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THE AMERICAN ENERGY INITIATIVE

FRIDAY, JULY 15, 2011

House of Representatives,
Subcommittee on Energy and Power,
Committee on Energy and Commerce,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:37 a.m., in Room 2322, Rayburn House Office Building, Hon. John Sullivan [vice chairman of the subcommittee] presiding.

Present: Representatives Whitfield, Sullivan, Shimkus, Terry, Burgess, Bilbray, Olson, McKinley, Gardiner, Griffith, Upton (ex officio), Rush, Inslee, Castor, Green, Gonzalez, and Waxman (ex officio).

Staff Present: Gary Andres, Staff Director; Charlotte Baker, Press Secretary; Michael Beckerman, Deputy Staff Director; Maryam Brown, Chief Counsel, Energy and Power; Andy Duberstein, Special

Assistant to Chairman Upton; Garrett Golding, Legislative Analyst, Energy; Cory Hicks, Policy Coordinator, Energy and Power; Katie Novaria, Legislative Clerk; Jeff Baran, Minority Senior Counsel; and Caitlin Haberman, Minority Policy Analyst.

Mr. Sullivan. I want to thank everyone for being here.

Today marks the 11th day in our American Energy Initiative hearing. While these hearings have allowed us to examine a multitude of issues regarding energy production, regulation, and consumption, today we will focus on what can be done to improve the safety and secure delivery of oil and natural gas via pipeline.

Several tragic pipeline accidents have occurred over the past year, which demonstrates the need to reauthorize and enhance current safety laws. Despite this committee room frequently being the site of many tense debates and discussions, pipeline safety is an issue I hope we can all work together on to produce meaningful and effective legislation to ensure the safety of our oil and gas pipeline infrastructure for the future while protecting the American people and our environment.

Over the past several years, we have been able to pass bipartisan bills on pipeline safety, sometimes under suspension on the floor. This is because our pipeline infrastructure touches every congressional district, and accidents can happen anywhere, anytime.

Before us at the witness table, we have a Democrat from California and a Republican from Montana. Both have dealt with major accidents recently, and both understand Congress must act to strengthen current pipeline laws.

It is critically important that our pipeline infrastructure is both reliable and durable. And to this end, the discussion draft under examination today makes many important modifications to existing law

that will promote greater pipeline safety standards.

[The discussion draft follows:]

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Mr. Sullivan. We are glad to have an opportunity today to hear from the experts how this discussion draft might be improved or otherwise modified to ensure pipelines remain a safe and economical means of transporting energy supplies and help power our economy and create jobs.

With that, I yield the balance of my time to Ranking Member Rush.

[The prepared statement of Mr. Sullivan follows:]

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Mr. Rush. I want to thank you, Mr. Chairman.

And I want to thank all of you who are panelists who are gathered here today with us.

In the past, the issue of pipeline safety has been one that we have worked on in a bipartisan manner. And it is my sincere hope and expectation that we will continue on in that tradition as we tackle reauthorization of this bill, as well.

I look forward to today's hearing with such a stellar lineup of expert witnesses. And I commend you, Mr. Chairman, for holding this hearing today with such distinguished panelists.

I would be remiss if I did not acknowledge Representative Speier and Representative Rehberg, both of whom I know have a personal interest on the subject of pipeline safety. Representative Rehberg represents Montana, where they are dealing with the aftermath of the Silvertip pipeline spill in the Yellowstone River. And Representative Speier represents the district of San Bruno, where last summer's pipeline explosion claimed the lives of eight people.

So, while we so far have been fortunate to avoid loss of life in my own home State of Illinois, we have recently been experiencing pipeline leaks due to old and decrepit lines. Just yesterday, I had a conversation with the State's attorney of Will County, Illinois, where he informed me that recently there were three separate pipeline spills: two oil leaks and one butane leak. And he warned that future leaks are a real possibility due to the aging infrastructure.

Will County State's attorney's letter for the record, Mr.

Chairman, on this condition of aging pipelines -- I would like to introduce into the record these letters from the Will County State's attorney, dated July 14th, and signed by State's Attorney Jim Glasgow. I request unanimous consent that this letter be entered into the record.

Mr. Sullivan. No objection.

[The letter follows:]

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Mr. Rush. And so I look forward to hearing from all of our witnesses today, including our House colleagues, to gauge their thoughts on the draft bill we are discussing here.

Additionally, I am interested to hear Representative Speier's ideas on what elements of her own bill, H.R. 22, the Pipeline Safety and Community Empowerment Act of 2011, that we may be able to incorporate to strengthen the legislation that we are considering in this subcommittee.

As far as the discussion draft, Mr. Chairman, I am committed to working with you in good faith to improve and strengthen this legislation where necessary in order to ensure that we have the strongest bipartisan bill possible moving forward. As I understand it, many elements of this discussion draft mirror provisions in the Senate bill, but there are some outstanding areas where I think we could make some vital improvements so that we have a stronger bill that can gain bipartisan support on the subcommittee, the full committee, as well as when this bill reaches the floor.

