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4 HEARING ON THE AMERICAN ENERGY INITIATIVE  
5 THURSDAY, JUNE 16, 2011  
6 House of Representatives,  
7 Subcommittee on Energy and Power  
8 Committee on Energy and Commerce  
9 Washington, D.C.

10 The Subcommittee met, pursuant to call, at 10:33 a.m.,  
11 in Room 2322 of the Rayburn House Office Building, Hon. Ed  
12 Whitfield [Chairman of the Subcommittee] presiding.

13 Members present: Representatives Whitfield, Shimkus,  
14 Terry, Burgess, Bilbray, Olson, Pompeo, Griffith, Barton,  
15 Upton (ex officio), Rush, Inslee, Green, and Waxman (ex  
16 officio).

17 Staff present: Carl Anderson, Counsel, Oversight; Gary  
18 Andres, Staff Director; Charlotte Baker, Press Secretary;

19 Anita Bradley, Senior Policy Advisor to Chairman Emeritus;  
20 Maryam Brown, Chief Counsel, Energy and Power; Aaron Cutler,  
21 Deputy Policy Director; Andy Duberstein, Special Assistant to  
22 Chairman Upton; Garrett Golding, Legal Analyst, Energy; Cory  
23 Hicks, Policy Coordinator, Energy and Power; Katie Novaria,  
24 Legislative Clerk; Caitlin Haberman, Democratic Policy  
25 Analyst; and Alexandra Teitz, Democratic Senior Counsel,  
26 Environment and Energy.

|  
27           Mr. {Whitfield.} I would like to call this hearing to  
28 order. This is our 10th day of the American Energy  
29 Initiative. We have had a series of hearings on the energy  
30 needs of the American people, and today we are going to turn  
31 our focus to a particularly important issue, and that is  
32 pipeline safety.

33           Recent major pipeline accidents in San Bruno,  
34 California; Marshall, Michigan; and Allentown, Pennsylvania  
35 have thrust our attention on the Nation's pipeline system and  
36 the regulations that ensure their safety. Today we hope to  
37 reconvene the dialogue that began last year with a similar  
38 hearing called in response to those accidents. And, of  
39 course, the last time that pipeline safety was reauthorized  
40 was back in 2006, and it is time for us to revisit that as  
41 well.

42           As some in this room might remember, our last pipeline  
43 safety reauthorization bill, as I said, was in 2006. We  
44 worked together in a lengthy bipartisan process that allowed  
45 us to pass the bill under suspension on the House floor. The  
46 PIPES Act expired in December of last year, but funding  
47 levels remain in place under the present Continuing  
48 Resolution.

49           It is our intention to craft a pipeline safety bill that

50 enhances current authorities and can provide greater  
51 protection for our infrastructure, communities, and the  
52 environment. This process begins today with this hearing.  
53 We have wide and varying interests represented on the witness  
54 panel and I look forward to hearing their perspective on all  
55 of these issues. With the information and discussion  
56 provided today, committee members can get the proper context  
57 for the issues we will work together on later this summer.

58         Although the major accidents mentioned earlier should be  
59 a part of today's dialogue, I am sure we will not rush to any  
60 conclusion before the National Transportation Safety Board  
61 completes its investigations. We have been told this will  
62 not happen for several months or possibly even next year.  
63 Before we write laws or push for regulations that explicitly  
64 address those accidents, we should wait until all the facts  
65 are in. Until that time, there are several areas where  
66 pipeline safety can and should be improved which we can get  
67 moving in the very near future.

68         It is my belief that Members from both sides of the  
69 aisle can find a common purpose on these issues and work  
70 together to produce effective and meaningful legislation that  
71 protects the public and environment.

72         And at this point I would like to recognize Mr. Waxman  
73 for the purpose of making an opening statement.

74 [The prepared statement of Mr. Whitfield follows:]

75 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
76 Mr. {Waxman.} Thank you very much, Mr. Chairman.

77 The ranking member of the subcommittee, Congressman  
78 Rush, was unable to be here at the beginning of this hearing  
79 because the time had been changed and he had already made a  
80 previous engagement. But I understand he will be given a  
81 chance to make an opening statement when he arrives.

82 It is clear we need to pay serious attention to pipeline  
83 safety. Experts have been warning of the hazards of  
84 deteriorating infrastructure in this country, and natural gas  
85 and hazardous material pipelines are a prime example. There  
86 has been a burst of new construction in the last few years  
87 which puts further stress on pipeline safety oversight  
88 resources. The system is showing clear signs of strain and  
89 people and the environment are paying the price.

90 Here is what we have seen over the past year and a half:  
91 two natural gas pipeline explosions that killed 13 people and  
92 damaged over 150 homes and businesses; a spill of over  
93 800,000 gallons of diluted bitumen, a heavy tar-like  
94 substance from the Canadian tar sands into the Kalamazoo  
95 River, 30 miles of the river expected to remain closed over a  
96 year after the spill, and cleanup costs are estimated at over  
97 \$500,000 million; a second spill of over 250,000 gallons from  
98 the same pipeline 6 weeks later; 12 spills on the new

99 Keystone pipeline in its first year of operation. This  
100 pipeline also carries diluted bitumen. Most of these spills  
101 were small, but after two larger ones, PHMSA shut down the  
102 pipeline finding that continued operation without corrective  
103 action would be hazardous to life, property, and the  
104 environment; a trench collapse for the new Bison natural gas  
105 pipeline in Montana, moving fishers 3 to 4 feet deep and  
106 hundreds of feet long.

107 In addition, PHMSA recently found that some steel pipe  
108 produced between 2007 and 2009 was defective. Five of the  
109 seven pipelines PHMSA investigated contained the defective  
110 pipe, which had to be replaced, but other pipelines may also  
111 have used it. There is no current requirement for them to  
112 test for defective steel pipe.

113 These pipeline incidents are tragic and we must act to  
114 prevent more loss of life and property in the future. These  
115 incidents are the canary in the coalmine, warning about the  
116 state of our pipeline safety. We may pay a very high price  
117 for ignoring these warnings. We need to make sure that we  
118 are anticipating and preventing these pipeline safety  
119 disasters before they occur. In particular, oil companies  
120 are rapidly and dramatically expanding the quantity of tar  
121 sands crude in the form of diluted bitumen. That they are  
122 moving through pipelines in this country, concerns have been

123 raised that diluted bitumen poses a greater risk both in  
124 terms of the likelihood of spills and the challenges of  
125 cleanup.

126         We need to understand these risks and address them and  
127 we need to do that before approving another tar sands  
128 pipeline, not after a pipeline is built with inadequate  
129 protections. Yet just yesterday this subcommittee moved  
130 legislation to short-circuit the approval process for the  
131 newest tar sands pipeline before holding this hearing. That  
132 legislation is a mistake. We should understand the unique  
133 safety concerns for tar sands pipelines, not accelerate  
134 pipeline approval.

135         We have had a history of bipartisan action on pipeline  
136 safety, and there is a lot of room for agreement in this  
137 area. I look forward to working with the Republican majority  
138 on this issue.

139         [The prepared statement of Mr. Waxman follows:]

140 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
141           Mr. {Whitfield.} Thank you, Mr. Waxman. And when Mr.  
142 Rush does arrive, we will give him an opportunity to make his  
143 opening statement.

144           At this time I would like to recognize the chairman of  
145 the full committee, Mr. Upton, for opening statement.

146           The {Chairman.} Well, thank you, Mr. Chairman.

147           For years, pipeline safety has been a topic that enjoys  
148 bipartisan cooperation and produces very effective  
149 legislation. The last time this committee took up  
150 legislation on the subject, we were able to pass the bill  
151 under suspension on the House floor. And as the 2006 law  
152 expires, it is our responsibility to put forward meaningful  
153 legislation this summer that will improve pipeline safety and  
154 allow our pipeline infrastructure to remain a dynamic and  
155 efficient method for transporting vital energy supplies.

156           The first step in the process is certainly today's broad  
157 survey of the world of pipeline safety. We have with us all  
158 the major stakeholders and experts, as well as the lead  
159 regulator on pipeline safety. The Pipeline and Hazardous  
160 Material Safety Administration is an effective enforcer of  
161 this Nation's pipeline regulations and laws, and I look  
162 forward to hearing how their processes, authorities, and  
163 resources could be enhanced with legislation in the future,

164 as well as how the companies and interests represented at the  
165 witness table today believe that their industry could be  
166 rendered even safer.

167 Pipelines are the safest method of transporting  
168 hazardous liquids and natural gas. The incident rate is  
169 extraordinarily small, but when things do go wrong, they can  
170 go wrong in a big way. That is for sure. And I do not have  
171 to look too far for an example of this, as 20,000 barrels of  
172 oil spilled out of a ruptured line into a tributary of the  
173 Kalamazoo River just one county outside of my district last  
174 year. I was aggressive in my efforts to get the spill  
175 cleaned up and the environment restored, but when it comes to  
176 policy changes, we cannot focus only on the response to a  
177 spill. We also have to focus on preventing pipeline safety  
178 failures before they happen.

179 The overall strong safety record of hazardous liquid and  
180 natural gas pipelines can be marred by isolated failures that  
181 put human life, property, and the environment at risk.  
182 Pipeline safety is an issue that we all take very seriously.  
183 And I have let it be known that this committee is certain to  
184 move on a bipartisan reauthorization bill later this summer.  
185 Our goal should be to craft an effective bill that ensures  
186 another community doesn't experience a spill that affects  
187 their waterways or a massive explosion that levels a

188 neighborhood.

189           This hearing will give members a broad view of the  
190 status of the pipeline safety laws and regulations and will  
191 inform us of what might be the best path forward as we craft  
192 legislation. I look very forward to the discussion that we  
193 are going to host today and the ideas that will be proposed.  
194 I want to particularly thank the administrator for pipeline  
195 safety, Ms. Quarterman, for her graciousness for allowing us  
196 to have one panel instead of two as we are expecting about 3  
197 hours of votes in about an hour. So we are able to hopefully  
198 get this adjourned before that starts because I am not sure  
199 how many people are going to have to come back after 3  
200 o'clock.

201           And I yield the balance of my time to Mr. Terry.

202           [The prepared statement of Mr. Upton follows:]

203 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
204           Mr. {Terry.} Thank you, Mr. Chairman. I appreciate  
205 that opportunity to thank all of our witnesses for being  
206 here.

207           And certainly just like our national interstate system,  
208 we want to design it so it is as safe as possible to travel  
209 on. Our pipeline system is critical to our energy  
210 infrastructure. And, as we know, as Mr. Upton said and  
211 Ranking Member Waxman mentioned is that sometimes there are  
212 problems. The explosion in San Bruno, California that  
213 killed, I think, eight people; incident in Arizona a couple  
214 of years ago. So as Fred said, when something goes bad, it  
215 can really have devastating effects on loss of life. So we  
216 need to get it as close to perfect as we can. So your  
217 testimony here will help do that.

