Liability Trust Fund.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION HISTORY OF APPROPRIATIONS

Pipeline Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
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/}	\$139,000,000 ^{7/}
2019	\$127,200,000 ^{7/}	\$142,000,000 ^{7/}
2020	\$127,000,000 ^{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 2020 – Pipeline Safety Program Budget Request (\$000)

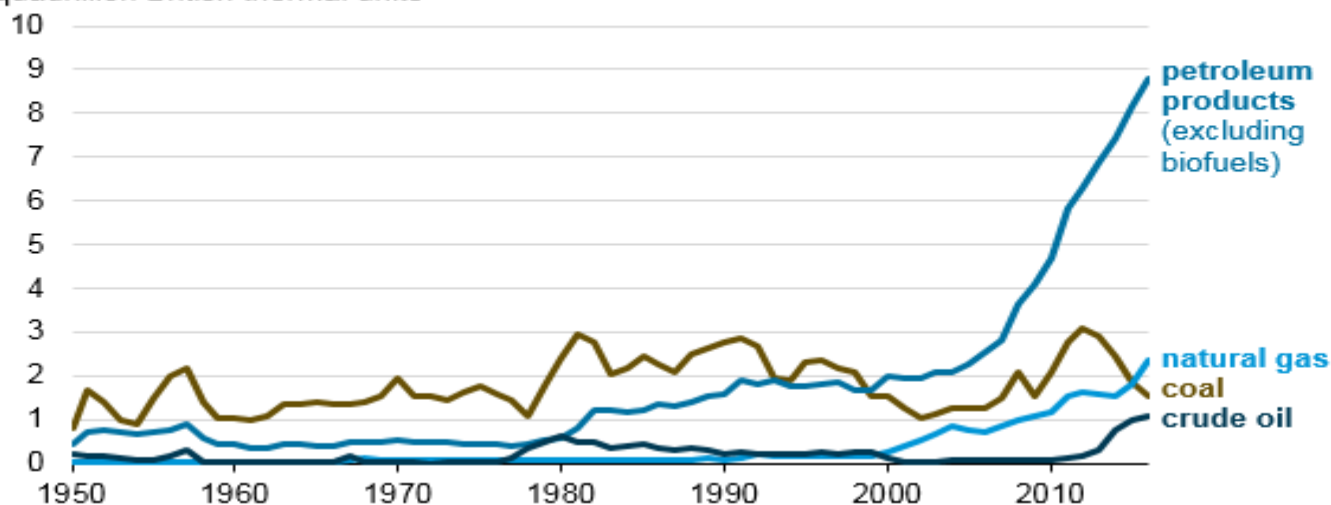
Program Activity	FY 2018 Actual	FY 2019 Annualized CR	FY 2019 Enacted	FY 2020 Request
Administrative Expenses	\$63,264	\$66,264	\$64,089	\$67,547
Contract Safety Programs	21,178	21,178	24,353	14,112
Research and Development	13,000	13,000	15,000	12,000
Grants	64,558	61,558	61,558	55,341
Total	\$162,000	\$162,000	\$165,000	\$149,000
FTEs	308.0	308.0	308.0	306.0

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

PHMSA's pipeline safety program supports the safe delivery of energy products to market.

The United States continues to experience an energy production boom accompanied by growth in exports (see graphic below). Most gas and oil products are moved via pipeline from their sources to refineries and then to market. Since 2000, U.S. energy production has nearly doubled with nearly all this product transported without incident from the points of extraction to refineries and into consumer markets.

U.S. gross energy exports of selected fuels (1950-2016)
quadrillion British thermal units



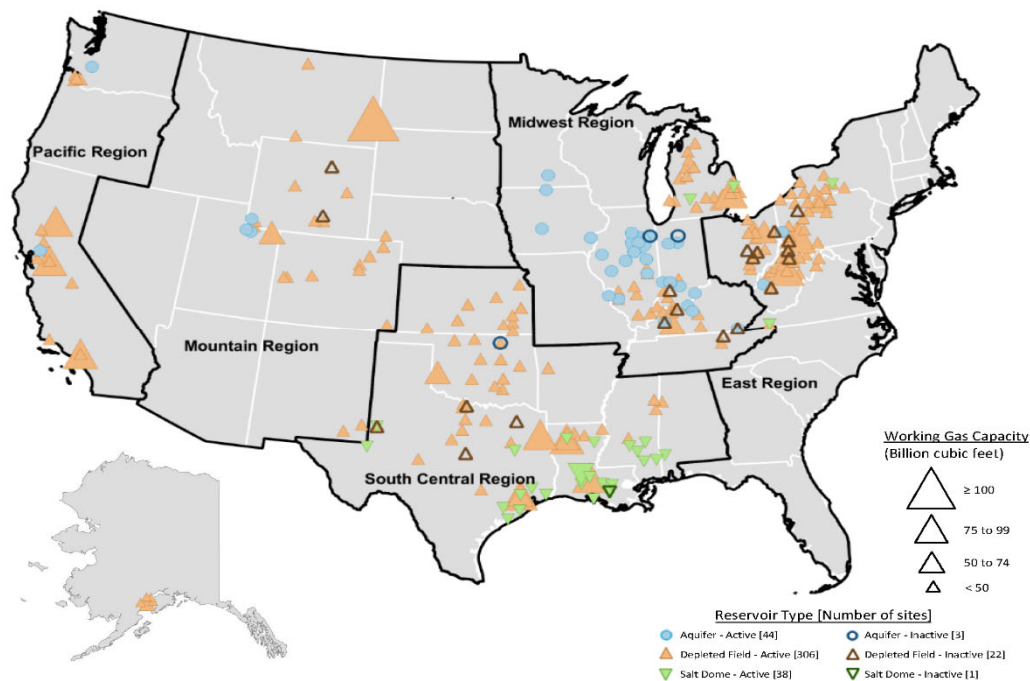
The United States has the most expansive network of energy pipelines in the world. Annual report data shows that PHMSA oversees the safe operation of 215,622 miles of hazardous liquid pipelines, 300,651 miles of gas transmission pipelines, 2,223,021 miles of gas distribution mains and services, 18,382 miles of gas-gathering pipelines, and 152 liquefied natural gas plants with a total storage capacity of more than 54 million barrels. This network stretches more than 2.7 million miles and transports 65 percent of the energy consumed in the United States, helping to power nearly every facet of our daily lives. For hazardous liquids moved by pipelines, transport by pipeline does so without incident 99.997 percent of the time.