Some areas where I believe this bill can be strengthened include ensuring that there is regulation for gathering lines when appropriate, tightening up the integrity of management system requirements, and ensuring that information regarding emergency response plans and industry-developed safety standards are indeed available to the public at large.

Mr. Chairman, if we are able to do this work on this bill together and include input from both the majority and the minority sides, then

I am confident that we can move forward with this legislation from this subcommittee to a point where it can actually pass the Senate and also maybe the President will sign it in to law.

The issue of pipeline safety, in the face of everything that currently takes place, from various spills and explosions to the debates over fast-tracking various pipeline proposals, is one that we must act on because this Nation needs updated and comprehensive pipeline safety.

So, once again, Mr. Chairman, I applaud you and I applaud Chairman Whitfield in his absence for holding this timely hearing today. And I look forward to hearing from all of our witnesses.

Thank you, and I yield back the 32 seconds.

[The prepared statement of Mr. Rush follows:]

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Mr. Sullivan. Thank you, Ranking Member Rush.

And next I would like to recognize the chairman of the full Energy and Commerce Committee, Congressman Upton, for 5 minutes.

The Chairman. Well, thank you very much.

Today, this subcommittee will examine a discussion draft of the Pipeline Infrastructure and Community Protection Act of 2011.

Pipeline safety is an issue that crosses regions, politics, and parties -- yes, it does -- and it affects all of us and our constituents in the same manner. Though pipelines remain the safest means to transport oil and natural gas, over the past year we have witnessed a number of accidents that have destroyed property, ecosystems, and, most importantly, lives of innocent people.

Last summer, an old pipeline ruptured and spilled into a stream and river which flows through my district. The spill sent over 20,000 barrels of oil into Talmadge Creek and Kalamazoo River. Different alarms sounded in the operator's control room for nearly 18 hours before the leak was confirmed. And, after that, it took an hour and 20 minutes for the initial call to the National Response Center to be placed.

In September of last year, a gas pipeline in San Bruno, California, exploded, killed 8 people in addition to destroying 37 homes. It took over an hour for technicians to manually shut off the flow of gas, which continued to feed the fireball.

And, of course, last month, a pipeline buried beneath the riverbed of the Yellowstone River near Laurel, Montana, ruptured and spilled

up to a thousand barrels of oil into the Nation's largest undammed river.

I look very much forward to testimony from ExxonMobil and Congressman Rehberg, as well as their answers to our many questions concerning the recent spill in Montana. Though the discussion draft does not specifically address some of the preliminary issues raised by the incident, I hope that what we learn today can provide better understanding on the adequacy, or lack thereof, regarding current pipeline safety standards related to water crossings.

What all of these incidents tell us is that pipeline safety laws must be enhanced to prevent tragedies like these in the future and better prepare us for response and containment once they occur.

The Pipeline Infrastructure and Community Protection Act is the Energy and Commerce Committee's initial offering into this year's drive to reauthorize pipeline safety laws. We are fully committed to working in a bipartisan, bicommitee, and bicameral fashion to get a pipeline safety bill signed this year in to law. The public demands it, and so does our responsibility as their elected leaders.

Among its many provisions, the discussion draft under examination today seeks to: one, set a 1-hour time limit for operators to report incidents to the National Response Center, similar to legislation in the last Congress that was passed on the House floor; two, require the use of automatic or remote-controlled shutoff valves that can stop leaks and spills in a fraction of the time needed for manual valves; three, require better leak-detection technologies for the monitoring

and assessment of leaks; four, substantially increase civil penalties on pipeline operators who have major accidents; five, require highly enhanced inspection techniques and technologies which cover more pipeline mileage than before; and, six, increase the number of pipeline inspectors at the Department of Transportation. Perhaps also, the idea that we will require pipelines to be buried further underneath waterways, as probably was the cause in Montana.

This discussion draft is an important first step in getting a companion House bill out of the starting blocks and on a trajectory to merge with existing Senate legislation. It is my intent to move a bill through this subcommittee over the next couple of weeks and have full committee action upon our return from the August recess.

I look forward to the conversation today and yield the balance of my time to the gentleman from Nebraska, Mr. Terry.

[The prepared statement of the chairman follows:]

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Mr. Terry. Thank you, Mr. Chairman.

It is my hope that both this committee and T&I will move to report a very strong piece of legislation by the end of this year.

When we hear of tragedies involving pipelines in San Bruno or in Montana, our hearts go out to those affected. But, as legislators, it is necessary and important that we quickly learn from these accidents and move to write laws that protect human health and the environment -- bearing in mind that pipelines remain the safest and most efficient means of carrying vital energy across great distances.

Pipelines are such an important part of our commerce, and all involved must have the confidence that the system works well. I appreciate the outline that our chairman made of improvements that could be made to pipeline safety.