218           I do want to add to Mr. Waxman's comments about the  
219 TransCanadian pipeline. I think after 3 years of reviewing  
220 it and sitting on a foot-and-a-half environmental impact  
221 studies and supplementals that it is time for them to start  
222 action in the State Department and make a decision. So I  
223 don't think it was hasty or irresponsible at all. In fact, I  
224 think the irresponsible is the foot-dragging by our Agencies  
225 on several energy projects.

226           With that I will yield back.

227 [The prepared statement of Mr. Terry follows:]

228 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
229 Dr. {Burgess.} Would you yield to me?

230 Mr. {Terry.} I will not yield back. I am going to  
231 yield to Mr. Burgess.

232 Dr. {Burgess.} I appreciate you yielding me a generous  
233 amount of time.

234 Mr. Chairman, I am going to ask unanimous consent to  
235 insert my entire statement into the record.

236 But I live in an area of Texas where there is a complex  
237 and complicated network of natural gas pipelines above the  
238 Barnett Shale. I just want to point out that not all  
239 regulations need to be at the federal level. The consortium  
240 of mayors got together in my area and collaborated on a  
241 Pipeline Best Practices Guideline, and Mr. Chairman, I would  
242 like to ask unanimous consent to submit that for the record.

243 Mr. {Whitfield.} Without objection.

244 [The information follows:]

245 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|

246 Dr. {Burgess.} And I will yield back Mr. Terry's time.

247 [The prepared statement of Dr. Burgess follows:]

248 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
249 Mr. {Whitfield.} You went over 16 seconds.

250 Well, that concludes the opening statements except for  
251 Mr. Rush's. And I want to thank all the witnesses for being  
252 with us today and also we appreciate your flexibility in  
253 allowing us to change the time of the starting of the  
254 hearing.

255 And with us today we have Ms. Cynthia Quarterman, who is  
256 the administrator of the Pipeline and Hazardous Materials  
257 Safety Administration at the Department of Transportation.  
258 We have Mr. Andy Black, who is president of the Association  
259 of Oil Pipe Lines and on Behalf of the American Petroleum  
260 Institute as well. We have Mr. Carl Weimer, who is the  
261 executive director of the Pipeline Safety Trust. We have Mr.  
262 Christopher Helms, who is executive vice president and group  
263 CEO of NiSource Gas Transmission and Storage, and also on  
264 behalf of the Interstate Natural Gas Association of America.  
265 We have Mr. Charles Dippo, who is vice president, Engineering  
266 Services and System Integrity for South Jersey Gas Company,  
267 and also on behalf of the American Gas Association. And we  
268 have Mr. Anthony Swift, who is the energy analyst for  
269 International Programs at the Natural Resources Defense  
270 Council.

271 So thank you for being with us. All of you have a great

272 deal of expertise in this area, which we know will be  
273 beneficial for us. And each one of you will be given 5  
274 minutes for the purpose of an opening statement. And there  
275 is a little device there that will say green when it is time  
276 to go, yellow when you think about stopping, and red, I hope  
277 you might stop at that point. But we do look forward to your  
278 testimony. And at this time, Ms. Quarterman, I will  
279 recognize you for 5 minutes for your opening statement.

|  
280 ^STATEMENTS OF CYNTHIA L. QUARTERMAN, ADMINISTRATOR, PIPELINE  
281 AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION, U.S.  
282 DEPARTMENT OF TRANSPORTATION; ANDREW J. BLACK, PRESIDENT,  
283 ASSOCIATION OF OIL PIPE LINES, AND ON BEHALF OF THE AMERICAN  
284 PETROLEUM INSTITUTE; CARL WEIMER, EXECUTIVE DIRECTOR,  
285 PIPELINE SAFETY TRUST; CHRISTOPHER A. HELMS, EXECUTIVE VICE  
286 PRESIDENT AND GROUP CEO, NISOURCE GAS TRANSMISSION AND  
287 STORAGE, AND ON BEHALF OF THE INTERSTATE NATURAL GAS  
288 ASSOCIATION OF AMERICA; CHARLES F. DIPPO, VICE PRESIDENT,  
289 ENGINEERING SERVICES AND SYSTEM INTEGRITY; SOUTH JERSEY GAS  
290 COMPANY, AND ON BEHALF OF THE AMERICAN GAS ASSOCIATION; AND  
291 ANTHONY SWIFT, ENERGY ANALYST, INTERNATIONAL PROGRAM, NATURAL  
292 RESOURCES DEFENSE COUNCIL

|  
293 ^STATEMENT OF CYNTHIA L. QUARTERMAN

294 } Ms. {Quarterman.} Thank you. Chairman Whitfield,  
295 Ranking Member Rush, members of the subcommittee, thank you  
296 for the opportunity to speak today to discuss the Pipeline  
297 and Hazardous Materials Safety Administration's oversight of  
298 America's vast network of energy pipelines.

299 Safety is the number one priority of Secretary LaHood,  
300 myself, and the employees of PHMSA and we are strongly

301 committed to reducing transportation risks to the public and  
302 environment. More than 2.5 million miles of pipelines across  
303 the Nation deliver energy to homes and businesses, connect  
304 communities, and support our way of life. PHMSA's role in  
305 ensuring the safety of each and every mile is vital. To get  
306 the job done, we develop and enforce regulations and maintain  
307 strong partnerships with States, who oversee most of the  
308 intrastate pipelines. Through strong regulations and  
309 integrity management programs, PHMSA has significantly  
310 reduced accidents and increased accountability for managing  
311 the risks of pipeline operations. Serious pipeline incidents  
312 have dropped by more than half over the past 20 years.  
313 However, we still have much work to do.

314         In the wake of several recent serious pipeline  
315 incidents, PHMSA is taking a hard look at the Nation's  
316 pipelines. The pipeline infrastructure needs more attention  
317 to help ensure it will continue to meet the huge demand later  
318 generations will place on it to meet America's energy  
319 delivery needs.

320         In April, Secretary LaHood and I developed an action  
321 plan requiring pipeline stakeholders to act, to be  
322 aggressive, and be transparent in charting a course to  
323 accelerate the identification, repair, rehabilitation, and  
324 replacement of high-risk pipeline infrastructure. As part of

325 our action plan, we brought together everyone with a role in  
326 pipeline safety to engage in discussions. We have also met  
327 with government, industry executives, pipeline employees'  
328 representatives, States, and the public interest community to  
329 discuss the actions all pipelines can take to raise the  
330 safety bar.

331 While we continue think about next steps, PHMSA looks  
332 forward to working with Congress on the reauthorization of  
333 its Pipeline Safety program. While previous reauthorizations  
334 have helped to advance pipeline safety by providing  
335 additional resources to better exercise the Department's  
336 enforcement authority, enhanced protection through integrity  
337 management requirements for distribution pipelines, and  
338 increased support for state pipeline safety agencies, we  
339 still need to do more. Pipeline safety could be greatly  
340 improved with the passage of reforms pushing stronger  
341 enforcement authority, expanded integrity management  
342 requirements beyond those areas where there are existing  
343 high-consequence areas, improved pipeline data collection,  
344 and by advancing safety in many other ways.

345 Mr. Chairman, thank you for the opportunity to testify  
346 before this subcommittee and report on PHMSA's oversight role  
347 of pipelines and the opportunities that exist to strengthen  
348 oversight. I look forward to answering any questions you may

349 have.

350 [The prepared statement of Ms. Quarterman follows:]

351 \*\*\*\*\* INSERT 1 \*\*\*\*\*

|  
352           Mr. {Whitfield.} Thank you, Ms. Quarterman. And at  
353 this time, Mr. Black, you are recognized for 5 minutes for  
354 your opening statement.

|  
355 ^STATEMENT OF ANDREW J. BLACK

356 } Mr. {Black.} Thank you, Chairman Whitfield. I  
357 appreciate the opportunity to appear on behalf of AOPL and  
358 API.

359 Pipelines have long been the safest way to move crude  
360 oil and refined petroleum products such as gasoline, diesel  
361 fuel, jet fuel, home heating oil, and propane. Pipelines are  
362 also the most reliable and efficient way to move these fuels,  
363 which American consumers and workers depend upon in our  
364 economy and our quality of life.

365 The safety record of the liquid pipeline industry shows  
366 strong improvement over the past decade. There are  
367 significantly fewer pipeline accidents and less volume  
368 released of product than 10 years ago because of new laws and  
369 regulations, vigorous company actions, and improving  
370 technologies. Each of the major causes of pipeline accidents  
371 also showed marked decreases during this time period  
372 reflecting the successive strategies to manage risks better.

373 Pipeline operators have every incentive to invest in  
374 safety. Most important is the potential for injury to  
375 members of the public, on employees, our contractors, and  
376 effects upon the environment. Operators can incur costly

377 cleanups, repairs, litigations, and fines, and a pipeline may  
378 not be able to provide service to its customers if a facility  
379 needs to be shut down. Operators of liquid pipelines invest  
380 millions of dollars annually to maintain their pipelines to  
381 comply with safety laws and regulations. One survey of a  
382 group of members showed that \$3.3 billion was spent on  
383 integrity management activities in just the past 6 years.

384         These costs will only increase as integrity management  
385 tools become more expensive, more differentiated, and more  
386 effective at identifying issues for operators to address.  
387 These costs are ultimately borne by the shippers who pay for  
388 transportation services and the consumers of products that  
389 are shipped through the pipeline. Operators work hard to  
390 learn from pipeline incidents and share ideas and  
391 improvements for best practices. The industry has standing  
392 teams and workshops to assess integrity management issues,  
393 review incidents and near-misses, analyze data, and make  
394 technically-based recommendations to industry leaders.  
395 Industry invests in R&D to develop new technologies and  
396 practices to confront pipeline challenges and pushes  
397 technology vendors to do the same.

398         We continue to work very hard at the company and  
399 association level to achieve the goal of zero releases.  
400 Congress has provided PHMSA with broad authority to regulate

401 pipeline safety. PHMSA is an aggressive regulator,  
402 conducting rigorous inspections and vigorously enforcing  
403 compliance with pipeline safety laws. PHMSA has the tools  
404 and uses them when necessary. Operators face a comprehensive  
405 set of requirements for construction, operation, and  
406 maintenance of a pipeline. Regulations cover everything from  
407 design standards to operational controls, qualification of  
408 personnel, public awareness, infrastructure and incident  
409 reporting, emergency response, and much more.