To accomplish its safety mission, PHMSA develops and promotes national pipeline safety standards and policy, conducts inspections to validate the safe operation of pipeline systems, investigates pipeline incidents, promotes safety management systems, and conducts research to inform safety regulation and policy.

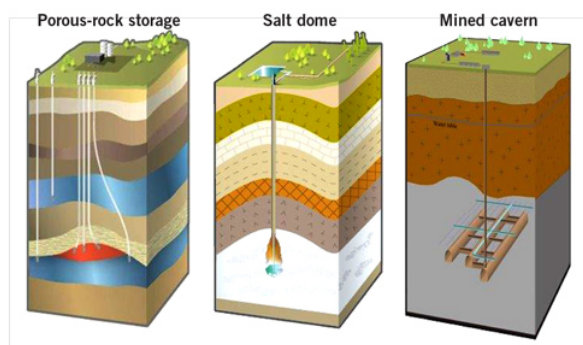
PHMSA supports and oversees the safe storage of natural gas underground. The Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016 charged PHMSA with the oversight of safety for facilities that store natural gas underground. There are 414 underground natural gas storage facilities in the United States.

The benefits of underground natural gas storage are substantial. For example, underground storage allows U.S. natural gas to be stored safely after extraction while awaiting domestic use or export.

U.S. Underground Natural Gas Storage Facility, by Type (December 2017)



STORAGE TYPES



Roughly 90 percent of all such U.S. facilities hold natural gas in depleted oil and gas reservoirs, while the remaining storage is in salt caverns and depleted aquifers. PHMSA's expanded role includes developing safety standards for containment within these natural formations and conducting periodic inspections.

Administrative Expenses: \$67.55 million

PHMSA's FY 2020 request includes \$67.55 million to fund 306 positions and all related costs, including salaries and benefits, travel, training, supplies, and equipment (including personal protective equipment for all inspectors). The request supports 214 inspection and enforcement staff distributed across the country throughout a network of regional offices, as well as subject matter experts that guide the safe operation of pipelines and underground natural gas storage facilities.

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

Contract Safety Programs: \$14.11 million

Pipeline Safety's contract safety 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 both Federal and State inspection and enforcement staff. Contract safety programs fund PHMSA's work to increase stakeholder communications, support damage prevention efforts, and assist operators in facilitating special permits.

The Office of Pipeline Safety contract safety programs include: Compliance and Pipeline Integrity Management, (\$6.0 million), Training, Information, and Community Assistance Services, (\$2.79 million), Mapping and Information Systems (\$1.80 million), Underground Natural Gas Storage (\$2.00 million) and Implementing the Oil Pollution Act, (\$1.53 million), as follows:

Realignment of Contract Safety Program Funding, -\$3.46 million

The FY 2020 request realigns \$3.46 million in funding from Contract Safety Programs to the Department's Working Capital Fund for centralization of information technology under the Office of the Secretary.

Compliance and Pipeline Integrity Management, \$6.0 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, \$2.79 million

To enhance pipeline safety, PHMSA funds important training, information-sharing and community assistance services for both internal and external stakeholders. PHMSA facilitates communication among pipeline stakeholders, including the public, operators and government officials. PHMSA also participates with the Common Ground Alliance on pipeline damage prevention efforts and maintains representatives in each region who inform communities about pipeline safety risks, answer questions, and field complaints.

Mapping and Information Systems, \$1.80 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 that are under PHMSA's jurisdiction. The National Pipeline Mapping System also contains voluntarily submitted breakout tank data that is used by PHMSA for emergency response, pipeline inspections, regulatory management and compliance, and analysis purposes. It is also 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.

Underground Natural Gas Storage Facilities, \$2.00 million

The storage of natural gas at underground facilities across the United States plays a critical role in our energy independence, and it buffers seasonal variations in demand for natural gas. Congress mandated through the PIPES Act that PHMSA issue minimum safety standards for such facilities, inspect underground natural gas storage facilities, and provide grants-in-aid to state pipeline safety inspection programs. The \$2.0 million will offset federal inspectors' salaries, benefits, travel, training, and underground natural gas safety program contracts.

Implementing the Oil Pollution Act, \$1.53 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 responses. PHMSA reviews response plans submitted by operators of onshore oil pipelines to ensure compliance.

Research and Development: \$12.00 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 safety and reliability of the nation's pipeline transportation system. Additionally, it informs both regulatory and enforcement activities and provides the technical and analytical foundation necessary to plan, evaluate, and improve the pipeline safety program.

PHMSA's R&D program is focused on recommendations from Congress and the National Transportation Safety Board, including better methods to detect liquid and gas leaks, prevent excavation damage to pipelines, conduct material testing for cured-in-place liners, and expand the capability of new robotic inspection tools for difficult-to-inspect pipelines.

Research and development projects are co-funded with industry and/or academia. Recent projects focused on technology development, including leak detection, mechanical damage detection, damage prevention, pipeline system control improvements, monitoring and operations, and pipeline material improvements. When deciding which R&D proposals to fund, the Office of Pipeline Safety gives preference to those that are designed to bring a new product to market within five years. Since 2002, the R&D program has brought 28 new technologies to market.

As an example, the use of in-line inspection devices was once limited to larger-diameter pipelines with long, smooth bends. The PHMSA R&D program helped develop technology to allow small-diameter pipelines with sharp turns to be internally inspected for defects, thereby increasing the percentage of pipelines that can be internally inspected. In addition, PHMSA's research supported aircraft-based systems that can detect leaks from gas and hazardous liquid pipelines.

Underground natural gas storage and LNG facility safety are also areas of increasing R&D importance due to the expansion of these markets and the changes in PHMSA's responsibilities. In terms of underground storage, the record Aliso Canyon natural gas leak gained national attention and prompted new R&D initiatives. Underground storage research will support risk assessments, well-casing integrity, subsurface safety valve testing, and subsurface- and facility-level equipment analysis and monitoring.

