STATEMENT BY JAMES T. CURTIS, JR., DIRECTOR, MATERIALS TRANSPORTATION BUREAU, DEPARTMENT OF TRANSPORTATION, BEFORE THE HOUSE INTERSTATE AND FOREIGN COMMERCE SUBCOMMITTEE ON ENERGY AND POWER, FRIDAY, MARCH 12, 1976.

Mr. Chairman and Members of the Subcommittee:

I am James T. Curtis, Director of the Materials Transportation Bureau. I appreciate this opportunity to appear before you today to discuss the Department of Transportation's (DOT) pipeline safety program, and the various authorization bills under consideration.

A recent reorganization has taken place within DOT to increase our ability to carry out our pipeline safety responsibilities. Effective July 1, 1975, the Materials Transportation Bureau (MTB) was established as an operating element in the Department with responsibility for two programs, pipeline safety and hazardous materials. The Bureau has the same organizational status as the existing DOT operating administrations. Within MTB the pipeline safety functions will be carried out by the Office of Pipeline Safety Operations (OPSO).

As you know, the authority for the Department's exercise of pipeline safety responsibilities is derived from several statutes. The Natural Gas Pipeline Safety Act of 1968 gives the Department responsibility for the safety regulation of pipelines and associated storage facilities used in connection with the transportation of natural gas (including LNG) in or

affecting interstate or foreign commerce. In November 1972, an amendment to the Department of Transportation Act transferred to the Secretary of Transportation the Federal Railroad Administrator's authority to issue safety regulations for pipelines transporting liquid hazardous materials under the Transportation of Explosives Act. In addition, the Department has certain pipeline safety responsibilities under the Mineral Leasing Act Amendments of 1973, the Transportation Safety Act of 1974, and the Deepwater Port Act of 1974.

The Federal gas pipeline safety standards were issued in 1970. Since that time the standards have been and will continue to be amended as needed to assure public safety and to reflect new technology and changes in industry practices. Amendments relating to control of corrosion, LNG facilities, marking pipelines to prevent outside force damage, and odorization of gas in interstate lines are representative of those amendments significantly improving our safety requirements. MTB has many gas pipeline rule-making proposals pending final action, including a general updating of all references to industry publications, new or amended rules for offshore pipelines, procedures for handling a gas system emergency, and precautions against disturbing cast iron pipe. The Bureau is now working on a comprehensive set of proposed amendments to the LNG safety standards based in part on its recently completed study of safety procedures for the handling and storage of LNG.

Regarding liquid pipelines, the standards have also been amended, as needed, since responsibility for that program was transferred to the Secretary in 1972. MTB has recently published a notice of proposed rule making to upgrade the safety requirements for offshore liquid lines, including those leading from a deepwater port.

To support and guide us in our regulatory activities, we have recently completed or have underway 12 contract studies covering such subjects as LNG, odorization, plastic pipe, rapid shutdown of failed pipeline systems, offshore pipeline safety, and stress corrosion cracking. Details of these studies are included in the materials previously provided to the Committee. The information developed by the studies will guide us in developing new or amended rules in these areas to provide a higher degree of safety in pipeline systems. We will continue to evaluate the effectiveness of our regulatory program to determine other areas that require changes or additions. The additional knowledge gained from the studies will also be made available for general use by pipeline operators, State agencies, and industry.

I would like to highlight some of the other significant strides we have made in the pipeline safety program.

As you know, the Natural Gas Pipeline Safety Act of 1968 seeks the cooperation of State agencies through their voluntary assumption of direct safety and enforcement responsibilities over all intrastate gas pipeline facilities subject

to the Act. The response by the States in assuming this responsibility has been good. In 1968 only two States had legislation that permitted them to participate under a Section 5(a) certification. This year, of the 52 jurisdictions (including the 50 States, the District of Columbia and Puerto Rico) that are eligible to participate, 51 are participating, 44 under a Section 5(a) certification and 7 under a Section 5(b) agreement. New Jersey is the only State not currently participating in the program; the pipeline operators in that State are subject to direct MTB authority. I feel this is an indication of the States' willingness to share responsibility in this cooperative Federal/State safety effort. In order to work closer with the States, MTB in 1975 held a series of annual regional meetings with the State agencies to elicit their views and recommendations to strengthen our cooperative program. These meetings proved to be very valuable as a means for the States to give their views on the Federal gas pipeline safety program and for MTB to keep the States advised on current program direction.

A key element in the Act relating to State participation is the provision for Federal assistance to cover up to 50 percent of a State agency's cost of personnel, equipment, and activities in carrying out its gas pipeline safety program.

For fiscal year 1976 we allocated $1,650,000 in the form of grants-in-aid to the 43 States that requested such funds. The Administration's bill, H.R. 12242, would provide authorization for $2.5 million for grant-in-aid funds for each of the fiscal years 1977 and 1978. It is most important that we continue to work with the States to assist them in carrying out a viable program.