410         While we do not yet have the final results in  
411 investigations in a recent high-profile pipeline accidents,  
412 it is important to note that existing laws and regulations  
413 already address the leading causes of pipeline failure,  
414 including corrosion, materials and equipment failures, and  
415 operations errors. If investigations unexpectedly identify  
416 any gaps, we are ready to work with you to address them.

417         We were pleased to see the Senate Commerce Committee  
418 advance Pipeline Safety Reauthorization as 275, which passed  
419 the committee unanimously. The bill is a positive step  
420 forward, although we do not agree with every provision. My  
421 written testimony covers a number of recommendations.

422         We call your attention to Section 3, which would  
423 essentially require PHMSA to prohibit one-call exemptions for  
424 state and local governments and their contractors. It is a

425 great start. We urge this committee and the House to go  
426 further by eliminating still more exemptions for mechanized  
427 excavators. Third-party damage is less frequent today but it  
428 is still the leading cause of accidents that kill or injure  
429 people. In some cases, state laws requiring the use of 8-1-  
430 1, the national call-before-you-dig number, exempts state  
431 agencies, municipalities, or other entities such as railroads  
432 from requirements to use the one-call system. These  
433 exemptions create a gap in enforcement and safety. The  
434 pipeline does not care who hits it.

435 PHMSA can close the gap by exercising one-call civil  
436 enforcement authority granted by Congress in 2006. PHMSA can  
437 induct enforcement proceedings for a one-call violation  
438 within the boundary of a State if the secretary has  
439 determined that the State's plan or enforcement is inadequate  
440 to protect safety. The draft PHMSA rulemaking on this issue  
441 is a great start but does not go far enough on ending these  
442 exemptions. We urge DOT to complete its rulemaking soon and  
443 urge Congress to require PHMSA to terminate these exemptions.

444 We also applaud the provision in S-275 to bring some of  
445 PHMSA's pipeline procedural rules up to par with those used  
446 by other regulatory agencies, including elsewhere at DOT.  
447 Requiring an impartial presiding officer to conduct hearings  
448 and allowing access to a hearing transcript are basic

449 elements of due process we support. We encourage the  
450 Congress to go further by also requiring a separation of  
451 function of PHMSA staff to help ensure impartiality. Also,  
452 Congress should require PHMSA to allow timely hearings to  
453 review corrective action orders after they are issued.

454 We are glad PHMSA may implement some of these safeguards  
455 administratively, but we know that they are reversible unless  
456 codified by Congress. We look forward to working with  
457 Congress, PHMSA, the Pipeline Safety Trust, and others to  
458 continue pipeline safety gains, and we authorize the pipeline  
459 safety laws. Thank you.

460 [The prepared statement of Mr. Black follows:]

461 \*\*\*\*\* INSERT 2 \*\*\*\*\*

|  
462           Mr. {Whitfield.} Thank you, Mr. Black. Mr. Weimer, you  
463 are recognized for 5 minutes.

|  
464 ^STATEMENT OF CARL WEIMER

465 } Mr. {Weimer.} Good morning, Chairman Whitfield and  
466 Upton, and Ranking Member Waxman and members of the  
467 Subcommittee. Thank you for inviting me to speak today on  
468 the important subject of pipeline safety.

469 The Pipeline Safety Trust came into being after a  
470 pipeline disaster in Bellingham, Washington that occurred 12  
471 years ago which left 3 young people dead, wiped out every  
472 living thing in a beautiful salmon stream, and caused  
473 millions of dollars of economic disruption. Borne from that  
474 tragedy and other tragedies in places like Edison, New  
475 Jersey; Carlsbad, New Mexico; and Walnut Creek, California,  
476 we have testified to Congress for years about the  
477 improvements needed in regulations to help prevent more  
478 disasters.

479 For years we have talked about the need for more miles  
480 of pipelines to be inspected by smart pigs. We have pleaded  
481 for clear standards for leak detection and the placement of  
482 automated shutoff valves, closing the loopholes that allow  
483 some pipelines to remain unregulated, and for better  
484 information to be available so people know if they live near  
485 a large pipeline.

486           So here we are again after new tragedies in Marshall,  
487 Michigan; San Bruno, California; and Allentown, Pennsylvania  
488 asking for the same things we have asked for at other  
489 hearings following previous tragedies. We are pleased to see  
490 some of our recommendations included in part of the  
491 legislation recently passed unanimously by the Senate  
492 Commerce Committee, and we hope this body will build on that  
493 legislation to provide an even stronger, more comprehensive  
494 bill. It is our sincere desire not to be back here again in  
495 the future saying the same things after yet another disaster.

496           Pipeline safety should be an easy task. The pipeline  
497 industry, regulators, and citizen groups all agree that  
498 safety is Job 1. Every trade association has come out with  
499 some statement that the highest priority is no deaths, no  
500 injuries, and zero incidents. So if we all agree that zero  
501 incidents is the goal, then let us look at what changes in  
502 the rules can get us to zero.

503           Clearly, providing PHMSA and the States with more  
504 funding and personnel so they can better inspect industry  
505 efforts and analyze safety needs should move us towards zero  
506 incidents, so we all should support that. Since integrity  
507 management requirements were passed nearly 10 years ago, more  
508 than 34,000 flaws were found in pipelines and repaired,  
509 reducing the possibilities of many failures. Since 75

510 percent of all the deaths caused by the failures of  
511 transmission pipelines have occurred in areas that fall  
512 outside of the current integrity management requirements and  
513 only 7 percent of the gas pipelines and only 44 percent of  
514 liquid pipelines fall under these inspection requirements.  
515 It is clear we could reduce incidents by requiring integrity  
516 management inspections on all miles of these pipelines.

517       We are glad that INGAA in their recently-released new  
518 set of guiding principles commits to ``applying integrity  
519 management principles on a system-wide basis.'' Likewise,  
520 any pipelines near people should be required to operate in  
521 such a way that prevents failures. Unfortunately, with the  
522 rapid expansion of new shale gas drilling in more populated  
523 areas, there are now hundreds of thousands of miles of gas  
524 gathering lines that are under-regulated or not regulated at  
525 all. Many of these lines are the same size and pressure as  
526 transmission pipelines. Clearly, if our priority is safety,  
527 then these gathering lines need to fall under the same safety  
528 regulations as other similar pipelines.

529       If zero is our goal, then state agencies need to  
530 continue to be pushed to move to improve their pipeline  
531 damage prevention laws, and the efforts of state pipeline  
532 safety agencies need to be clearly evaluated and those  
533 evaluations shared with the public. If safety is our highest

534 priority, then the disconnect that exists between the  
535 agencies that cite new pipelines and PHMSA, the Agency in  
536 charge of pipeline safety, needs to be corrected. PHMSA  
537 needs to have the authority and the resources necessary to  
538 engage in safety reviews as these pipelines are planned and  
539 to inspect them thoroughly as they are going into the ground.

540         And if getting to zero incidents is really our priority,  
541 then local governments who have zoning and permitting  
542 authority regarding land uses near pipelines need to be  
543 engaged actively in these pipeline safety discussions since  
544 more and more development is encroaching near these big  
545 pipelines.

546         NTSB's recommendation that companies can clearly  
547 document that the operating pressure they run their  
548 transmission pipelines at is based on real knowledge of what  
549 is in the ground needs to be adopted. Also requirements for  
550 excess flow valve installation on appropriate multi-family  
551 and commercial applications needs to be moved forward.

552         I see my time is about up so let me close by saying that  
553 there are many things that clearly can be done to make  
554 pipelines safer. We have outlined many of those specific  
555 ideas in our written testimony. Many of the leaks, spills,  
556 and injuries and deaths that are still occurring are  
557 preventable. Instead of just saying getting to zero is our

558 highest priority, we all need to start doing things that will  
559 actually get us there. You have the opportunity this year  
560 with this legislation to help guide us all towards zero  
561 incidents. We hope you seize that opportunity and help hold  
562 us all to our fine talk.

563 Thank you.

564 [The prepared statement of Mr. Weimer follows:]

565 \*\*\*\*\* INSERT 3 \*\*\*\*\*

|  
566           Mr. {Whitfield.} Thank you. Mr. Helms, you are  
567 recognized for 5 minutes.

|  
568 ^STATEMENT OF CHRISTOPHER A. HELMS

569 } Mr. {Helms.} Thank you, Chairman Whitfield, Ranking  
570 Member Rush, and members of the committee.

571 My name is Chris Helms. I am CEO of NiSource Gas  
572 Transmission and Storage and chairman of the INGAA Board  
573 Taskforce on Pipeline Safety. NiSource operates more than  
574 15,000 miles of natural gas transmission pipelines extending  
575 from the Gulf Coast to the Northeast.

576 Today, I am testifying on behalf of INGAA, the  
577 Interstate Natural Gas Association of America. INGAA  
578 represents the Nation's interstate natural gas transmission  
579 pipeline industry, and as seen on Slide #1, our members  
580 operate a 200,000-mile network of large-diameter pipelines  
581 that transport natural gas throughout the Nation.

582 [Slide]

583 I would like to state at the outset that while the  
584 safety record of the natural gas transmission system is very  
585 strong, we recognize that continuous improvement is  
586 imperative. We want to work with you and other stakeholders  
587 to achieve our primary goal of zero pipeline incidents.  
588 Demand for natural gas is growing, and as a result,  
589 maintaining the public trust in pipeline safety is critical.

590 [Slide]

591 Slide 2 shows the interstate natural gas transmission  
592 pipelines that have been approved for construction by the  
593 FERC over the past decade. Due to the growing demand for  
594 domestic shale gas, gas pipeline infrastructure has expanded  
595 significantly and will likely continue to grow. Ensuring the  
596 safe and reliable operation of these systems will remain  
597 critical and is the highest priority for this industry.

598 As part of the Pipeline Safety Improvement Act of 2002,  
599 natural gas transmission pipeline operators were required to  
600 implement an integrity management program. Integrity  
601 management is a strategic risk-based approach that focuses on  
602 identifying and mitigating risk in populated areas. The  
603 program requires continual pipeline assessments and the  
604 repair and remediation of any potential safety problems that  
605 are found.

606 The vast majority of baseline assessments under the  
607 program are nearing completion. Consistent with the schedule  
608 established by Congress, while only 4.5 percent of INGAA  
609 member pipeline members are located in populated areas  
610 covered under the program, baseline assessments have been  
611 completed on more than 50 percent of the pipeline miles to  
612 date.