Similarly, the rapid growth of both the domestic and international LNG transportation industries necessitates that best safety practices be established and implemented. LNG transportation research will address LNG specific safety system testing, quantitative risk-assessment methodologies, hazard mitigation models, and emerging technologies.

Grants: \$55.34 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 on state inspectors for inspecting the vast network of intrastate pipelines. Our strong partnership allows states to be present during inspection of these pipeline systems and to offer input into the design of community safety programs.

The total amount requested for grants includes the cost of the following programs:

- State Pipeline Safety Grants (\$46.80 million);
- Underground Natural Gas Storage Facility Safety Grants (\$6.00 million);
- State One-Call Grants (\$1.05 million); and
- State Damage Prevention Grants (\$1.49 million).

State Pipeline Safety Grants, \$46.80 million

The PIPES Act of 2016 authorizes PHMSA to reimburse states for up to 80 percent of the reasonable cost of carrying out their pipeline safety programs, including the cost of inspection staff and equipment.

The State Pipeline Safety Grant program supports state inspections of pipeline facilities that run within the state (intrastate). In FY 2017, the State Pipeline Safety Grant program provided funding to support 351 gas and 31 hazardous liquid pipeline inspectors. The quality of the state inspections is closely related to the safe operation of intrastate pipelines and the identification of conditions before they result in leaks, spills or injuries. In 2017, there were no transmission pipeline incident-related deaths or injuries under state safety authority; additionally, there were no fatalities or injuries due to hazardous liquid pipeline failures in either 2016 or 2017. The requested funding will meet requirements to further improving pipeline safety through state inspections.

PHMSA evaluates the quality of state programs and the safe operation of intrastate pipelines by scoring state programs through the annual Program Evaluation and Progress Report. This evaluation includes an on-site review of the state's records and activities related to inspections, compliance, accident investigations, training, and excavation damage prevention. In 2017, state programs scores indicated that nearly all states inspection programs were well designed. Reimbursement under this grant program is based on both the costs incurred by a state and the effectiveness of its pipeline safety program, as determined by an on-site review of records and activities related to inspections, compliance, accident investigations, training, and excavation damage prevention.

PHMSA also reviews the states' inspection of the safe construction of new pipelines and the implementation of pipeline operator safety management systems designed to prevent accidents and spills. PHMSA inspects these areas as part of a state's performance evaluation.

Underground Natural Gas Storage Facilities Safety Grants, \$6.00 million

PHMSA reimburses inspection costs to states participating in the program. Thirty-one states have intrastate underground natural gas storage facilities. To be eligible for reimbursement of costs, states must first have their inspection programs certified by PHMSA. As with the long-established State Pipeline Safety Grants program, Underground Natural Gas Storage Facility Safety Grants pay up to 80 percent of the qualifying costs related to inspections, enforcement, personnel and equipment.

State One-Call Grants \$1.05 million and State Damage Prevention Grants \$1.49 million

PHMSA awards State agencies with grants to promote activities that support pipeline damage prevention, compliance activities, training and public education of the risk of damaging pipelines near their homes and businesses. Each state that has a certification or agreement with PHMSA may request up to \$60 thousand to perform pipeline damage prevention projects. These 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 2017, damages due to lack of 811 notifications showed a significant decline and the results of the annual 811 survey revealed high awareness of the need to call 811 prior to digging. In fact, 59 percent of survey respondents stated they are likely to call 811 before digging near pipelines or other underground lines, up from 51 percent in 2008.¹ Additionally, in 2016, One-Call centers reported that there were only 10,869 incidents, a significant decrease from the 14,516 incidents in 2015.

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 is eligible to apply, if they either are or will be responsible for preventing damage to underground

¹ The Common Ground Alliance. (August 2017). *2016 Damage Information Reporting Tool (Dirt) Analysis & Recommendations*. (Vol. 13, pp. 17-18). Retrieved on August 24, 2017, from: http://commongroundalliance.com/sites/default/files/publications/DIRT%202016%20Annual%20Report_081017_FINAL_08.11.17_0.pdf.

pipeline facilities. In 2018, 19 damage prevention grant recipients successfully completed projects and achieved their stated objectives.

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

Pipelines cross thousands of communities in every state. Thus, millions of Americans count on both pipeline operators and PHMSA to oversee the safe operation of pipelines. The requested funding will provide PHMSA with the resources it needs to support safe delivery of hazardous materials via pipelines to market while protecting people and the environment.

**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 the 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 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
Operations	\$11,683	\$11,683	\$11,240	\$11,544
Research and Development	3,250	3,250	2,750	2,500
Grants	8,067	8,067	9,010	7,956
TOTAL	\$23,000	\$23,000	\$23,000	\$22,000

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.

**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>	
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	\$23,000,000	
2019	\$23,000,000	\$23,000,000	
2020	\$22,000,000		

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 2020 – Oil Spill Liability Trust Fund Budget Request (Included in the Pipeline Safety Account) (\$000)

Program Activity	FY 2018 Actual	FY 2019 Annualized CR	FY 2019 Enacted	FY 2020 Request
Contract Safety Programs	\$11,683	\$11,683	\$11,240	\$11,544
Research and Development	3,250	3,250	2,750	2,500
Grants	8,067	8,067	9,010	7,956
Total	\$23,000	\$23,000	\$23,000	\$22,000

What is this program and why is it necessary?

The Oil Spill Liability Trust Fund was created by the U.S. Congress to finance efforts to prevent, remove, and mitigate damage from oil spills into the water and environmentally sensitive areas. Funding from the Oil Spill Liability Trust Fund contributes to the following: Pipeline Integrity Management; pipeline compliance inspection and enforcement; emergency preparedness related to pipeline spills and incidents; training, competency standards, and qualifications for inspection, enforcement and operation of pipelines; State Pipeline Safety Grants; and pipeline research and development. 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, \$53,000,000, to remain available until September 30, 2022: 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 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
Operations	\$50,430	\$50,430	\$49,430	\$45,400
Research and Development	7,570	7,570	7,570	7,600
Grants	1,000	1,000	1,000	0
TOTAL	<u>\$59,000</u>	<u>\$59,000</u>	<u>\$58,000</u>	<u>\$53,000</u>
FTEs				
Direct Funded	203.0	203.0	203.0	201.0

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.

