

**Testimony of George W. Tenley, Jr.
Associate Administrator for Pipeline Safety
Research and Special Programs Administration**

**Before the Subcommittee on Energy and Power
House Committee on Commerce**

PIPELINE SAFETY REAUTHORIZATION

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Mr. Chairman and Members of the Subcommittee:

Good morning. It is a pleasure to testify before you today on behalf of the Research and Special Programs Administration, and our Administrator, Dr. D.K. Sharma, concerning reauthorization of the pipeline safety program.

During the last few years, we have experienced a number of serious pipeline incidents, including: the diesel oil spill in Fairfax County, Virginia, the devastating explosion of a high-pressure natural gas transmission pipeline in Edison, New Jersey, and the massive damage to a number of hazardous liquid pipelines caused by the Houston floods last fall. These incidents have demonstrated that the inherent risks posed by pipeline transportation can have serious safety and environmental consequences. As a result, the Federal Government must work with the pipeline industry to help ensure that the risks to the public and the environment inherent in pipeline transportation are minimized to the maximum extent practical.

Mr. Chairman, the Secretary, Dr. Sharma, and I are committed to developing even closer partnerships with industry, the states, and the public to help ensure the integrity of our pipeline infrastructure. Pipeline safety remains a critical public policy issue and is recognized as such by the Department's leadership. Secretary Peña is deeply interested in pipeline safety issues and has recognized the importance of pipelines as a mode of transportation by including them in his National Transportation System initiative. Last year, the Secretary led the first-ever pipeline safety summit. Moreover, he played the key role in securing much needed funding authority to dramatically increase the Department's pipeline technical competence. This improved knowledge is necessary to ensure that we are a credible and independent assessor of the pipeline infrastructure and industry's efforts to minimize the inherent risks of pipeline transportation.

In the year since the Edison explosion, we have addressed a number of key areas of pipeline safety. For example, we completed review and approval of more than 1,100 pipeline operator oil spill response plans submitted under the Oil Pollution Act of 1990. This initiative is a model for government-industry partnerships in safety and environmental protection, and all of our reviews and approvals were completed on or before the required deadlines. We issued final rules regarding: (1) hydrostatic testing of previously untested

hazardous liquid pipelines; (2) safety requirements for previously unregulated, low-stress hazardous liquid pipelines; (3) internal inspection of new and replaced pipelines; and improved pipeline operator damage prevention programs. We also have pending rulemakings designed to enhance the safety of certain gas service lines, and improve pipeline operator qualification and training programs.

Finally, on behalf of Dr. Sharma, I would like to announce the Department's decision on the excess flow valve (EFV) rulemaking. After a thorough regulatory evaluation, we have decided not to issue a final rule requiring the installation of excess flow valves on certain gas service lines. Rather, in accordance with the provisions of the Pipeline Safety Act of 1992, we are planning to issue technical specifications for excess flow valves. Because there are no industry standards, these performance standards will ensure that excess flow valves operate safely and reliably. In addition, we intend to propose a requirement that pipeline operators notify their customers of the availability of excess flow valves. We believe that these approaches contribute to a sensible regulatory system that protects the American people without imposing unnecessary costs on society.

Our goal now is to build upon these successes by continuing to work with industry and others to ensure that pipelines remain a

safe and environmentally sound transportation system for much of America's energy needs. To do this, we must continue the shift away from traditional "command-and-control" regulatory schemes by fostering the further development of risk management techniques in pipeline safety. It is important to recognize, however, that our version of risk management differs from the Environmental Protection Agency and Food and Drug Administration toxic hazard models.

Risk management has numerous advantages over traditional regulatory approaches. It acknowledges the unique nature of pipeline systems and pipeline segments. It places more of the right kind of pipeline safety decisionmaking with the pipeline industry, which has the greatest understanding of the risks inherent in pipeline transportation and the methods available to mitigate those risks. It allows the Government to leverage its available resources to the areas with the greatest potential for risk reduction.

Risk management also frees industry and Government from only using "minimum safety standards" to judge whether operators are making the best decisions about their systems. At the same time, it enables Government to better understand how and why industry makes certain safety decisions, and yields better data about specific pipeline systems and the unique risks generated and faced by those systems.

Finally, risk management allows Government to employ positive performance measures to judge industry performance. Rather than dictating requirements that may not minimize risks in all situations, industry can use the best means practical to continually meet risk assessment standards, thereby achieving steady improvements in the integrity of pipeline systems.

Currently, we have a number of important risk-based initiatives under way. We have created partnerships with the pipeline industry and various Federal, state and local government agencies to develop the foundation for risk management criteria for pipeline transportation. These criteria will be based upon a number of assumptions, including that: (1) each pipeline system is distinct; (2) each risk does not pose the same probability of occurrence and consequence; and (3) given the right tools and the maximum technical discretion possible, the pipeline industry will do what is right to preserve these vital economic lifelines.

We have created a multi-interest, multi-disciplinary team of industry and Government representatives to develop the basic elements of a national mapping program. Improved mapping capabilities will enable us, among other things, to assess the potential consequences of pipeline failures. This will be accomplished by noting the relationships between pipelines and environmentally sensitive areas, population and economic centers, critical transportation infrastructures, and other important

systems.

We are building a program to prioritize risks, the solutions for those risks, the cost of any solution, and our response to those risks. We also are working with the pipeline industry to develop a collaborative research agenda for pipeline safety. By working with industry to focus research efforts, we will eliminate duplication and inefficiency, while pursuing those technologies that have the greatest payoff for assuring the integrity of pipelines.

In our reauthorization bill, we will seek a risk management framework that will enable Congress to direct us to examine issues, while reserving to the Department the discretion to determine how best to address those issues. This is similar to the approach we plan to adopt with industry -- we set the performance standards and provide oversight while allowing industry to determine the best means for meeting those standards. This approach recognizes that regulations are not always appropriate, and that various pipelines and pipeline segments may not require the same regulatory requirements.

Finally, we will aggressively pursue passage of comprehensive one-call legislation. This legislation, and the Federal and state efforts it will stimulate, is critical to addressing the primary threat to pipeline integrity - damage caused by

excavation. Although we may offer some technical changes, we believe that the legislation reintroduced this session contains the necessary elements for fostering effective state one-call programs.

Mr. Chairman, I am very enthusiastic about the future of the pipeline safety program. I look forward to further developing our partnerships with industry, other levels of government, and the public. RSPA is looking forward to developing and deploying a new policy and decisionmaking framework that effectively manages the risks inherent in pipeline transportation, and ensures that the American people are properly protected from those risks.

Thank you for the opportunity to appear before you today, and I will be pleased to answer any questions that you may have.

Thank you.