613 With the first round of assessments almost complete, we

614 believe now is an ideal time to reflect upon the  
615 effectiveness of this program. Last year, the INGAA Board  
616 established a senior-level task force and then adopted clear  
617 guiding principles to define and lead our industry to improve  
618 safety performance. Our 5-point principles are outlined in  
619 Slide 3 as follows:

620       Our goal is zero incidents, a perfect record of safety  
621 and reliability for the national pipeline system. We will  
622 continue to work every day towards this goal. We are  
623 committed to safety culture as a critical dimension to  
624 continuously improving our industry's performance. Third, we  
625 will be relentless in our pursuit of improving by learning  
626 from the past and anticipating the future. Fourth, we are  
627 committed to applying integrity-management principles on a  
628 system-wide basis, as Mr. Weimer said. And last, we will  
629 engage our stakeholders from the local community to the  
630 national level so they can understand and participate in  
631 reducing risk.

632       To translate these principles into action, the taskforce  
633 has commissioned an initiative we call ``Integrity Management  
634 Continuous Improvement.'' Our objective is to assess our  
635 performance, identify lessons learned, and target areas in  
636 need of improvement. Action plans have been developed and  
637 teams are already working in key areas to move us towards

638 achieving our goal of zero incidents.

639         In light of recent pipeline incidents, it is important  
640 to reassess our infrastructure and better characterize the  
641 conditions that contribute to pipeline failures. A pipeline  
642 fails when its conditions deteriorate or service environment  
643 changes to a point where the pipeline is no longer fit for  
644 service. To achieve zero incidents, our focus must remain on  
645 that standard. Any pipeline not fit for service, regardless  
646 of age, should be repaired, replaced, or retired. Older  
647 pipelines can remain fit for service if operating conditions  
648 are controlled and the pipeline is properly maintained. On  
649 the other hand, even the newest pipelines can be susceptible  
650 to failure due to threats like excavation damage or outside  
651 forces. Age is an important consideration but is only one  
652 indicator of a pipeline's fitness for service.

653         Pipeline safety is a shared responsibility which  
654 requires close cooperation among all stakeholders. We are  
655 actively engaged in critical call-before-you-dig programs,  
656 and as you can see this morning, I am wearing the 8-1-1 call-  
657 before-you-dig pin. We work with local governments to  
658 educate them about development around existing pipelines. We  
659 are working with first responders to train emergency  
660 personnel on how to prevent and respond to natural gas  
661 pipeline emergencies. Our efforts to engage our stakeholders

662 are numerous and this interaction is critical to achieving  
663 our goal of zero incidents.

664         In drafting a reauthorization bill, INGAA believes that  
665 legislation recently approved by the Senate Commerce  
666 Committee provides a good framework to follow.

667         I see that my time is about up, so Mr. Chairman, what I  
668 would like to say in closing is we hope that Congress will  
669 complete reauthorization of a bill this year and view the  
670 progress being made in that regard as encouraging. Thank you  
671 for the opportunity to testify today and I look forward to  
672 your questions.

673         [The prepared statement of Mr. Helms follows:]

674 \*\*\*\*\* INSERT 4 \*\*\*\*\*

|  
675           Mr. {Whitfield.} Thank you. Mr. Dipppo, you are  
676 recognized for 5 minutes.

|  
677 ^STATEMENT OF CHARLES F. DIPPO

678 } Mr. {Dippo.} Good morning, Mr. Chairman and members of  
679 the Committee. I am Charles Dippo, Vice President of South  
680 Jersey Gas, and Chairman of the American Gas Association  
681 Operation Section. I am here testifying today on behalf of  
682 AGA, which represents 200 local energy companies that deliver  
683 clean natural gas to more than 64 million customers  
684 throughout the United States.

685 Industry has demonstrated it can increase the delivery  
686 of natural gas while continuously improving safety. Data  
687 from PHMSA shows serious incidents and leaks have been  
688 reduced by nearly 50 percent over the last 20 years but  
689 clearly more needs to be done. The tragic incident in San  
690 Bruno reminds us that one accident is too many. The NTSB has  
691 not issued a final report on the San Bruno incident, but the  
692 industry is already taking away important lessons from the  
693 information that has been produced thus far in the extensive  
694 investigation.

695 The factual reports show that the event appears to be an  
696 isolated incident with no evidence of national system safety  
697 problems. Nevertheless, pipeline operators are assessing  
698 their systems to determine if the circumstances encountered

699 in San Bruno bear any similarity to their operations.

700       The pipeline industry leadership has joined  
701 Transportation Secretary LaHood in his call to action to  
702 repair, replace, or rehabilitate the highest-risk  
703 infrastructure and to raise the bar on pipeline safety. How  
704 do we raise the bar on pipeline safety? First, we must keep  
705 our focus on key initiatives that are showing success. This  
706 includes distribution and transmission integrity management,  
707 control room management, public awareness, excavation damage  
708 prevention, and voluntary initiatives such as AGA's Best  
709 Practices program.

710       Second, we have an opportunity to enhance safety through  
711 better excavation damage prevention programs, establishing a  
712 data quality committee, reducing hurdles to implementing new  
713 technology, adopting the latest consensus standards, and  
714 enhancing pipeline safety legislation. One key safety  
715 initiative is distribution integrity management. This  
716 comprehensive regulation provides an added layer of  
717 protection to the already-strong safety programs executed by  
718 distribution companies. Operators are given until August  
719 2011 to write and begin implementation of their individual  
720 risk-based programs and are already aggressively implementing  
721 this rule.

722       Excess flow valves, EFVs, have another added layer of

723 safety. AGA supported the 2006 congressional mandate and  
724 most operators were voluntarily installing EFVs well before  
725 the congressional deadline. However, due to the inherent  
726 uncertainties and complexities associated with service lines  
727 for multiple-family dwellings, commercial and industrial  
728 customers, it is inadvisable to attempt mandatory  
729 installation of EFVs beyond single-family homes. PHMSA  
730 should be given adequate time to finish its technical  
731 analysis and complete the final rule-making process.

732         Excavation damage represents the single-greatest threat  
733 to gas distribution, safety, reliability, and integrity. AGA  
734 supports legislation that will require a state one-call  
735 program to have appropriate participation by all underground  
736 operators and excavators, including government entities; to  
737 have flexible and effective enforcement; and prohibit  
738 exemption of municipalities, state agencies, or their  
739 contractors from the one-call requirements.

740         AGA also believes pipeline safety can be improved  
741 through an independent review and analysis of the data  
742 collected by DOT. AGA recommends the creation of a data  
743 quality team that mirrors PHMSA's technical advisory  
744 committees. This team would analyze and improve upon the  
745 data collected by DOT, identify areas where the data tells us  
746 there is an opportunity to improve pipeline safety, and to

747 communicate consistent messages about what the data is  
748 telling us.

749 AGA supports continued funding of research, development,  
750 and deployment of new technologies, as well as the refinement  
751 of current technologies that are essential to improving  
752 pipeline safety. We recommend that emphasis be placed on the  
753 deployment of new technologies and the reduction of  
754 regulatory barriers operators currently face when attempting  
755 to implement new technologies.

756 The industry is presently restricted by federal pipeline  
757 safety regulations that require operators to follow obsolete  
758 standards as they relate to pipeline safety. AGA suggests  
759 that Congress consider legislation to require DOT to codify  
760 within 2 years the most recent addition of a standard that  
761 DOT has adopted into the pipeline safety code.

762 Finally, it has been suggested that the transmission  
763 integrity management program be changed to eliminate high-  
764 consequence areas, thus requiring integrity management  
765 assessments on all transmission pipelines. AGA believes this  
766 would be contrary to the intent Congress had for the program,  
767 which was to focus resources on areas where an accident could  
768 do the most damage.

769 AGA believes it is reasonable for Congress to direct DOT  
770 to evaluate the effectiveness of transmission integrity

771 management program within 2 years of the completion of the  
772 baseline assessments. This study could include evaluations  
773 of maximal allowable operating pressure, potential expansion  
774 of high-consequence areas, installation of remote or  
775 automatic shutoff valves, and expansion to areas of seismic  
776 activity.

777 In conclusion, the natural gas utility industry has a  
778 strong safety record and we are committed to working with all  
779 stakeholders to improve. To that end, we applaud this  
780 committee's focus on moving pipeline safety reauthorization  
781 forward. Passage of this important bill this year will help  
782 us all achieve a common goal: to enhance the safe delivery of  
783 this vital energy resource.

784 Thank you.

785 [The prepared statement of Mr. Dipppo follows:]

786 \*\*\*\*\* INSERT 5 \*\*\*\*\*

|  
787           Mr. {Whitfield.} Thank you, Mr. Dippo. Mr. Swift, you  
788 are recognized for 5 minutes.

|  
789 ^STATEMENT OF ANTHONY SWIFT

790 } Mr. {Swift.} Thank you, Chairman Whitfield, Ranking  
791 Member Rush, and members of the committee. I am a policy  
792 analyst for Natural Resources Defense Council. NRDC is a  
793 national nonprofit organization dedicated to protecting  
794 public health and the environment. As a personal note,  
795 coming from West Texas in a family with 4 generations in the  
796 oil and gas industry, I value the opportunity that allows me  
797 to participate in the critical process and ensures the  
798 industry's infrastructure is held to the highest standards of  
799 safety.

800 Over the last few years, the U.S. hazardous liquid  
801 pipeline system has been used to transport a substance called  
802 diluted bitumen from the tar sands region of Canada. By  
803 itself, bitumen is virtually solid at room temperature. To  
804 move it through a pipeline, producers must dilute it with  
805 light, highly volatile natural gas liquids. The thick,  
806 abrasive mixture called diluted bitumen is then pumped  
807 through pipelines at high pressure generating enough friction  
808 to reach temperatures of up to 150 degrees. Over the last  
809 decade, imports of diluted bitumen have increased six-fold,  
810 yet regulators haven't moved to assess its risk, including

811 both the potential for increased spill frequency, as well as  
812 greater safety risks when those spills occur.

813         The U.S. pipeline system may already be showing signs of  
814 strain. For example, pipelines in Midwestern States, which  
815 have the longest history of transporting Canadian tar sands  
816 crude has filled nearly 3 times more crude per mile than the  
817 national average over the last 4 years.

818         Enbridge transports the majority of Canadian diluted  
819 bitumen to the United States. In 2010, its Lakehead System  
820 had over a dozen spills, accounting for more than half of all  
821 crude oil spilled in the United States that year. Meanwhile,  
822 TransCanada's Keystone pipeline, one of the first pipelines  
823 dedicated to move tar sands crude from Canada to the United  
824 States, has had 12 leaks in less than 12 months of operation,  
825 the largest of which was approximately 21,000 gallons.  
826 Keystone is the newest liquid pipeline system to ever be  
827 deemed by PHMSA an immediate threat to life, property, and  
828 the environment.