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

Hazardous Materials Safety

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2011	\$40,434,000 ^{1/}	\$39,020,000
2012	\$50,089,000	\$42,338,000 ^{1/ & 2/}
2013	\$50,673,000	\$40,123,000
2014	\$51,801,000	\$45,000,000 ^{1/ & 3/}
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	\$59,000,000
2019	\$52,070,000	\$58,000,000
2020	\$53,000,000	

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 2020 – Hazardous Materials Safety Budget Request (\$000)

Program Activity	FY 2018 Actual	FY 2019 Annualized CR	FY 2019 Enacted	FY 2020 Request
Administrative Expenses	\$39,521	\$39,521	\$39,521	\$42,793
Contract Safety Programs	10,909	10,909	9,909	2,607
Research and Development	7,570	7,570	7,570	7,600
Grants	1,000	1,000	1,000	0
Total	\$59,000	\$59,000	\$58,000	\$53,000
FTEs	203.0	203.0	203.0	201.0

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

Safely transported hazardous materials are an integral and growing part of the American way of life and a critical element of a strong U.S. economy. Countless products used in homes and gardens, farms, vehicles, and industry are potentially dangerous if improperly packaged or unsafely transported. PHMSA's mission is to protect people and the environment by advancing the safe transportation of the hazardous materials that are essential to our daily lives. The Hazardous Materials Safety program serves PHMSA's mission by focusing on the packaging, shipment and training requirements for hazmat transportation by highway, rail, water, and air.

In our interconnected and highly developed transportation network, hazardous materials move by all modes of transport. A single package may be transported in multiple modes on its way from its point of origin to its destination. PHMSA's guidance provides the critical linchpin that enables end-to-end consistency and interoperability throughout the transportation system. Our work fosters a high degree of transportation safety, and facilitates trade and economic growth by eliminating the potential for overlapping regulatory burdens that could impede commerce. The result is a safe and reliable transportation network that protects the American people and the environment while supporting economic growth and export.

Movement of hazardous materials is inherently dangerous. According to the U.S. Department of the Census, Commodity Flow Survey, more than 2.6 billion tons of hazardous materials valued at more than \$3.1 trillion are transported annually by air, highway, rail, and vessel.¹ On average more than 800,000 hazardous materials shipments occur every day. In the decade ending in 2007, the amount of hazmat shipped grew 25 percent while those shipments' value doubled, with nearly all shipments arriving at their destinations safely. PHMSA works to promote safety and maintain a system where hazardous materials are packaged and shipped without incident. We accomplish this with a variety of packaging and transportation safety standards, safety checks, and outreach to the packaging and shipping industries. Hazardous materials shipped include oil and gas, liquefied natural gas, explosives, other flammable liquids and solids, oxidizing substances and organic peroxides, lithium-ion batteries, corrosive substances, and radioactive materials.

¹ Commodity Flow Surveys; Hazardous Materials data; PHMSA projections.



Clear labeling with placards and graphics is central to reducing hazmat risk.

PHMSA helps energy products shipped by road and rail arrive safely and without incident. New extraction technologies' ability to tap previously inaccessible sources of natural gas and crude oil has transformed the domestic energy landscape. In 2017, for example, U.S. crude production reached 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. This growth, and its impact on a capacity-strained pipeline network has resulted in the increased use of rail and road transport.

PHMSA works to prevent hazardous materials transportation accidents and to mitigate the consequences of accidents when they occur. Meeting safety objectives requires that we continue to support safe packaging, train first responders, and invest in promising research and development that solves complex packaging challenges.

Congress, through the Fixing America's Surface Transportation Act of 2015 (FAST Act) gave direction to PHMSA to modernize the safety standards for shipping crude by rail, among other directives. This funding request enables PHMSA to complete these calls for action. Specifically, the FAST Act calls for:

- **Improving 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 meet the new specifications.

- **Improving Emergency Preparedness and Response**

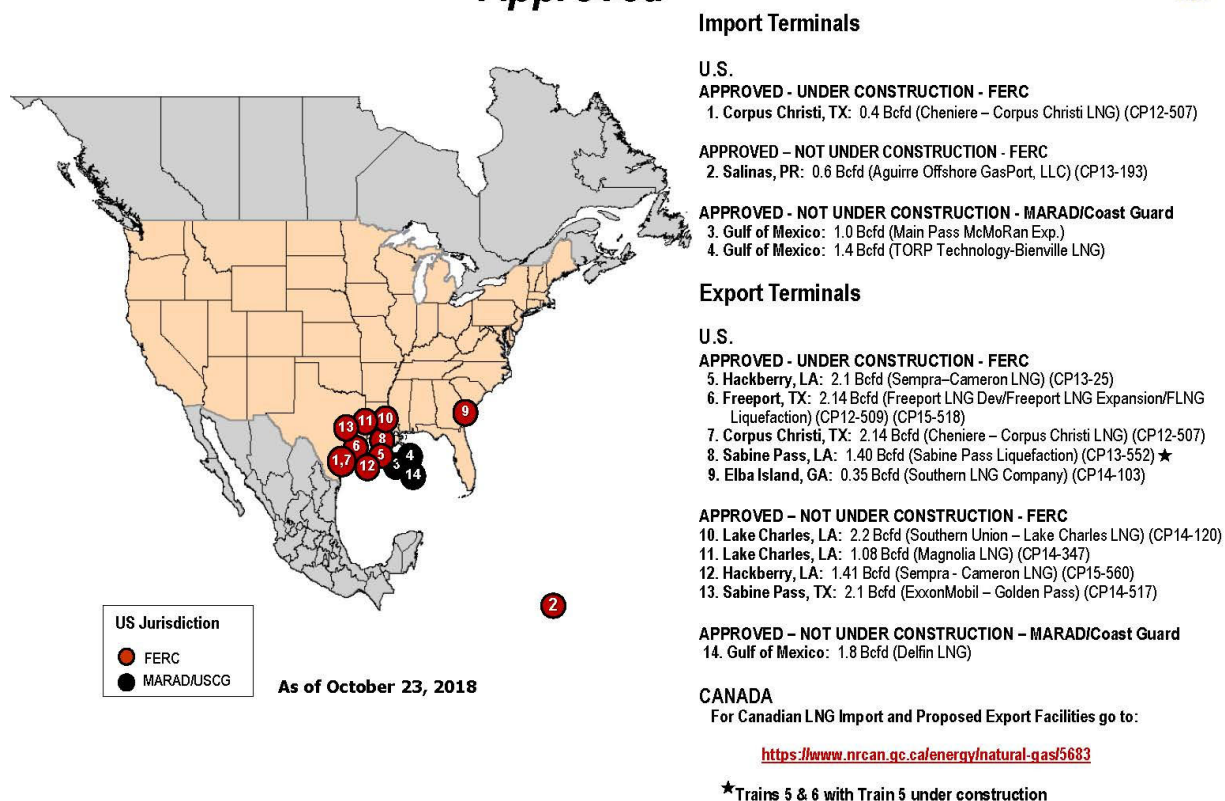
The FAST Act clarifies the U.S. Department of Transportation's (DOT) authority to facilitate the movement of essential hazardous material during national emergencies and disasters to improve the government's ability to carry out emergency response and relief efforts.