And I yield back.

[The prepared statement of Mr. Terry follows:]

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Mr. Sullivan. Thank you, Mr. Terry.

Next, I would like to recognize Mr. Waxman.

Mr. Waxman. Thank you very much, Mr. Chairman.

Today, we will examine the safety of the Nation's oil and natural gas pipelines and begin to consider legislation to update and strengthen our pipeline safety laws.

During the last 12 months, a litany of tragic failures has reinforced the need for stronger pipeline safety laws.

Since last month's hearing on this topic, ExxonMobil's Silvertip pipeline ruptured in Montana, spilling an estimated 31,500 to 42,000 gallons of crude oil into the Yellowstone River. It appears that the oil may have been carried as far as 240 miles downstream. Pockets of oil have been confirmed at least 90 miles down the river. Ranchers are struggling to prevent the contamination from destroying their livelihoods. We don't yet know the cause of this spill, though much of the focus is on whether the pipeline buried beneath the river was uncovered by erosion from flooding and became vulnerable to an occlusion from debris.

During May of this year, two serious spills occurred on the first Keystone pipeline, which brings Canadian tar sands oil to refineries in Illinois and Oklahoma. This is a brand-new pipeline. It was predicted to spill no more than once every 7 years, but in just 1 year of operation, it has reported 12 separate oil spills.

In February, a natural gas pipeline in Allentown, Pennsylvania, exploded, killing 5 people and damaging more than 50 homes and

businesses. This was an old cast-iron pipeline.

Last September, a natural gas pipeline on the other side of the country ruptured and exploded in San Bruno, California. Eight people died; many more were injured. The gas-fed inferno spread from house to house, driven by the wind. Thirty-eight homes were destroyed, and 70 more were damaged. The explosion left behind a suburban street with a massive crater and burned-out vehicles. The vice chairman of the National Transportation Safety Board described it as, quote, "an amazing scene of destruction."

Two months before the San Bruno explosion, a crude oil pipeline ruptured near Marshall, Michigan. Over 800,000 gallons of oil spilled into the Talmadge Creek and then flowed into the Kalamazoo River. The cleanup is ongoing a year later and is expected to cost \$550 million.

These are just some of the catastrophic pipeline failures our country has experienced during the past 12 months. These failures have occurred all around the country. From California and Montana to Michigan and Pennsylvania, natural gas pipelines have exploded; oil pipelines have ruptured. Some failures involved old, outdated pipelines. Others involved brand-new, supposedly state-of-the-art pipelines. When we step back and look at the last 12 months, I think it is impossible to conclude that our pipeline safety laws are working as intended.

We need to seize this opportunity to reauthorize and update the pipeline safety statute. The Senate Commerce Committee has produced a moderate, bipartisan bill. I think the Senate bill is a good place

to start, and I hope that we can work together to strengthen and improve that bill.

The discussion draft we will be examining today contains several of the same provisions but also weakens some other provisions. With the benefit of the testimony we will hear today, let us use this discussion draft as a foundation to craft a strong bill together. I don't think there is any reason for this to be partisan issue. We want to work in a cooperative fashion to produce a good bill that will meaningfully enhance pipeline safety.

Mr. Chairman, I want to now yield the remainder of my time to Mr. Green from Texas.

[The prepared statement of Mr. Waxman follows:]

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Mr. Green. Mr. Chairman, thank you.

I thank both the ranking member of the full committee and the subcommittee for giving me time to speak.

I am pleased we are having this hearing today. Pipeline safety is probably an utmost important issue of my constituents, because many are employed in the oil and gas industry and thousands live in communities near pipelines in my Houston-area district.

As this process moves forward, I look forward to working with my colleagues on both sides of the aisle to build consensus and move a bill that will update the regulations in a way that makes sense. So far, I am pleased with the Senate bill, which is moving quickly over there, has garnered bipartisan support, and hope that we can have the same success here.

This hearing is a valuable step to analyze the strengths of both bills and examine areas that need improvement. And I appreciate our witnesses being here, particularly our colleagues.

And, Mr. Chairman, we have to get this right with pipeline safety simply because the alternative is putting more trucks on the road carrying those same chemicals, or those same products, and that is why this is so important.

I yield back my time.

[The prepared statement of Mr. Green follows:]

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Mr. Sullivan. Thank you, Mr. Green.

At this time, we will hear testimony from our first panel of witnesses.

I would first like to recognize Congressman Denny Rehberg from Montana.

STATEMENTS OF THE HON. DENNIS REHBERG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA; THE HON. JACKIE SPEIER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

STATEMENT OF THE HON. DENNIS REHBERG

Mr. Rehberg. Thank you for recognizing me.

And I want to offer my sincere appreciation to you, Chairman Sullivan, for chairing this meeting today; Mr. Upton, for calling the meeting; Ranking Member Rush, for your kind assistance today and your recognition of the panel that follows the two of us, because the staff really put a lot of work in to it. And I think you are going to hear a lot about the necessity and the opportunities in pipeline safety.