829         During a spill, natural gas liquids and diluted bitumen  
830 may increase the risk of explosion and exposure to toxic  
831 vapors. As the 840,000 gallons spilled into Kalamazoo  
832 appears to have confirmed, in a spill, diluted bitumen  
833 behaves differently than conventional crude requiring  
834 different, more expensive, and time-consuming cleanup methods

835 than conventional crude oil spills. These are early warning  
836 signs that present a compelling case that more study is  
837 needed on the risks of diluted bitumen.

838 Building TransCanada's Keystone XL, a high-pressure  
839 pipeline that would move up to 830,000 barrels per day of  
840 hot, corrosive, diluted bitumen through the heart of the  
841 Ogallala Aquifer creates hazards that a conventional crude  
842 oil pipeline does not. The Ogallala Aquifer is a critical  
843 source of fresh water for the United States, provides 30  
844 percent of our irrigation water and drinking water for  
845 millions of Americans. A spill in the deepest part of that  
846 aquifer in the Nebraska Sandhills could be a disaster. Given  
847 the limits of leak-detection technology, which on a pipeline  
848 like Keystone XL could allow a leak of hundreds of thousands  
849 of gallons a day to go unnoticed, the worst-case scenario is  
850 simply one we cannot afford.

851 NRDC recommends the following actions. First, Congress  
852 should require PHMSA to conduct a detailed study of diluted  
853 bitumen. This study should include both the risks of  
854 increased spill frequency, as well as unique hazards that  
855 such spills may pose to public safety and the environment.

856 Second, PHMSA should be actively engaged in all stages  
857 of major pipeline infrastructure development. This includes  
858 issuing comments during environmental review for significant

859 pipeline projects such as the proposed Keystone XL pipeline.  
860 It should be noted that it is the quality and not the time  
861 spent conducting environmental reviews that ensures the  
862 safety of new projects.

863         Finally, Congress should direct PHMSA to develop  
864 necessary regulations to protect our major fresh water  
865 resources like the Ogallala Aquifer from pipeline spills.  
866 Under current pipeline safety regulations, aquifers like the  
867 Ogallala receive the lowest level of federal oversight.  
868 During the Gulf spill, we witnessed the sad consequences that  
869 come of allowing an accident-prone company to replace  
870 expensive but prudent safety measures with reckless optimism.  
871 Let us not court a similar disaster in the deepest waters of  
872 our Nation's greatest aquifer.

873         Once again, NRDC thanks you for the opportunity to  
874 present its views and I would be pleased to answer any  
875 questions you may have.

876         [The prepared statement of Mr. Swift follows:]

877 \*\*\*\*\* INSERT 6 \*\*\*\*\*

|  
878 Mr. {Whitfield.} Mr. Swift, thanks very much.

879 And at this time, I would like to recognize the ranking  
880 member, Mr. Rush, for his opening statement.

881 Mr. {Rush.} I want to thank you, Mr. Chairman, and I  
882 want to thank all of the panelists for being here today.

883 Mr. Chairman, I find it curious that this subcommittee  
884 is holding the hearing on pipeline safety after the majority  
885 pushed through a bill to cut out the review period for public  
886 and agency input in order to influence the administration to  
887 hastily come to a decision regarding the Keystone XL pipeline  
888 on behalf of the TransCanada Corporation. Yes, this is the  
889 same TransCanada Corporation who built the original Keystone  
890 pipeline that was temporarily shut down following two leaks  
891 on a line that had only been in operation for less than 12  
892 months.

893 I might seriously question on which side the majority  
894 falls when it comes to actually ensuring pipeline safety  
895 versus accommodating the interests of corporate entities. So  
896 forgive me if it seems like this hearing is a day late and a  
897 dollar short when it comes to this subcommittee actually  
898 putting into practice whatever lessons we may learn here  
899 today. And it appears doubtful that the majority will allow  
900 safety concerns to interfere in the weighing of industry

901 moving forward at all costs.

902           Let it be said I am not opposed to industry but  
903 industry's pathway forward must not be oiled by this  
904 subcommittee. With that being said, I still believe that  
905 this hearing is warranted and necessary and I am pleased to  
906 have heard some of the testimony from our distinguished  
907 experts and our witnesses on the panel.

908           Mr. Chairman, in the past, pipeline safety has been an  
909 issue that this subcommittee has addressed in a bipartisan  
910 fashion. And despite yesterday's markup forcing a hasty  
911 decision on the Keystone XL pipeline, I hope that we will  
912 continue in that tradition in this session as well. In light  
913 of recent pipeline accidents, including Keystone 1 leaks, the  
914 PG&E explosion in San Bruno, California, the 2 Enbridge fails  
915 in Marshall, Michigan and Romeo, Illinois and the Allentown  
916 gas line explosion in Pennsylvania, it is extremely important  
917 that we learn from these cases so lessons can be applied to  
918 our overall pipeline safety standards.

919           I look forward to this hearing and I look forward to  
920 asking questions of these witnesses. And I look forward to  
921 asking questions of the Pipeline Hazardous Materials and  
922 Safety Administration on their updated plans for safety  
923 transporting tar sands crude from Canada through the heart of  
924 the United States, including my State. These tar sands

925 contain bitumen, a heavy, tar-like substance which, compared  
926 to conventional crude, has higher sulfur content, higher  
927 chloride salt content, and higher quantities of emergent  
928 particles, all of which increases the potential for  
929 corrosion.

930 I will also like to hear and ask questions on how PHMSA  
931 plans to address the issue of companies using substandard  
932 steel for their pipelines that do not comply with industry  
933 standards and in many cases leads to stretching and leakage.  
934 At a time when Congress and the administration is considering  
935 approval of one of the largest new pipeline projects in  
936 recent history, the Keystone XL, which will carry Canada tar  
937 sands through the middle of the country, it is imperative  
938 that we examine these important issues and assure the  
939 American people that we have an effective and comprehensive  
940 plan in place to both prevent future spills as well as to  
941 deal with accidents once they take place.

942 So, Mr. Chairman, I look forward to the questioning part  
943 of this hearing, and I yield back the balance of my time.

944 [The prepared statement of Mr. Rush follows:]

945 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
946 Mr. {Whitfield.} Thank you, Mr. Rush. And I will  
947 recognize myself for the purpose of 5 minutes of questions.

948 Ms. Quarterman, and in fact for all the panel members,  
949 all of you, I am sure, are familiar with the Senate bill that  
950 has been working on over there. Would each one of you give  
951 me your succinct analysis of one or two of the major flaws of  
952 that legislation or areas that should have been covered that  
953 is not in the bill? Ms. Quarterman?

954 Ms. {Quarterman.} Yes, thank you. The administration  
955 has not had an opportunity to come forward with an  
956 administration position on that particular bill. We have in  
957 my testimony today several administration proposals that the  
958 administration has been supportive of in the past. I don't  
959 know of anything in that bill that is necessarily a  
960 showstopper from our vantage point.

961 Mr. {Whitfield.} But is there any major item that they  
962 failed to cover?

963 Ms. {Quarterman.} I don't believe there is.

964 Mr. {Whitfield.} Mr. Black?

965 Mr. {Black.} No major flaws, Chairman Whitfield. AOPL  
966 and API supported the bill moving out of the committee. We  
967 hope the Senate will move it without change and then work  
968 with the Congress as it considers its bill. We would like

969 the Congress to go further on damage prevention eliminating  
970 more--

971 Mr. {Whitfield.} On damage prevention?

972 Mr. {Black.} Damage prevention, exemptions from the  
973 one-call system in the States. We believe PHMSA should use  
974 its authority and Congress should encourage PHMSA to do it or  
975 direct it to eliminate more mechanized exemptions than S-275  
976 does now. They added an amendment on due process  
977 protections. We think they should go a little further on  
978 hearings after issuance of a corrective action order and  
979 requiring a separation of functions in PHMSA's staff.

980 And one more issue that is in the testimony on leak  
981 detection, there is a requirement for a study on leak  
982 detection technologies which is very complex. We think that  
983 is fine. We know PHMSA recently studied this I think in  
984 2007. But there is an assumption that PHMSA must do a  
985 rulemaking even before knowing what the study suggested. We  
986 think that should be changed to permissive authority to do  
987 the rulemaking on leak detection, first a study and figure  
988 out if there something more that should be done.

989 Mr. {Whitfield.} Okay. Thank you. Mr. Weimer?

990 Mr. {Weimer.} Yes, we are pretty pleased with Senate  
991 Bill 275. It is comprehensive. It covers a number of the  
992 issues we have. There are a few things that we think could

993 be done better.

994           There is a need for fees for inspections of new  
995 pipelines and the bill addresses that a little bit but it  
996 only applies to very large pipelines. We think it should be  
997 expanded. I think the bill that came out from the  
998 administration asked for such fees. We also think there  
999 needs to be fees for special permits. That is an area where  
1000 PHMSA gets spread too thin trying to deal with lots of  
1001 special permits.

1002           And the other area that we really think needs to be  
1003 expanded is regulation of natural gas gathering lines. Like  
1004 I said in my testimony, there is hundreds of thousands of  
1005 miles of those going into places like Texas and Pennsylvania  
1006 and New York, and a lot of those are unregulated or very much  
1007 under-regulated. So that is an area that needs to be looked  
1008 at.

1009           Mr. {Helms.} Yeah, we believe the bill is a good bill  
1010 and it has been a bill that has really brought in a lot of  
1011 the stakeholders into the discussion, Mr. Chairman. And it  
1012 is kind of interesting you are now hearing the  
1013 administration, the oil pipeline guys, the Public Safety  
1014 Trust and interstate natural gas industry agree that this is  
1015 a good way for us to go forward.

1016           In pages 8 through 12 of my testimony, we have some

1017 specific recommendations, and I would probably characterize  
1018 them more as tweaks as anything else.

1019 Mr. {Whitfield.} Okay.

1020 Mr. {Helms.} I think we have a good start.

1021 Mr. {Whitfield.} Thank you. Mr. Dippo?

1022 Mr. {Dippo.} Yes, likewise. The American Gas  
1023 Association also believes that this is a good bill for our  
1024 members. It was a good bipartisan product. A few areas we  
1025 might recommend some tweaking or changes to the section on  
1026 maximum allowable operating pressures seem to be a bit  
1027 rushed. We would suggest possibly more time to review how  
1028 that is written.

1029 And the other thing, that seismicity, that section in  
1030 there is actually already being addressed by operators on  
1031 Subpart O, Part 192, which requires operators' integrity  
1032 management operations under the preventive and mitigative  
1033 measures to consider outside forces. So I am not really sure  
1034 why that came up all of a sudden but we feel that is already  
1035 being addressed by its members through the existing  
1036 regulation.