- **Improving the Effectiveness of the Hazardous Materials Grant Programs**

The FAST Act calls on PHMSA to assist emergency responders, hazardous materials professionals, and local communities that are impacted by hazardous materials shipments. The Act made 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.

PHMSA is responsible for the safe movement of liquefied natural gas. A new era in energy transport is underway and set to accelerate with exports of Liquefied Natural Gas (LNG). As recently as 2015, the United States was a net importer of LNG. In February 2016, the first export of LNG from the lower 48 states left Sabine Pass, Louisiana. While initially the lone exporting plant in the contiguous U.S., two other facilities at Cove Point, Maryland and Corpus Christi, Texas, have gone into service. Five others are under construction, and two along the Gulf Coast are slated to begin operations by the end of 2019. More U.S. LNG export sites have been proposed to bring abundant American energy to markets abroad. Multi-modal transportation options will provide a flexibility that enable this shift in the LNG market.

North American LNG Import/Export Terminals Approved



Additionally, interstate 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. This led to additional movements to ports in Florida. In January 2017, a petition was filed with PHMSA to

develop standards to allow rail cars to transport LNG. Following thorough reviews, PHMSA accepted the LNG-by-rail petition in May 2018. A proposed rule is due out in 2019.

PHMSA research informs safety standards for the movement of dangerous products. PHMSA's Hazmat Research and Development program is designed to solve complex problems in the packaging and movement of hazardous materials. This includes researching and identifying best practices regarding hazardous materials transport with a 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. Recently completed research on lithium-ion batteries has led to the development of a battery health monitoring device that can anticipate potential shipment issues without affecting packaging weight. PHMSA continues to review and communicate hazards tied to lithium batteries in both cargo and passenger aircraft, as that mode of transportation poses the greatest risk to the public. Significant emphasis is placed on finding innovative ways to enhance safety while easing commerce.

Research efforts for FY 2020 will continue to focus on the following strategic areas: risk management and mitigation, package integrity, emerging technologies, and technical analysis to aid risk assessments. Some research addresses risks in multiple areas. For instance, emerging technology research on new materials may translate into advances in packaging integrity. Much of PHMSA's hazmat research is done cooperatively with government and industry entities with a focus on near-term solutions to evolving hazmat-related transportation challenges.

To continue the safe movement of hazardous materials, PHMSA requests \$53.00 million for the Hazardous Materials Safety program.

Administrative Expenses: \$42.79 million

PHMSA's FY 2020 request includes \$42.79 million for hazardous materials safety-related administrative expenses to support the costs of 201 staff, including salaries and benefits for 262 compensable days, travel, training, supplies, equipment and uniforms for all inspectors. The request also includes investments in PHMSA's core business areas of Inspection, Investigation, Compliance and Safety Management.

Contract Safety Programs: \$2.61 million

PHMSA's Contract Safety programs include:

Hazardous Materials Information and Analysis program increases accountability, operations and transparency of hazardous materials safety and special permits and approvals processes through process improvements, data analysis, and modernization efforts.

Investigation and Enforcement program allocates investigators and field personnel needed to ensure transportation safety and security through inspections, incident response and investigations.

Outreach, Training and Compliance program provides outreach, education, and training to communities and first responders on hazardous materials safety and enables hazardous materials packagers and shipper's compliance with safety standards and regulations.

Hazardous Materials Registration program gives support to, and collects annual registration statements and fees from hazardous materials shippers. These fees provide essential funding for grants to first responders.

These programs are designed to advance PHMSA's mission towards the safe transportation of energy and hazardous materials through monitoring Special Permit and Approval applications; the development and dissemination of educational tools for outreach; engagement with industry stakeholders and the emergency response community; and ensuring a data-driven approach to managing hazardous materials risks with its one-stop, multi-modal Hazardous Materials Intelligence Portal. These programs also support PHMSA's ability to verify and analyze incident reports submitted through the Hazardous Materials Information Communication System (HAZMATICS) and the ability to obtain emergency notifications when a hazardous material incident occurs.

Realignment of Contract Safety Program Funding, -\$4.29 million

The FY 2020 request realigns \$4.29 million in funding from Contract Safety Programs for the Department's Working Capital Fund for centralization of information technology under the Office of the Secretary.

Research and Development: \$7.60 million

PHMSA's Research and Development (R&D) solves complex problems in the packaging and movement of hazardous materials. The R&D program funds multi-modal programs supporting improved packaging and equipment designs that improve the performance of highway transport, including unmanned autonomous vehicles, rail cars, airplane cargo holds, and vessels used to transport hazardous materials. In allocating PHMSA's R&D agenda, significant emphasis is placed on innovative ways to enhance safety while facilitating the efficiency of commerce. For example, previously low volume products that are now routinely transported in large packages will undergo shock and vibration testing. Improved packaging for better protection of lithium batteries at risk of thermal runaway will also be a research focus.