A strong effort by MTB is being made to inspect the facilities of pipeline operators to determine their compliance with safety standards. This past year we expanded OPSO field offices from the one Houston, Texas, office, which was established in 1972, to five. The four new offices are located in Atlanta, Kansas City, Washington, D.C., and San Francisco. A total of 12 additional people were added to staff the four new field offices using the additional positions provided for this purpose in the fiscal year 1975 budget. This recent expansion will enable closer monitoring of the pipeline safety program of participating States and will allow for more frequent inspection of pipeline operators directly under the jurisdiction of the MTB.

Over the past three years, we have provided training for more than 3,300 State and industry personnel, including courses directed to the inspection and evaluation of pipeline facilities, the investigation of pipeline failures, corrosion control, and orientation of small operators as to program

requirements. We feel that this training has significantly upgraded the safety expertise of State and industry personnel.

The Department is jointly participating with the Department of Interior (DOI) in activities relating to the Trans-Alaska crude oil pipeline. This participation is accomplished through membership on the Technical Advisory Board of DOI's Task Force on Alaska Oil Development. We are particularly involved in the evaluation of the engineering, construction, and operating proposals for the pipeline and are taking action as necessary to ensure that the pipeline is in conformance with the Department's safety standards.

Notwithstanding what we regard as substantial progress, some areas of the program have had problems. For some time the Department has been attempting to reach a mutually satisfactory agreement with the Federal Power Commission (FPC) in order to resolve a problem of overlapping jurisdiction. Since enactment of the Natural Gas Pipeline Safety Act there has been considerable question whether the FPC should regulate safety matters in connection with the issuance of certificates of convenience and necessity, or whether this Department's safety regulatory authority is exclusive. The Administration's proposed legislation would clarify the Department's role in regulating the safety of interstate pipeline facilities by precluding the FPC from attaching to the issuance of certificates of convenience and necessity a

condition that applicants comply with gas pipeline safety standards other than those standards prescribed by this Department. This amendment would not preclude the FPC from taking "safety" into account in deciding whether to issue a certificate. It would merely serve to restrict such consideration to one set of Federal safety standards.

A second problem is that a number of States which are participating in the Federal/State gas pipeline safety programs still do not have safety jurisdiction over all of the intrastate gas systems operating within the State. Of particular significance is the lack of State agency jurisdiction over municipal gas system operators, liquefied petroleum (LP) gas systems, and gas facilities beyond the master meter. Where a State agency does not have complete jurisdiction over all operators in the State, responsibility for administering a part of the intrastate gas pipeline safety program remains with the Federal government, and such lack of jurisdiction reduces the effectiveness of the total intrastate safety program in the State. MTB will continue its efforts to encourage such States to assume safety jurisdiction over all intrastate gas systems operating within the State.

The problem of serious damage to buried gas pipelines resulting from outside forces, particularly from excavation work and other underground construction, continues to be the cause of the majority of serious gas pipeline failure incidents. The Natural Gas Pipeline Safety Act gives the Department jurisdiction only over gas operators, who seldom are the cause of the damage resulting from excavation work or other underground construction.

MTB is attacking the problem of excavation damage on several fronts. A comprehensive regulation on the marking of pipelines to identify them and thereby reduce the possibility of excavation damage was recently issued. That regulation also includes incentive for operators to promote the passage of laws and adoption of programs by local government bodies to prevent interference with underground pipelines. In 1976 MTB plans to contract a study of the problem of excavation and other outside force damage and the effectiveness of the various programs for reducing such damage. MTB continues to encourage appropriate and innovative actions by State and local governments, industry, and contractors in their development of utility/contractor coordinating groups to prevent damage to buried pipelines and other utilities.

Before closing, I would like to again refer briefly to the proposed legislation you have before you which would amend the Natural Gas Pipeline Safety Act. The Administration's bill, H.R. 12242, would authorize $3.5 million for all program expenses, except for grants-in-aid, for each of the fiscal years 1977 and 1978. While the proposed level in the bill exceeds the amount recommended in the President's budget for fiscal year 1977, we believe this level is appropriate and will provide sufficient latitude to meet any foreseeable program needs.

The bill would authorize $2.5 million for Federal grant-in-aid funds for each of the fiscal years 1977 and 1978. Although this amount represents a significant increase over previously appropriated amounts, it is the Department's belief that the additional funds are justified in view of the importance of the State role in the overall gas pipeline safety program and will be effectively used by the recipient States to better their existing safety programs.

Mr. Chairman, I feel that the regulatory program for pipeline safety that we have pursued and the direction we plan for the future will provide a high level of safety for the public and carry out the full intent of the Act. This concludes my prepared statement and I will be happy to answer any questions you or the members wish to ask.