1037 Mr. {Whitfield.} Mr. Swift?

1038 Mr. {Swift.} The NRDC defers to the Pipeline Safety  
1039 Trust on most issues in the Lautenberg bill, but we are very  
1040 pleased to see that there was a study required of the safety

1041 issues and regulatory sufficiency for tar sands crude. We  
1042 would like to see language that gives PHMSA the authority to  
1043 act on what they find in that study from a regulatory  
1044 perspective.

1045 Mr. {Whitfield.} And Ms. Quarterman, what is the budget  
1046 for PHMSA?

1047 Ms. {Quarterman.} For the pipeline program?

1048 Mr. {Whitfield.} Yeah, the pipeline program.

1049 Ms. {Quarterman.} I don't know the exact number, around  
1050 \$200 million.

1051 Mr. {Whitfield.} How much?

1052 Ms. {Quarterman.} Around \$200 million.

1053 Mr. {Whitfield.} 200, okay. I see my time has expired.  
1054 Mr. Rush, you are recognized for 5 minutes.

1055 Mr. {Rush.} Thank you. Ms. Quarterman, in my opening  
1056 statement I referenced the fact that just yesterday this  
1057 subcommittee green-lighted a bill that will short-circuit the  
1058 review process and force the administration to hastily come  
1059 to a decision on the Keystone XL pipeline by November 1.  
1060 Your Agency suggests recently shutting down Keystone 1  
1061 pipeline temporarily due to leaks from a pipeline that has  
1062 been in operation for only 11 months. Can you discuss with  
1063 the committee the events surrounding the temporary shutdown  
1064 and eventual restricted opening of the Keystone 1 pipeline?

1065 And why did PHMSA initially make the decision to shut down  
1066 the pipeline and then reverse itself and open it up with  
1067 restrictions?

1068 Ms. {Quarterman.} This is fairly common practice in the  
1069 way we operate on the enforcement side of things. We found a  
1070 condition that had occurred on 2 occasions with respect to  
1071 the Keystone pipeline, both on May the 7th and May the 9th  
1072 where there was a leak from a similar component. And in  
1073 those instances where we think it could be a systematic  
1074 problem, the regional director puts forward an order telling  
1075 them they need to shut down and come forward with a plan on  
1076 how they plan to fix this, not only these 2 instances but  
1077 across the board.

1078 In this instance they came forward with a plan very  
1079 quickly and that is why they got the restart plan I think a  
1080 day or two after that.

1081 Mr. {Rush.} What were the conditions?

1082 Ms. {Quarterman.} I will have to get you the details of  
1083 what the leak related to. I think it was in a pump station.  
1084 There was a stripping of a valve or something like that.

1085 Mr. {Rush.} Is it unusual for a pipeline that has only  
1086 been in operation for less than a year to have these  
1087 problems? And have you ever issued a corrective order for a  
1088 pipeline that has been in operation for less than a year?

1089 Ms. {Quarterman.} I am going to have to go back and  
1090 look at our records to answer that question.

1091 Mr. {Rush.} Okay. Does PHMSA have an updated and  
1092 comprehensive plan for transporting diluted bitumen from the  
1093 Canadian tar sands through the heart of the country as the  
1094 Keystone pipeline would do?

1095 Ms. {Quarterman.} There is a requirement in the Senate  
1096 bill that was passed out, I believe, of committee that would  
1097 require PHMSA to do just such a study. We have not done a  
1098 study on that in the past. If that were to be part of the  
1099 final bill that came out of this committee and was passed  
1100 into law, we would certainly be pleased to do that.

1101 Mr. {Rush.} All right. Mr. Weimer, the first Keystone  
1102 pipeline, which brings Canadian tar sands to refineries in  
1103 Illinois and Oklahoma was predicted to spill no more than  
1104 once every 7 years. However, in just 1 year of operation it  
1105 has reported 12 separate oil spills through the NRC, the  
1106 National Response Center. You are considered an expert on  
1107 pipeline safety and your work on pipeline safety issues is  
1108 known far and wide. And as members in this subcommittee  
1109 debate the importance of streamlining the permit process  
1110 while also taking into account safety and environmental  
1111 concerns, do you advise that we err on the side of safety or  
1112 expediency? Is there a way to do both? And how should one

1113 member who is not necessarily opposed to the pipeline who is  
1114 interested in creating more jobs because I represent a  
1115 district where there is high unemployment, how should I  
1116 approach this? From an expedited way or should I approach  
1117 this from a public safety way? Give me some insight in how  
1118 you would handle this situation.

1119       Mr. {Weimer.} Right. Thank you for the question. The  
1120 Pipeline Safety Trust always embraces a precautionary  
1121 principle that tries to answer as many of the questions as  
1122 possible before you move forward. You know, Keystone 1 has  
1123 had 12 spills in the last year, which is a lot of spills,  
1124 although they were all fairly minor, all within kind of pump  
1125 station areas. We have reviewed the corrective action order  
1126 from PHMSA and think it was appropriate and even their  
1127 backing off, you know, a few days later was appropriate  
1128 because the company had done what they needed to address that  
1129 system.

1130       As far as permitting for Keystone 2, you know, we have  
1131 joined with a number of national groups questioning--done  
1132 research and have questioned things about the corrosiveness  
1133 and the abrasiveness of the material moving through those  
1134 pipelines from the tar sands and we have asked those  
1135 questions of PHMSA. And to date, just as Ms. Quarterman  
1136 said, they have not done that study so we don't know the

1137 answers to those questions. So using a precautionary  
1138 principle, we would prefer to wait until those questions are  
1139 answered before that pipeline moves forward.

1140 And then we have also heard from EPA just last week that  
1141 they also didn't know, you know, the toxicity of some of the  
1142 material used to dilute that bitumen. So there is a number  
1143 of unanswered questions and, you know, it is certainly up to  
1144 the policymakers to decide whether they are big enough  
1145 questions to allow something like that to move forward or  
1146 not.

1147 Mr. {Rush.} Thank you.

1148 Mr. {Whitfield.} Mr. Upton, you are recognized for 5  
1149 minutes.

1150 The {Chairman.} Well, thank you all. And again, I want  
1151 to appreciate the administrator serving on one panel,  
1152 particularly with these votes coming in.

1153 I want to ask a question of each of you, and again this  
1154 goes back to the personal experience of what happened in  
1155 Michigan last year. Sadly, we had a pipeline break, a pretty  
1156 large spill, and one of the issues that came from that was as  
1157 we examined the existing legislation, I want to say that they  
1158 were supposed to report in a timely manner. And there was  
1159 some thought that perhaps the notice should have been given  
1160 quite a bit earlier. And had it been within an hour or so of

1161 when it was first discovered, perhaps--and again there was  
1162 great response by the first responders and they did a  
1163 remarkable job--but had they had a little more time, they  
1164 would have been able to limit the damage and do a much better  
1165 job long-term.

1166         It is my understanding that the Senate legislation does  
1167 not have a specific time frame as to when it has to be  
1168 reported to the national number. From what happened last  
1169 year, our former colleague, Mr. Schauer, who represented that  
1170 district introduced legislation that was 1 hour, I believe,  
1171 from the time that it had to be reported. That is not in the  
1172 Senate bill as I understand it. What are your thoughts as to  
1173 tidying up so that you had to report it nationally within 1  
1174 hour so that they, in fact, could be able to get the first  
1175 responders there on the scene? And maybe we will start with  
1176 the administrator and we will go down the line. And sadly  
1177 that is the first buzzer of votes so I will make this my only  
1178 question so I can let other members speak before 3 o'clock.

1179         Ms. {Quarterman.} Well, I can't speak to the specifics  
1180 of that particular instant, but as to the broader question of  
1181 the timeliness of notification, that is one that is obviously  
1182 of great interest to us. And we have historically required  
1183 companies to respond within an hour or two of notification.  
1184 I believe that is in one of our safety advisories. And we

1185 would be happy to reconsider if that is not long enough or  
1186 too long. We would be happy to talk about that further, but  
1187 certainly we believe that when there is an incident, the  
1188 emergency responders and we need to know as soon as possible.

1189       The {Chairman.} The national office is maintained 24/7,  
1190 right? So if a call comes in at 3:00 in the morning,  
1191 somebody is there to physically answer the phone, is that  
1192 right?

1193       Ms. {Quarterman.} Not officially but in reality, yes,  
1194 that is the case.

1195       The {Chairman.} Mr. Black?

1196       Mr. {Black.} Operators are supposed to notify the  
1197 National Response Center within the timelines the  
1198 administrator said. I understand that in the Marshall,  
1199 Michigan accident, part of the investigation is what the  
1200 company went through to identify that there is a leak. We  
1201 don't have a problem with the existing requirements. We  
1202 would ask for the committee's help with the National Response  
1203 Center.

1204       There are 2 problems with the notification system that  
1205 cause an inherent tendency to just make sure you have got it  
1206 right. One is it is difficult to revise the estimate of a  
1207 release once you make it, and you have to make it right there  
1208 very quickly. So a company wants to make sure they get it

1209 right.

1210           And second, you have got to quantify it very  
1211 specifically. We would like to be able to report a general  
1212 range of a liquid release. And that might remove some of the  
1213 hesitancies. I have not heard that in the Marshall, Michigan  
1214 accident, but if we could work to improve NRC, National  
1215 Response Center, regulations there, I think we would improve  
1216 incident notifications.

1217           Mr. {Weimer.} We think response to the National  
1218 Response Center as fast as possible is good. I don't have a  
1219 time in mind clearly. I think what most companies are doing  
1220 is probably adequate. Another important question is how  
1221 quick either the NRC or the operator themselves contact the  
1222 actual local first responders, because those are the people  
1223 that need to hit the ground.

1224           I think a bigger question that this brings to from the  
1225 Michigan spill was why the leak detection system on that  
1226 pipeline didn't work and it leaked all night long that  
1227 delayed the response to anybody for 10 or 12 hours.

1228           Mr. {Helms.} There is a bit of a difference between  
1229 liquids pipelines and gas pipelines. Our pipes will either  
1230 leak or they will rupture and that can be detected through  
1231 normal monitoring. So there is a little bit difference. I  
1232 would defer to my colleagues and say that as soon as possible

1233 is a pretty good standard. We are judged by that. If we  
1234 have an incident, our regulators come back in and they do  
1235 review our control room procedures to determine whether we  
1236 have been responsive or not. In most cases I think we have  
1237 found to be.

1238 The issue for us, obviously, is having an appropriate  
1239 supervisory control and data acquisition system that  
1240 identifies the place where the incident may happen. And so  
1241 we can notify local first responders as well as our own  
1242 personnel to respond to it. I am very proud that our company  
1243 has put together a fire school in southwestern Pennsylvania,  
1244 and we have been training local firefighters across  
1245 Pennsylvania to be able to respond to such emergencies.