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. has become 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 will 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 and possibly be extended to cryogenic materials and potentially all bulk transports.
- **Hazardous materials shipped by autonomous vehicles.** PHMSA believes it is inevitable that all four modes of transportation will see the integration of autonomous vehicles.

Removing the human driver or pilot from the controls could decrease the chance of major incidents. The use of autonomous vehicles presents new hazards that will need to be evaluated and mitigated. PHMSA's research will ensure the safe introduction and ultimately lower the risk of incidents caused by unmanned vehicles.

PHMSA works cooperatively with regulated and related 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.

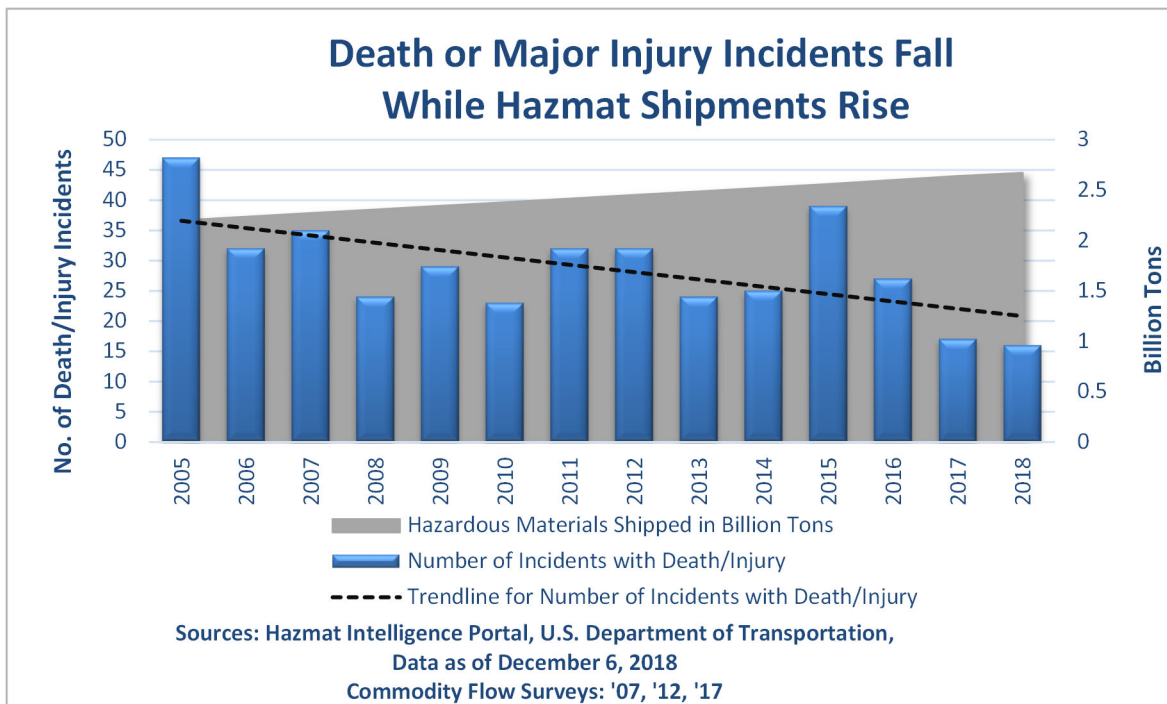
What benefits will be provided to the American public through this request and why it this program necessary?

PHMSA provides benefits to the American public by carefully balancing the regulatory burden on businesses with continuously improving levels of safety. 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 enables these companies to develop sustainable solutions by investing in themselves. This voluntary action, instead of traditional enforcement actions, has improved compliance, achieved 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 through innovative, non-punitive methods by 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 participated in regulatory reform to improve safety at lower or similar economic costs. In 2017, PHMSA's deregulatory actions provided about \$100 million in economic benefits. For 2018, these benefits grew to approximately \$600 million without any reduction in safety.

PHMSA's Hazardous Materials Safety program also supports the economy by getting products to market while simultaneously making communities safer and more livable. An effective transportation safety program requires continuous evaluation, revitalization, and updating to address modern risks. While commerce has grown, safety has increased. As shown below, total death and major injury incidents have declined steadily since 2005.



These 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 funding request facilitates its ability to proactively identify the highest risks raised by the discovery of new energy sources, technology and shipping methods.

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.

**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, 2022, 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.

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

	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
Operations	\$1,761	\$1,247	\$1,247	\$1,330
Grants	24,688	25,315	23,315	26,988
TOTAL	\$26,449	\$26,562	\$26,562	\$28,318
FTEs				
Direct Funded	0.0	0.0	0.0	0.0

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; publication and distribution of the *Emergency Response Guidebook*; development of training curriculum guidelines for emergency responders and technical assistance to states, political subdivisions, and Native American tribes; and administrative costs for operating the program.

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

**Emergency Preparedness Grants
(Obligation Limitation)**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
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	\$26,562,000 ^{7/}
2020	\$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.

7/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2019, February 12, 2018.

Detailed Justification for Hazardous Materials Emergency Preparedness Grants

FY 2020 – Hazardous Materials Emergency Preparedness Grants Budget Request (\$000)

Program Activity	FY 2018 Actual ¹	FY 2019 Annualized CR ²	FY 2019 Enacted ²	FY 2020 Request
Operations	\$1,761	\$1,247	\$1,247	\$1,330
Grants	24,688	25,315	25,315	26,988
Total	\$26,449	\$26,562	\$26,562	\$28,318

¹Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2018, May 23, 2017.

²Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2019, February 12, 2018.

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

Shipment of hazardous materials in and around our communities has grown as the use of roads, rail, and waterways become more frequent routes of transport to bring crude petroleum to market within the United States.

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 were 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.

In FY 2020, 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: \$1.33 million

Operations include the costs to better manage the emergency preparedness and grants programs including Administrative Expenses (\$555 thousand), Oversight and Technical Assistance (\$150 thousand), and Emergency Response Guidebook (\$625 thousand).