Your committee must accomplish two critical things today. First, we need to share our knowledge in regards to the ExxonMobil spill so that we can determine what can be done to prevent it from happening again. Second, if Congress moves forward with authorization of the Pipeline Infrastructure and Community Protection Act of 2011, I want to be absolutely certain that we are doing everything that we can to

prevent future environmental, health, economic impact from pipeline failures.

For many, the Silvertip pipeline breaking was just another news story about an oil spill, but for Montanans, this is our home. Water and rivers play a big role in the lives of many Montanans. For the Maclean family in the famous movie, "A River Runs Through It," it was the Big Blackfoot River. For me and my family, it is the Yellowstone River. I grew up in Billings, just a few miles from the riverbanks of the Yellowstone. As a boy, I swam and fished that river. I spent time with my family and friends floating down it in inner tubes and barbecuing on its banks. In fact, I have lost a couple of high school friends in separate drowning accidents in that river. You could say that, like thousands of other Montana families, the Yellowstone is our family river. So this oil spill is a pretty big deal for us. We have questions, and we deserve answers.

As Montana's Congressman, I fly into Billings just about every week. I fly over the Yellowstone River, but I also fly over the oil refinery that provides so many good jobs to our community. Just like the river is a part of Montana's culture, so is the energy industry.

Montana is a warehouse of energy options. We have it all: wind, solar, geothermal, biomass, oil, gas, coal, biofuels. These energy options help us provide the energy this country needs to end our addiction to foreign oil and creates good-paying jobs.

The reason I point this out is simple: While there might be some people out there who think that we should develop our resources without

any regard for the environment, that is not me. And there are others who think we should stop all human impact on the environment whatsoever. That is not me either. Neither of these options work for Montana or America.

I am fifth-generation Montanan. I hope to pass it on to the sixth generation. I was a rancher before I came to Congress, and I will be a rancher after I leave Congress. And, ironically, I have a petroleum pipeline that crisscrosses my ranch. It is a Conoco pipeline. And I can't begin to tell you what good neighbors they have been. They flag it, they monitor it, they work it. I receive no financial benefit. My great-grandfather actually granted the easement for this pipeline.

So these kind of pipeline legislations matter a lot to me. I want to know that private-property rights are respected, I want to know that people are respected, but that the environment is respected as well. Because, while I receive no financial benefit from a pipeline that crisscrosses my ranch, I would have the benefit -- or, the failure or any of the problems as a sidenote of the failures of a pipeline that exists and occurs. So this kind of legislation is important to those of us who work the land.

We must demand a third option, a way to utilize our natural resources while doing everything we can to protect the environment. It is a reasonable and responsible expectation. The United States is leading the way in providing clean, effective energy. We are not perfect, but when there is a spill or a mistake, you won't find a more scrutinized response anywhere in the world.

This is one of the reasons domestic energy production is such a good idea. Our standards and expectations are so much higher than the countries we import oil from. A kilowatt hour of energy produced in the United States is, on balance, going to be cleaner and safer than a kilowatt hour of energy we import.

In Montana, one of our most valuable resources is nature itself. Montanans get it. We hunt, we hike. We don't just visit the outdoors; we live there. That is why I have always said Montanans are excellent stewards of the land and that we don't need Federal bureaucrats telling us how to manage our land and wildlife.

This spill was a failure that did not live up to that standard, and we want to know why, we want to know what is being done, and we want to know how to prevent it in the future. And that is what this hearing is about.

In the meantime, Montanans of all backgrounds have already come together in the Yellowstone Valley to clean up this mess. ExxonMobil has hundreds of people on the ground working closely with local, State, and Federal officials. And they are joined by scores of regular Montanans who are volunteering their personal time to help clean up the spill.

Maybe more than any testimony here, I think that speaks volumes about the urgency of this response. In Montana, when the chips are down, you don't wait for outside help. You roll up your sleeves, you join your neighbor on the front line.

Again, Mr. Chairman, thank you for the hearing today. I stand

ready to answer any questions from my unique perspective of being on the ground from day one of July 1, working with Exxon, EPA, and anybody else that will work with us to see that, one, we find out what happened; two, we fix the problems; and, three, it never happens again.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Rehberg follows:]

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Mr. Sullivan. Thank you, Congressman Rehberg.

I would just like to make an announcement. I would like to announce that the third panel will be testifying next Thursday, as we expect a lot of votes on the floor here very soon in the next hour. So I apologize for that. But it seems to be able to work better if we do that, and I apologize if it inconveniences anyone. I know it probably does. Thank you.

Next, I am pleased to welcome Congresswoman Jackie Speier to deliver her testimony.

STATEMENT OF THE HON. JACKIE SPEIER

Ms. Speier. Thank you, Mr. Chairman, thank you, Ranking Member Rush and colleagues, for the opportunity to speak to you.