1246 The {Chairman.} I know my time has expired so just go  
1247 yes or no for the last two. One hour, yes or no?

1248 Mr. {Dippo.} No. As distribution operators, I would  
1249 just say that we respond to distribution leaks on a 24/7  
1250 basis, 365 days a year and our concern would be that  
1251 incidents or that they would overwhelm the NRC center in  
1252 terms of with calls that are not true emergencies.

1253 Mr. {Swift.} NRDC agrees with PST that as soon as  
1254 possible.

1255 The {Chairman.} Thank you. Yield back.

1256 Mr. {Whitfield.} Mr. Waxman, you are recognized for 5

1257 minutes.

1258 Mr. {Waxman.} Thank you, Mr. Chairman.

1259 And Ms. Quarterman, we have seen the terrible string of  
1260 pipeline accidents over the past year. Is this just a lot of  
1261 bad luck or is our pipeline safety system under substantial  
1262 stress?

1263 Ms. {Quarterman.} I wish I could say one or the other.  
1264 I mean, I certainly have been greatly concerned by the  
1265 incidents that have occurred. The fact that all 3 of the  
1266 incidents have occurred in every part of the pipeline sector  
1267 distribution transmission and hazardous liquids is of concern  
1268 and the fact that they have all been in high-consequence  
1269 areas is one of great concern to me, which is why we have  
1270 been already undertaking many of the initiatives that are a  
1271 part of this legislative proposal on the Senate side.

1272 Mr. {Waxman.} Let me move through some other questions  
1273 for you.

1274 Ms. {Quarterman.} Sure.

1275 Mr. {Waxman.} Does your Agency have the resources it  
1276 needs to ensure pipeline safety, and if you had additional  
1277 resources would we see fewer explosions and spills?

1278 Ms. {Quarterman.} We have good resources as part of the  
1279 proposal the administration put forward in 2010. We did  
1280 request additional resources and we could certainly use them.

1281           Mr. {Waxman.} I think your Agency is stretched pretty  
1282 thin. I believe you are directly responsible for about  
1283 500,000 miles of pipeline but you have only 136 employees  
1284 responsible for inspection and enforcement. That is over  
1285 3,500 miles of pipeline per inspector.

1286           Mr. Weimer's written testimony identified numerous  
1287 critical areas where PHMSA needs to issue rules or take other  
1288 actions. These activities also require resources. In the  
1289 testimony Mr. Weimer and Mr. Swift both highlighted safety  
1290 concern related to pipelines that transport diluted bitumen.  
1291 Ms. Quarterman, when PHMSA adopted its basic safety  
1292 requirements, such as establishing maximum operating  
1293 pressures or setting integrity management requirements, were  
1294 many U.S. pipelines transporting diluted bitumen and were any  
1295 of your regulations developed with the properties of diluted  
1296 bitumen in mind?

1297           Ms. {Quarterman.} When the Integrity Management program  
1298 requirements were first put in place on the hazardous liquid  
1299 side I think it was 2000 and 2002, there were pipelines in  
1300 existence that transport diluted bitumen. I don't believe  
1301 any study was done at that time of the characteristics of the  
1302 crude.

1303           Mr. {Waxman.} Were your regulations developed with the  
1304 properties of diluted bitumen in mind?

1305 Ms. {Quarterman.} I don't believe it was a part of the  
1306 equation, no.

1307 Mr. {Waxman.} Have you received your regulations to  
1308 assess whether they adequately address any risks specific to  
1309 diluted bitumen?

1310 Ms. {Quarterman.} We have not done so.

1311 Mr. {Waxman.} Okay. I was pleased to hear your  
1312 response to Mr. Rush regarding the requirement in S-275 that  
1313 PHMSA analyze the safety risks of tar sands crudes.

1314 Mr. Swift, why should we be concerned about pipeline  
1315 safety with respect to diluted bitumen from tar sands?

1316 Mr. {Swift.} We have seen many indications that this  
1317 crude is both more damaging to pipeline systems and  
1318 potentially more dangerous in the event of a spill. We have  
1319 done comparisons of the Albertan pipeline system that moves  
1320 more of this stuff in which we found that that system had 16  
1321 times as many incidents of internal corrosion per mile. We  
1322 have seen earlier indications on the U.S. pipeline system  
1323 that has been used early to move this stuff. I mean we have  
1324 only seen it in the last 10 years really explode by volume--

1325 Mr. {Waxman.} It not only is more corrosive; it may be  
1326 moved at higher temperatures and pressures.

1327 Mr. {Swift.} That is right.

1328 Mr. {Waxman.} Okay. Mr. Weimer, do we know whether the

1329 term ``pipeline safety statutes'' are adequate to address the  
1330 issues Mr. Swift identified with pipelines transporting tar  
1331 sands?

1332 Mr. {Weimer.} I don't think we do. As Administrator  
1333 Quarterman has said, they haven't done that study  
1334 specifically yet like the Senate bill asks them to do. And  
1335 there are some questions about the corrosivity and the  
1336 abrasiveness and the pressure and temperature that need to be  
1337 answered.

1338 Mr. {Waxman.} Well, I am concerned that the industry is  
1339 changing but the safety regulations are not keeping up with  
1340 the changes. That could be a recipe for disaster down the  
1341 road.

1342 Mr. Swift, what steps could Congress take to ensure that  
1343 pipelines carrying tar sands are properly regulated?

1344 Mr. {Swift.} I think the first step is we have to  
1345 thoroughly examine the nature and magnitude of the risk. And  
1346 so once we have the science, we can regulate the pipelines  
1347 based on that science. So basically we need a study and then  
1348 we need to get a system in place before we build more  
1349 pipelines to move this.

1350 Mr. {Waxman.} Mr. Weimer, do you agree?

1351 Mr. {Weimer.} Yes.

1352 Mr. {Waxman.} Thank you, Mr. Chairman.

1353 Mr. {Whitfield.} Yes. The gentleman from Texas is  
1354 recognized for 5 minutes.

1355 Mr. {Barton.} And Mr. Chairman, I am not going to use  
1356 all 5 because I know we have a series of votes.

1357 First, I just want to welcome Andy Black to the  
1358 committee. I think most of the senior members remember Andy  
1359 as a committee staffer back when I was chairman. Before  
1360 that, he was also my legislative staff director. So it is  
1361 interesting to see him on the other side of the desk there.

1362 My first question is just a general question. Is there  
1363 anybody here at the table that does not support  
1364 reauthorization of a pipeline safety bill in this Congress?  
1365 So everybody is supportive of that? Is everybody supportive  
1366 of continuing the general policy where we have kind of an  
1367 interactive cooperative working arrangement between the  
1368 regulators and the regulated parties? Is anybody okay with  
1369 that? Okay.

1370 My friend Mr. Waxman just commented on something called  
1371 diluted bitumen. I think that is a fair question. My  
1372 physics and chemistry is pretty limited. My engineering  
1373 degree is about 40 years old now but my recollection is that  
1374 there are 3 kinds of items. You have a gas, a liquid, or a  
1375 solid. Obviously, on pipelines you are not going to be  
1376 transporting too many pure solids, but we do have gas

1377 pipelines and liquid pipelines. Within those general  
1378 categories, different liquids, different gasses obviously  
1379 have different characteristics, temperatures, flammability,  
1380 volatility, viscosity, things like that. But is there any  
1381 reason, Mr. Black, to feel that this diluted bitumen is of a  
1382 special nature that it requires special regulations?

1383         Mr. {Black.} No. It is a heavy crude when it is moved  
1384 through the pipelines. The bitumen is mixed with a  
1385 condensate before it is a pipeline-quality transportation.  
1386 That is like a heavy crude from California, Venezuela, and  
1387 other oil sands. Diluted bitumen has been moved through  
1388 pipelines for many years. There is a FERC tariff about  
1389 elements of sediment and water that TransCanada Keystone XL  
1390 would have to live up to. There are corrosion regulations  
1391 implemented by PHMSA that Keystone XL will have to live up  
1392 to.

1393         While there has not been a formal study by the  
1394 administration, this has been a part of the multi-agency  
1395 review process. There were many special conditions proposed  
1396 for TransCanada by PHMSA. None of these deal with this idea  
1397 that there is some incremental corrosiveness in the product.  
1398 It is a heavy crude.

1399         Mr. {Barton.} Okay. I want the record to show that I  
1400 did not pre-clear that question with Mr. Black, but it sounds

1401 like he knew I was going to ask him the question. That was a  
1402 very thoughtful answer.

1403 Administrator Quarterman, do you generally share the  
1404 view that Mr. Black just proposed to the committee?

1405 Ms. {Quarterman.} Well, I don't believe that I am in a  
1406 position to opine. My engineering degree is not quite as old  
1407 as yours but it sounds like you remember more than I do. I  
1408 would defer to any studies that might be performed by our  
1409 Agency on answering that question.

1410 Mr. {Barton.} I think it is something, Mr. Chairman, we  
1411 need to look into but I don't think it is definitive or  
1412 determinative that that one thing should stop a  
1413 reauthorization bill. With that, I would yield back to the  
1414 chair.

1415 Mr. {Whitfield.} Thank you. We do have 24 votes on the  
1416 House floor, and what we are going to do, we are going to try  
1417 to give everybody here an opportunity to ask questions. So  
1418 Mr. Green, we are going to go to you and then Mr. Olson and  
1419 then Mr. Inslee because I don't want you to hang around for  
1420 2-1/2 hours or so.

1421 Mr. Green, you are recognized.

1422 Mr. {Green.} Thank you, Mr. Chairman. I will be as  
1423 quick as I can.

1424 I have a district in Houston in East Harris County. I

1425 have never not lived on a pipeline. And I have noticed  
1426 during my lifetime how much it is so much better than what we  
1427 are getting. And I have a house now that we, on a regular  
1428 occasion, get contacts from our pipeline safety state  
1429 agencies, obviously the federal agencies. So our  
1430 reauthorizations over my career on this committee have been  
1431 thorough and I hope this would be the same thing.

1432         Let me go quickly, so Ms. Quarterman, I want to applaud  
1433 you and the secretary for addressing the issue of pipeline  
1434 safety head-on. There is a national dialogue on pipeline  
1435 safety because that is probably the most number one issue in  
1436 the district I represent because we live and work there.  
1437 Pipelines are much safer than having them run down the road  
1438 on a tank truck, but we have plenty of tank trucks, too.

1439         What kind of responses have you heard or you see from  
1440 industry and others when you rolled out your call for action?