Administrative Expenses, \$555 thousand

For FY 2020, 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 training 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.

Finally, 14.5 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.

Grants: \$26.99 million

Emergency Preparedness Grants provide 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, \$4.00 million, and Supplemental Public-Sector Training Grants, \$1.00 million.

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. The Hazardous Materials Emergency Preparedness grant trains over 100,000 emergency responders and funds the update or development of over 1,000 emergency responses plan each year.

Hazardous Materials Instructor Training (HMIT) Grants, \$4.00 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. In 2015, more than 13,000 hazmat employees and instructors were trained.

Supplemental Public Sector Training Grants, \$1.00 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. In 2015, nearly 1,000 emergency responders received supplemental training.

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 dangerous fire substances. Funding also is used to develop or revise emergency plans for bulk transportation of energy products by rail and over the road.

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*.

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 emergencies 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 qualified 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.

Operational Expenses

APPROPRIATIONS LANGUAGE

OPERATIONAL EXPENSES

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, \$24,215,000: Provided, That notwithstanding the amounts specified in 49 U.S.C. 60130(c), \$2,000,000 shall remain available until September 30, 2022.

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

	FY 2018 ACTUAL	FY 2019 ANNUALIZED CR	FY 2019 ENACTED	FY 2020 REQUEST
Operations	\$21,500	\$21,500	\$22,210	\$22,215
Grants	1,500	1,500	1,500	2,000
TOTAL	\$23,000	\$23,000	\$23,710	\$24,215
FTEs				
Direct Funded	70.0	70.0	70.0	64.0

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 Offices of the Administrator, Executive Director/Chief Safety Officer, Planning and Analytics, Chief Counsel, Governmental, International and Public Affairs, Administration, Chief Financial Officer, and Civil Rights.

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

Operational Expenses

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
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	\$23,000,000
2019	\$23,710,000	\$23,710,000
2020	\$24,215,000	

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 2020 Operational Expenses Budget Request (\$000)

Program Activity: Operations	FY 2018 Actual	FY 2019 Annualized CR	FY 2019 Enacted	FY 2020 Request
Administrative Expenses	\$15,750	\$16,553	\$16,553	\$19,172
Contract Safety Programs	5,750	4,947	5,657	3,043
Grants	1,500	1,500	1,500	2,000
Total	\$23,000	\$23,000	\$23,710	\$24,215
FTEs	70.0	70.0	70.0	64.0

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

The Pipeline and Hazardous Materials Safety Administration's mission is to ensure the safe transportation of hazardous materials across all modes of transportation and through pipelines. The Operational Expenses account provides resources that support a world-class safety organization. Operational Expenses funding provides for regulatory activity and enforcement actions, maintaining modern data systems, financial management, grants administration and acquisition services necessary to support PHMSA's mission.

Administrative Expenses: \$19.17 million

PHMSA's FY 2020 Administrative Expenses request of \$19.17 million supports the safety organization, funds the Department of Transportation shared costs through the Working Capital Fund, and equips our safety staff with the tools, training, and technology necessary to operate a first-rate safety organization.

Regulatory Reform, \$715 thousand

PHMSA requests funding for two regulation staff positions (1 FTE) and for contract support to expedite compliance with mandates, prepare the necessary economic and legal analyses, and address NEPA requirements and advance regulatory reform efforts. PHMSA's ongoing review of regulations is designed to improve and enhance safety outcomes and update standards for advances in shipping, packaging and pipeline technology. In FY 2018, PHMSA conducted an extensive regulatory review process, identified 18 potentially deregulatory actions and prioritized other regulations in response to safety needs and mandates.

Contract Safety Programs: \$3.04 million

PHMSA's request for contract safety programs in the Operational Expenses account is \$3.04 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 critical safety systems, such as ensuring shippers get fast and thorough responses to Special Permits and Approvals requests. In FY 2018, PHMSA completed its new electronic incident reporting system, Hazmatics, as well as the new Hazardous Materials Online Registration Service. PHMSA also released the pilot version of the new online fireworks transport approval system. Additional mobile technologies are being developed to support field operations, investigations and accidents. In FY 2017, PHMSA deployed a modern safety standards reference tool (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 the market. PHMSA is positioned to continue innovating systems that provide 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.

Realignment of Contract Safety Program Funding, -\$1.90 million

The FY 2020 request realigns \$1.90 million in funding from Contract Safety Programs to the Department's Working Capital Fund for centralization of information technology under the Office of the Secretary.

Grant Programs: \$2.00 million

Community Safety Grants, \$0

PHMSA proposes to eliminate the Community Safety Grant program as it is duplicative to the Information Grants to Communities program. Both grant programs provide resources to promote safety and public awareness of hazardous materials flowing through communities.

Information Grants to Communities, \$2.00 million

PHMSA requests to fund Information Grants to Communities at \$2.00 million to reach communities impacted by pipelines and hazardous materials shipments. This program helps localities prepare for and respond to the unique risks hazardous materials and pipelines pose to where people live and work. This program also helps increase knowledge about risks facing particular communities while raising general public awareness aimed at improving safety outcomes.

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 enhance responsiveness to congressional and regulatory requirements.

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**IV: Research,
Development and
Technology**

RESEARCH, DEVELOPMENT & TECHNOLOGY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
BUDGET AUTHORITY
(In thousands of dollars)

Account	Program	Classification (R,D, F, or A)	FY 2018 Enacted	FY 2019 Annualized CR	FY 2019 Enacted	FY 2020 Request	Annual Modal Research Plan
Pipeline and Hazardous Materials Safety			22,479	22,479	24,479	21,509	
	Pipeline Safety		14,363	14,363	16,363	13,363	
	Pipeline Safety	D	13,000	13,000	15,000	12,000	X
	Pipeline Safety Administrative Expenses	D	1,363	1,363	1,363	1,363	
	<i>Technology</i>		<i>3,721</i>	<i>3,800</i>	<i>3,800</i>	<i>3,800</i>	
	Hazardous Materials Safety		8,116	8,116	8,116	8,146	
	Hazardous Materials Safety	R	7,570	7,570	7,570	7,600	X
	Hazardous Materials Safety Admin Expenses	R	546	546	546	546	
	<i>Technology</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
	Subtotal, Applied Research	R	8,116	8,116	8,116	8,146	
	Subtotal, Development Research	D	14,363	14,363	16,363	13,363	
	Subtotal, Research and Development Facilities	F	0	0	0	0	
	Subtotal, Administration (subset)	A	<i>1,909</i>	<i>1,909</i>	<i>1,909</i>	<i>1,909</i>	
	Total PHMSA Research and Development		22,479	22,479	24,479	21,509	
	Total Technology		3,721	3,800	3,800	3,800	
	Total Research Development and Technology		26,200	26,279	28,279	25,309	