Let me say at the outset that I am thrilled that this committee is going to move swiftly to address this issue. I have a couple of concerns that I will address this morning, but at the outset let me say that, you know, before September 9th, I knew very little about this issue. I now feel like I have a Ph.D. in it. I hardly knew about the National Transportation Safety Board. I knew nothing about PHMSA. I didn't know what a maximum operating pressure was. I didn't know what a psi was. But I know all about all of those things today.

I also know that I went to the funerals of eight people in my district. I visited the burn center in San Francisco where seven victims slept, hung to life for 4, 5, 6 months. This is a tragedy not

just for the San Francisco Bay area. This was a national story; it was an international story.

And for as much as we are talking about today, there are a couple of things that are not in this bill that need to be addressed.

One is, if you look at pipeline safety historically and the laws that we have put on the books, we grandfathered in all of the pipes that were pre-1970. So all of the older pipes are not subject to the kind of scrutiny that newer pipes are.

This was a pipe that was actually placed in service in 1956. It has lots of problems. The National Transportation Safety Board will come out with its report at the end of August. The wells appear to be flawed. The operator didn't know what was under the ground, thought it was a seamless pipe when, in fact, it was a seamed pipe; didn't have the instrumentality to determine that the wells were poor; had maximum allowable operating pressures that exceeded what probably should have been used. But, having said all of that, they followed the law. They followed the law because they were grandfathered in.

Now, I have introduced legislation that addresses a number of these elements. The local operator in my community, Pacific Gas and Electric, has implemented every single measure that is in my bill. Now, they have done it for a lot of reasons, but they are looking at over a billion dollars in liability right now. And for all the operators across the country, the kinds of steps that we are recommending, I think, are very important.

One of the things that is not addressed in either bill is notice

to the residents. PG&E has noticed everyone in their region if they are 2,000 feet from a transmission line. Now, that is important and good not just for the resident but for the operator. If the homeowner doesn't know that they have a transmission line in their backyard or front yard and they are putting up an in-law unit, they are not going to take the kinds of precautions necessary. And, as we know in pipeline safety, most ruptures occur from third-party impact.

So that is a very important feature. PG&E did it. They did it swiftly. It was not, I think, an extraordinary cost to them. It is notice to not only the residents, but it is also notice to the local first responders. The fire chief in San Bruno didn't even know there was a transmission line running through the middle of the street.

Now, it took an hour and 30 minutes or more for PG&E to turn off the gas. Now, I am passing out to you photographs. This photograph shows you the kind of fireball, 30 feet in the air or higher. They thought it was a plane that had crashed at first.

But it took an hour and 30 minutes for them to turn off the gas because they had to go all the way to another community to get the keys to open the gate to get to the valve. If there are automatic and remote shutoff valves required in high-consequence areas -- these are areas where you have high population and/or seismic risk -- that could have been turned off within 20 minutes at the very most.

So the fire raged for an hour and a half, taking lives and extensive property. Over 37 homes were demolished. And if you look at this, it looks like a war zone in many of these pictures. And this

community is still trying to recover today.

So I think it is very important for us to look at putting automatic and remote shutoff valves not just on new construction; it is the most vulnerable construction that is pre-1970 that we should be concerned about. And we should be concerned about it in high-consequence areas, where there is high population, where population has grown up around transmission lines that were put in place many decades ago. It is no one's fault at this point. It is just that we have to make it safe for the consumers, for the ratepayers.

And I think as we look at what the costs are associated with it, I can tell you as one person who has witnessed this firsthand, if it means slightly more on my PG&E bill to make sure that there is going to be safety first, then I am willing to pay that price to make sure that lives aren't lost.

Now, I have a written statement that I am not going to spend much time on because I think that it kind of speaks for itself. But I do want you to appreciate that there has to be disclosure of the location of these pipelines to the first responders. If they don't know where they are located, if they are not trained, then they are sitting ducks when an explosion occurs. There has to be notice to the consumer; that automatic and remote shutoff valves need to be put in place in high-consequence areas.

The language in both bills is really pretty squishy. It is basically, you know, they need to use the best technology moving forward. Well, I am much more concerned about the older pipelines than

I am the newer pipelines.

And for all those operators that have pipelines that they do not have paperwork for -- and in 30 percent of PG&E's system, they do not have paperwork, they do not know what is under the ground -- in those situations, that pipeline needs to be hydro-tested, because there is no way of knowing whether or not it is safe. There is a whole new technology around what is called "smart pigging," but if you have pipe diameter that ranges from 30 to 24 to 40, you are not going to be able to use smart pigging. So the only way to make sure that that is safe is to do the hydrostatic testing.

None of that, frankly, is in the legislation today.

So I urge my colleagues to recognize -- if these pictures don't speak a thousand words, I don't know what does. This is not anything you want to have happen in your district. And when it does, it consumes you for years. And it has been a huge toll in my region and something that really needs to be addressed on a Federal level.