1441         Ms. {Quarterman.} The responses have been very  
1442 positive. The secretary and I met with the leaders of  
1443 several companies, presidents, and sat down and told them we  
1444 wanted to have a conversation. We wanted to all work  
1445 together, bring all the constituents together and try to  
1446 figure out how we might move forward with our agenda. We  
1447 just had a meeting yesterday out near Dulles. We are in the  
1448 midst working with our technical advisory committees of

1449 putting together a report to America about the current status  
1450 of pipeline safety in this country and how we might move that  
1451 ball forward. So everything has been positive so far.

1452 Mr. {Green.} Can you explain when NEPA was triggered--I  
1453 know that was a concern from Ranking Member Waxman--and when  
1454 NEPA is triggered from your office?

1455 Ms. {Quarterman.} We are not involved with the Keystone  
1456 XL project or the NEPA analysis. We are not performing the  
1457 NEPA analysis. It is being led by the Department of State.  
1458 I don't know if that is where you are going to.

1459 Mr. {Green.} Okay. And I understand that if you have  
1460 more corrosive going through a pipeline and some of the  
1461 substance, you just have to make sure you inspect it a lot  
1462 more and, you know, and you check it because metrology is  
1463 something that has been done for decades.

1464 Mr. Black, if Congress decides to expand the PHMSA's  
1465 reach on the offshore gathering pipelines, what are your  
1466 concerns? And my understanding is that these gathering lines  
1467 may not be large enough to use smart pigs.

1468 Mr. {Black.} Right, gatherings generally intrastate can  
1469 be regulated by the States. If it is on the OCS it can be  
1470 regulated by interior. Like you said, Congressman, these are  
1471 small lines, maybe 2 inches to 8 inches in diameter operating  
1472 at low stress. Some of these things are marginally economic

1473 or serving marginally economic wells. Depending on what  
1474 PHMSA would do with regulations, it could result in some  
1475 shut-in supply.

1476 Mr. {Green.} Well, and I know because shallow-well  
1477 drilling you do have marginal wells, ones that may not be  
1478 big, although our committee was actually on a rig in  
1479 deepwater and those pipelines--from that deepwater is a  
1480 Chevron rig off Louisiana--actually were big enough because  
1481 they had enough production, you know, 110,000 barrels a day  
1482 you could have that.

1483 Mr. Chairman, I appreciate it and I would like to yield  
1484 what I have left to my colleague from Washington.

1485 Mr. {Inslee.} Thank you, Mr. Green. First, I want to  
1486 thank Mr. Weimer for your leadership. I think of Liam Wood  
1487 and Wade King and Stephen Tsiorvas. We appreciate your  
1488 leadership.

1489 Quick question for Ms. Quarterman. The information we  
1490 have today and others have suggested that there is some  
1491 viable concern about this relatively new product from the tar  
1492 sands and what risks it may or may not present. Doesn't it  
1493 make sense from a first-do-no-harm sense for us to have a  
1494 sophisticated analytical objective analysis of this  
1495 particular product before we decide what the appropriate  
1496 maintenance systems and inspections systems are?

1497 Ms. {Quarterman.} I would have to leave that up to  
1498 Congress in terms of whether or not you would like to  
1499 legislate such a requirement. I don't want to get into the  
1500 Department of State's jurisdiction in terms of whether or not  
1501 to approve this project or not. I am going to leave it with  
1502 them to give an opinion about--

1503 Mr. {Inslee.} Well, I am not thinking of just whether  
1504 or not to approve this particular project. The issue is  
1505 shouldn't we have an objective assessment of the corrosive  
1506 properties and perhaps new maintenance requirements for this  
1507 or any other line just as a matter of national policy? Don't  
1508 we really need that from your Agency?

1509 Ms. {Quarterman.} Well, our Agency is not really  
1510 involved until a pipeline has been permitted. The secretary  
1511 has gone around and said quite a bit about the fact that we  
1512 have a bit of a patchwork here in that the FERC, for example,  
1513 is responsible for deciding on whether or not a gas pipeline  
1514 will be approved and we only come in after the fact. On the  
1515 oil side, the only time there is any oversight on whether a  
1516 pipeline will be put in the ground is if it crosses  
1517 international boundaries, and that is the case with respect  
1518 to Keystone XL. Otherwise, there is no federal regulatory  
1519 review or approval of putting a pipeline in the ground. That  
1520 is a broader question, I think, for the committee about how

1521 that works and whether it makes sense.

1522 Mr. {Inslee.} We have some work to do. Thank you.

1523 Mr. {Whitfield.} Mr. Olson?

1524 Mr. {Olson.} I thank the chair for his exceptional  
1525 courtesy and want to welcome the witnesses and thank you for  
1526 coming and giving us your time and your expertise.

1527 First of all, I just want to start by giving some of my  
1528 perspectives as a representative of Texas 22. No one here in  
1529 Congress cares more about pipeline safety than Congressman  
1530 Pete Olson does. I represent Texas 22, which is part of the  
1531 energy capital of the United States. And we are Texans.  
1532 Texas is the energy capital of the world, and we have these  
1533 tremendous petrochemical facilities along the Port of  
1534 Houston, which is the largest--the tonnage and gross  
1535 international tonnage in America. And the pipeline  
1536 infrastructure that supports the port and the petrochemical  
1537 industry is critical to our economy not only in Southeast  
1538 Texas but the entire country.

1539 But not only are the pipelines part of our economy, they  
1540 are a part of our quality of life. And just an example that  
1541 is about a mile from my house in Sugarland, Texas is  
1542 Sugarland Memorial Park, and right next to that is the  
1543 University of Houston, Sugarland. These are fairly new  
1544 facilities built the last 10 years. I take my dog Riley

1545 walking through the park every day I am home. And they are  
1546 built right on a natural gas pipeline, which runs right  
1547 through the middle of them. Again, very, very safe.

1548         And since I have joined Energy and Commerce, I have  
1549 spent a lot of my time when I am back home talking to some of  
1550 the pipeline operators just to get up to speed on what they  
1551 are doing and what their safety is like. And one great  
1552 privilege I have representing this district is I also  
1553 represent the Johnson Space Center, you know, home of NASA,  
1554 Mission Control. And I can tell you, I can assure you that  
1555 having seen Mission Control on the inside and having seen the  
1556 control room for these pipeline operations, it is very hard  
1557 to tell which one is which. I mean the technology is  
1558 amazing.

1559         I mean one pipeline--one company I toured had pipelines  
1560 all across the northeastern part of the United States with  
1561 the control room right there in Houston, Texas. They had an  
1562 automatic system. If there is a drop in pressure somewhere  
1563 between all the little terminals they have, automatically  
1564 downstream it would be shut off. They had a man just in case  
1565 the system didn't work. A man was there, a human being,  
1566 watching, monitoring the system who could hit a button and  
1567 shut it off from Houston, Texas. It is just an amazing,  
1568 amazing amount of safety that these pipeline companies have.

1569 And I think the American people deserve to know that.

1570 I know we all agree that there should be zero pipeline  
1571 incidents. That should be our goal. But again, I am  
1572 concerned about some of the things we are talking about doing  
1573 here from a regulatory perspective. And my first question is  
1574 going to be for Mr. Black and Mr. Dipppo. And I would like  
1575 these comments from you, Administrator Quarterman.

1576 But as I understand right now, the determination of what  
1577 is considered a high-consequence area is risk-based, makes  
1578 sense. If our pipeline miles, all of them are concerned  
1579 under HCA standards, wouldn't that diminish the focus of  
1580 where we should be focusing? I mean where it truly has a  
1581 greater consequence, population centers, unusually sensitive  
1582 areas, environmental areas, drinking water intakes, wildlife  
1583 refuges, my home in Sugarland, a mile and a half of pipeline?  
1584 I mean shouldn't that pervade as opposed to making it  
1585 standard all across the country? And again, Mr. Black, would  
1586 you like to take a shot at that?

1587 Mr. {Black.} Well, we think it is right to have high-  
1588 consequence areas. And Congress and PHMSA are right to  
1589 implement them that way. It would divert the focus on those  
1590 areas of highest consequence if the integrity management  
1591 areas were going to be expanded. Operators do a lot on the  
1592 areas of a pipeline beyond high-consequence areas, and there

1593 are a lot of federal regulations that require that. There  
1594 are voluntary assessments of those areas outside of a high-  
1595 consequence area. But you don't follow the same rigid repair  
1596 criteria that you do inside. So we think it is right to keep  
1597 the focus on a high-consequence area, yes, sir.

1598 Mr. {Olson.} Mr. Dipppo, do you care to comment, sir?

1599 Mr. {Dipppo.} Yes, I would agree with everything Mr.  
1600 Black said, and in addition I would just like to indicate  
1601 that, you know, as an operator in New Jersey being the most  
1602 densely populated State, our State Regulatory Commission has  
1603 looked at it from that perspective and has regulated and  
1604 asked us to look at more than just high-consequence areas.  
1605 But that is specific to our State and our operations in New  
1606 Jersey. So I don't believe and I don't think that it should  
1607 be applied across the board. Certain areas, yes, but other  
1608 than that, no.

1609 Mr. {Olson.} Yes, sir. I have 26 seconds.

1610 Administrator Quarterman, would you like to make a comment,  
1611 ma'am?

1612 Ms. {Quarterman.} Yes. We have a pending rulemaking  
1613 asking a question regarding this and there are two ways to  
1614 think of this. One is whether or not the definition of a  
1615 high-consequence area is adequate as it stands. There have  
1616 been some incidents that occurred recently where it was

1617 obvious to me it was a high-consequence area because there  
1618 were spills in a large body of water except it wasn't clear  
1619 when we were trying to figure out was this in fact a high-  
1620 consequence area. So I think we have to make sure that the  
1621 definition is adequate.

1622         The second is that in terms of dealing with high-risk  
1623 areas first, I think that is absolutely appropriate.  
1624 However, that doesn't mean that the remaining areas could not  
1625 also be assessed perhaps on a longer time period, something  
1626 like that I think those are things that we are considering  
1627 and want to discuss further.

1628         Mr. {Olson.} Yes, ma'am. If I could just sum up, the  
1629 people in my district want a high-consequence area to be a  
1630 high-consequence area. I appreciate my time and yield back  
1631 the 43 seconds that I am over.

1632         Mr. {Whitfield.} That concludes today's hearing. We  
1633 actually had other questions we wanted to ask but, as I said,  
1634 we have got these 20-some votes on the Floor and a Motion to  
1635 Recommit. So we look forward to working with all of you as  
1636 we move forward with reauthorization legislation. Thank you  
1637 for your time and your input. And this hearing is concluded.

1638         [Whereupon, at 12:00 p.m., the subcommittee was  
1639 adjourned.]