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V: Information
Technology Expenditure

FY 2020 Budget

Pipeline and Hazardous Materials Safety Administration Information Technology Budget Narrative

(Budget Authority in Thousands)

Budget Account	FY 2018 Actual	FY 2019 Annualized CR	FY 2020 Request
Pipeline Safety	\$12,561	\$15,380	\$11,315
<i>Commodity IT SS WCF</i>	2,874	2,832	5,146
<i>Programmatic IT SS WCF</i>	-	-	1,784
<i>PHMSA Programmatic IT</i>	9,687	12,548	4,385
Hazardous Materials Safety	\$9,988	\$7,968	\$7,984
<i>Commodity IT SS WCF</i>	1,898	1,870	3,398
<i>Programmatic IT SS WCF</i>	-	-	2,707
<i>PHMSA Programmatic IT</i>	8,090	6,098	1,879
Operational Expenses	\$8,803	\$6,885	\$7,665
<i>Commodity IT SS WCF</i>	651	641	1,165
<i>Programmatic IT SS WCF</i>	-	-	3,458
<i>PHMSA Programmatic IT</i>	8,152	6,244	3,043
Total	\$ 31,352	\$30,233	\$26,964

Pipeline and Hazardous Materials Safety Administration (PHMSA) is requesting **\$27.0 million** in FY 2020 for information technologies that support pipeline and hazardous materials safety programs as well as the Department's initiative to transform and consolidate the management of IT solutions centrally by the Office of the Chief Information Officer (OCIO). PHMSA's mission systems directly support the safety mission and programs and improve safety outcomes.

Commodity IT Shared Services through the WCF

OCIO will continue to provide PHMSA commodity IT shared services in FY 2020. PHMSA's share was based on actual commodity IT consumption in prior years as well as planned future consumption. OCIO, in collaboration with PHMSA, assumed a one-to-one cost estimate to transition all commodity IT to OCIO. PHMSA will only be charged for services rendered.

- **Commodity IT Shared Services** - PHMSA requests **\$5.2 million** from the Pipeline Safety account, **\$3.4 million** from the Hazardous Materials Safety account and **\$1.2 million** from the Operational Expenses account for its share of Department investments in Cybersecurity and commodity information technology including voice, cable, and networks, desktop services, server operations, directory and messaging services, enterprise licensing and enterprise dashboards.

Programmatic IT Shared Services through the WCF

In addition to OCIO's responsibility to manage IT modernization planning, operations, compliance, governance, and cyber, OCIO will begin to transfer PHMSA programmatic IT investments in FY 2020. OCIO, in conversation with PHMSA, identified specific programmatic IT systems for transfer that focus on general support systems, IT management and registration. PHMSA will only be charged for services rendered. PHMSA requests **\$7.9 million** to transfer to OCIO to provide the following programmatic IT investments in FY 2020:

- **Programmatic IT Shared Services** – PHMSA requests **\$1.8 million** from the Pipeline Safety account, **\$2.7 million** from the Hazardous Materials Safety account and **\$3.5 million** from the Operational Expenses account to contribute to OCIO's consolidation, cyber compliance, and modernization of mission support IT systems and applications. This includes the operation and maintenance of the system used to track all hazardous materials accidents and incidents, as well as information on packagers and shippers and the system that reports pipeline operator data on location, length, capacity and volume of product moved and collects operator information on pipeline construction, acquisition and change of ownership.

Full Time Equivalents

- **Full Time Equivalents** – As part of the consolidation of IT functions under the WCF, PHMSA will transfer **11 FTE** supporting IT to the OCIO in FY 2020.

PHMSA IT Investments

PHMSA is in process, and expects to be complete, on system modernization efforts by FY 2020. The newly developed systems currently underway will move to operations and maintenance in FY 2019. Accordingly, the request shows a decrease for information technology in FY 2019 and FY 2020 to reflect the completion of our modernization efforts. However, planned amounts may increase if new system requirements develop in response to emerging safety risks. PHMSA plans include the following important investments in FY 2020:

- **Cybersecurity** – In addition to funding Departmental cyber initiatives, PHMSA requests **\$1.0 million** for security activities to safeguard PHMSA's mission systems and data, as well as to support compliance with FISMA and NIST standards.
- **National Pipeline Mapping System** – PHMSA requests **\$1.4 million** for operation and maintenance of this mission critical pipeline location and mapping system. PHMSA will be transitioning this system to a data management contract as the information technology portion of this is small, relative to the safety services critical to the program. This system is used to display the location of the nation's pipelines overlaid with highly populated areas, environmentally sensitive areas, and drinking water sources. It provides aerial photography, topographic data and road overlays to inform safety inspections and new

pipeline construction inspections. This system is relied upon by Federal and State pipeline safety inspectors. It is shared with Homeland Security and other government organizations that have an interest in the location of sensitive infrastructure for safety and security purposes.

- **Pipeline Risk Management Information System** – PHMSA requests **\$870 thousand** for a system that disseminates safety and regulatory information to the public, State partners and industry. In addition, PRIMIS provides simple applications utilized by PHMSA’s State partners to collect information on specific types of inspections.
- **Hazardous Materials Intelligence Portal** – PHMSA requests **\$2.1 million** for the data system that collects information on packagers and shippers, generating a risk rating for each regulated entity, and retains the inspection history for each entity we regulate.
- **Information Technology System support** – PHMSA requests **\$1.6 million** for expertise and safety mission support to PHMSA regional offices, operations and maintenance for other safety systems and application technical assistance for the investments above.