I yield back.

[The prepared statement of Ms. Speier follows:]

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Mr. Sullivan. Thank you, Congresswoman Speier.

I would like to recognize myself for a question to Congressman Rehberg.

Could you briefly tell us about how the Unified Command is working in Montana?

Mr. Rehberg. Yes. You may have seen some press where the Governor pulled out of the Unified Command, but for the most part, they have worked extremely well together. And so, you know, there is probably some politics over policy involved in the situation, but we are really pleased.

The EPA has done a great job. We have the Coast Guard involved, the U.S. Fish and Wildlife Service, the State Department of Fish and Wildlife and Parks, the DEQ in the State of Montana. And, really, they have worked well together. And that doesn't always happen.

And one of the reasons, I think, is because Exxon stepped forward and said, "We are responsible." As you know with the gulf situation, you get a lot of finger-pointing. Everybody is saying, "Not me, not me, not me." Well, in this particular case, Exxon stepped forward and said, "We are going to make you whole. We are going to stay until the job is done. We are going to clean up the environment. We are going to pay those that have a loss of use on their properties." And so, you know -- to allay some of the fears of the economics. There are people that can't graze their pastures because of the oil residue. Exxon has got people in there and working to figure out a fair settlement so that they can get in and fix it.

So, for the most part, the coverage has been good, the comments have been as good as possible in a very emotional situation. But we just appreciate the Federal effort, the State effort, the local effort, and the company effort to do the best they can.

Nobody wanted this to happen. Most of all, the company did not. But we think the Unified Command has worked very well. It has been a good process. And thank you for the question.

Mr. Sullivan. Thank you, sir. That sounds good.

And I would like to recognize Ranking Member Rush.

Would you like to ask a question?

Mr. Rush. To Congressman Rehberg, as the Representative who represents an area where Exelon is based, I am glad to hear good comments about the company -- oh, Exxon.

Oh, okay. Well, I represent Exxon. I thought he said Exelon. Okay.

All right. Well --

Mr. Rehberg. Yes, sir, we actually have three refineries in the area, so it is a major part of our economy.

Mr. Rush. Oh, okay. So it is Exxon, okay.

Mr. Rehberg. It is Exxon, Conoco, and then there is a co-op.

Mr. Rush. Okay. I am sorry, I misunderstood.

I just want to -- Congresswoman Speier, I want to just identify with your comments. I was just talking with a man, the State's attorney in my own district, in the Will County area. And he is afraid that, whereas we have not had this kind of spill or any kind of explosion

that you have experienced, we are afraid that that is going to happen because of -- you know, and we have seen those start off, they start off small, and then they kind of build until you have a giant explosion.

And I certainly concur with your attitude about how we can strengthen this bill. And I want to just thank you for the timeliness of your comments and insightfulness of your comments. I think you have helped us to -- with your attention, your advice, and your consideration, you have certainly helped us to strengthen this bill in a lot of ways. And I really appreciate it and appreciate the fact that you are doing something to help us out.

But I was curious, in reading this comment on the notification to your citizens, you seem to be disappointed, very disappointed. How can we really assure that those who live in the communities, that they have proper response, proper alerts, and that they really need and have some prior knowledge. I think if they knew or know beforehand that they have pipelines running close to their properties, then they would be more mindful of some of the things that may give us some forewarnings.

So can you address the issue of prior notification or notification of your constituents?

Ms. Speier. Thank you, Ranking Member Rush. I would be happy to.

It is important to note that the industry has been driving policy -- not surprising, but very much the case as it relates to pipeline safety. Most of the studies that are commissioned by PHMSA, 60 percent of them are funded by the trade association, and the trade

association determines whether or not to do certain studies.

The trade association has also developed the, quote, "educational component." And in PG&E's case, they paid an entity that was somehow related to the trade association to do, quote, "education." And they did a survey, and the survey was exposed at the National Transportation Safety Board hearing that occurred in March on the explosion. And it was shameful that how much ever money was spent on the survey to ratepayers, they got a response of 15 people. Thousands and thousands of surveys sent out; 15 people responded.

Now, PG&E has taken it upon themselves to notify every resident. They did it simply and swiftly. If you are going to bill people, you can also send a separate notification out to tell them that they are within 2,000 feet of a transmission line.

Now, it is important to the resident, but it is also important to the operator, because the third-party digs are the most likely occurrence of ruptures. So, right-to-know should be very important to everybody -- to those that are living next to a transmission line, to the first responders. And that is why I think that is so critical.

There has been a lot of money spent on, quote, "education" that has been absolutely pointless. And I think that we need to take the next step in terms of right-to-know.

Mr. Rush. Thank you, Mr. Chairman. I yield back.

Mr. Sullivan. Thank you, Mr. Rush.

I would like to thank our panelists, Congresswoman Speier and Congressman Rehberg. Thank you so much.

And now we would like to move to our next panelists, get them up here.

Thanks.

Mr. Rehberg. Thank you.

Mr. Sullivan. Well, I would like to thank you for being here.

If you are ready, I would like to recognize Ms. Quarterman, the head of PHMSA, for her statement.

STATEMENTS OF THE HON. CYNTHIA L. QUARTERMAN, ADMINISTRATOR, PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION; RANDALL S. KNEPPER, DIRECTOR, SAFETY DIVISION, NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION, ON BEHALF OF THE NATIONAL ASSOCIATION OF PIPELINE SAFETY REPRESENTATIVES

STATEMENT OF THE HON. CYNTHIA L. QUARTERMAN

Ms. Quarterman. Thank you. Good morning, Vice Chairman Sullivan, Ranking Member Rush, members of the subcommittee. Thank you for the opportunity to appear today to discuss the Pipeline and Hazardous Materials Safety Administration's oversight of America's vast network of energy pipelines and reauthorization of the pipeline safety program.

PHMSA and our State partners' safety oversight provide critical protection for the American people and our environment. The Department is actively working to ensure the safety and reliability of the Nation's pipeline infrastructure. The recent ExxonMobil incident has focused all of our attention on the importance of preventing pipeline failures. PHMSA has fulfilled all but one of the requirements of the Pipeline Inspection Protection and Enforcement Safety Act of 2006, and we are in the final stages of addressing that last remaining mandate.

To help combat pipeline vulnerability to excavators, PHMSA

continues to provide State Damage Prevention Grants for State one-call centers, State pipeline safety agencies, and other authorized recipients. PHMSA also provides comprehensive training for all State and Federal pipeline safety inspectors.

Through rulemakings and pipeline safety advisories since 2009, PHMSA has closed a record 12 of the National Transportation Safety Board's safety recommendations. During that same period, PHMSA also obtained closure on all of its pending Office of Inspector General and Government Accountability Office recommendations.

PHMSA looks forward to working with Congress on reauthorizing its pipeline safety program. We are pleased that the Pipeline Infrastructure and Community Protection Act of 2011 picked up nearly all of the provisions of the administration's proposal. At the same time, we need to remember that each new mandate will require rulemakings to be developed and published in compliance with the Administrative Procedure Act and subject to review of our two technical advisory committees.

As for some of the bill's provisions, PHMSA supports increasing administrative civil penalties for violations leading to deaths, injuries, or significant environmental damage, especially since maximum penalties have not increased in almost 10 years. However, we do not support removing maximum penalties for incidents that occur in high-consequence areas or adding the requirement that those violations be willful and knowing.

Significant spills and incidents also have occurred on gathering

lines, and we strongly believe that Congress should eliminate exemptions to allow PHMSA to regulate the remaining pipeline mileage that is currently unregulated. We also do not support mandatory removal of class locations before PHMSA has had a chance to consider the issue. We support prohibiting States from being exempt from damage prevention -- creating exemptions from damage-prevention laws; however, we suggest that Congress take a phased approach to any funding restrictions to allow time for States to remove those exemptions.

Reforms to allow for the collection of additional data on physical attributes and pipeline locations are also supported. In addition, we support reforms to provide us with reimbursement from project applicants for design review, consulting and field oversight, as well as for costs incurred to review special permit applications.

While Congress works through the reauthorization of the pipeline safety program, PHMSA is moving forward and taking a hard look at our Nation's pipelines. Many of the provisions that are in your bill are things that we are already considering and working on regulatory implementation of.

Under Secretary LaHood's leadership, we have developed the Pipeline Safety Action Plan and will ensure the safety of the American people and the integrity of the pipeline infrastructure. We are also executing this plan in a transparent manner, with opportunities for public engagement and a dedicated Web site.

In closing, we look forward to working with Congress to address any issues you may have regarding PHMSA's pipeline safety program and

the regulation of gas and hazardous-liquid pipelines. Thank you.

[The prepared statement of Ms. Quarterman follows:]

***** INSERT 1-3 *****

Mr. Sullivan. Thank you, Ms. Quarterman.

I would next like to recognize Mr. Knepper. Thank you. You are next.

STATEMENT OF RANDALL S. KNEPPER

Mr. Knepper. Thank you. My name is Randy Knepper. I work for the New Hampshire Public Utilities Commission, and I am here on behalf of the National Association of Pipeline Safety Representatives.

For the majority of the people in the room that don't know what that organization is, we are the inspectors for the State. We have about 325 inspectors, we have about 50 program managers, and some administrative clerical help. And in laymen's terms, we are the boots on the ground. We are the field soldiers that do the inspections at the State level. So I am very appreciative of being here today to be able to talk about these things that we see firsthand.

As far as the bill, we have looked it over really quickly. And I will keep this very brief. There are four components that we talked about in our testimony. And one of them that is very dear to me is the State damage-prevention language that talks about not having any exemptions for mechanical excavation and any governmental entities.

We, as States, are -- there is no Federal underground damage-prevention program. States are the ones that have them. We have differing laws in each State. But we do believe that there are some exemptions that make sense. In my own State, we allow farmers

to use their own property to plant and for tilling of agricultural and seeding. We think that makes sense. The language that is in there would prevent that.

There is language just for the pipeline operators themselves that would be excused. If they were to respond to an emergency themselves to fix their own, we allow them to fix the pipe, respond to that emergency, and don't have to call the one-call, because we think you are trading one safety prerogative over another.

So there is some language in there that we think that exemptions do make sense in limited situations. And States have put that in to their own respective laws where they make sense, and so I would be very careful and mindful of that.

The second thing that we think that can be very helpful to States is the maintenance-of-effort clause that is in there. We strongly believe in maintenance of effort. States contribute almost \$15 million of their ratepayers' money to handling these things, and we just think that the language should be updated from the years of 2004 through 2006 to the latest, the 2009 and 2010.

We think that is the best way to get some of the PHMSA money into the States since we are the front lines. You know, we are 75 percent of the workforce, and we inspect almost 90 percent of the Nation's pipelines. So those are the pipelines that go right up to people's homes and businesses and actually enter some of the buildings sometimes. So we are there, front and center.

We do have concerns with the language about class locations for

integrity management. We think the language there, as written, should be either stricken or should be studied. We think class locations apply much more than integrity management. They apply to design, such as valve spacing, whether that valve is 10 miles away or 2 miles away; odorization and operations, leak surveys, patrolling. Class locations is a much broader concept than just integrity management, so we do have concerns on that.

And then last, but not least, is we did want to bring up when you want to have a quicker response time for the notification centers. Being a State where I get notified all the time, at a much lower level, long before there is incidents that rise to the definitions at the Federal level -- we get notified for outages of 50 customers or less, or we get notified of a single evacuation. So we are getting notified all the time.

Most States have already written into their laws a specified time period, usually about 2 hours. So, much of the time, being on the receiving end of those calls, there is not a lot of information that is available in an hour. So it is very -- assessments haven't been done. There is a lot of confusion and things like that. So we would like the committee to take that in to consideration.

And I can see that my time is about up, so I will leave it at that.

[The prepared statement of Mr. Knepper follows:]

***** INSERT 1-4 *****

Mr. Sullivan. Thank you for your comments.

Now we will move in to questions. I recognize myself for a question.

To Ms. Quarterman, the discussion draft proposes that the automatic and remote-controlled shutoff valves be mandated for pipelines that are constructed or entirely replaced.

One of the witnesses on the next panel testifies that these valves should be placed in all high-consequence areas. Does PHMSA have a sense of what this sort of retrofitting would cost? And if so -- even if it is feasible.

Ms. Quarterman. We have not done an economic evaluation of how much that would cost. I would say that we are -- last year, we put out an advance notice of proposed rulemaking for hazardous liquids where we asked the question about where it would be appropriate to put these kinds of valves. We have plans to do similar rulemaking on the transmission side.

In the short term, I think we are planning to have a workshop later on this year or early next year to begin to flesh out issues with respect to replacement or placement of those valves, but at this point we don't have that data.

Mr. Sullivan. Do you do cost-benefit analysis on these regulations?

Ms. Quarterman. Oh, absolutely. It is mandatory.

Mr. Sullivan. Okay.

Also, Ms. Quarterman, I have another question. The discussion

draft requires a study on leak-detection systems and requiring leak-detection systems for hazardous-liquid pipelines located in high-consequence areas.

One of the witnesses on the next panel commented in his testimony that we should set a standard now for what the minimum leak-detection capabilities under various circumstances should be. Does PHMSA have the information it needs to do that for now? Or would it make more sense to study technical capabilities first?

Ms. Quarterman. At the same time that we are looking at the placement of valves, we are considering the question of leak detection and where it is appropriate.

Again, that was also included in the advance notice of proposed rulemaking that went out on hazardous liquids. So that is something that will be a part of this technical working group that we are planning for shortly.

Mr. Sullivan. And I have one more question. Regarding your concerns on gathering-line exemptions, what significant spills and incidents related to gathering lines can you share with us? Can you describe to us what regulations are already in place for gathering lines?

Ms. Quarterman. I will get you a list of significant spills or incidents. Just off the top of my head, there was, in 2009 or 2010, an incident in Oklahoma involving a gathering gas line that was 20 inches, about, where I believe 3 people were killed. So these lines do have or have the potential to have significant consequences.

We would like to be able to gather data about incidents on these lines, since they are currently not regulated, and be in a position to determine what regulation is appropriate.

Mr. Sullivan. Thank you.

Mr. Knepper, the bill would link removal of damage-prevention exemptions to the Federal grant dollars. After more than a decade of incentivizing States to improve these important safety programs, why shouldn't we be holding States to the highest standards when Federal grant dollars are involved? These accidental dig-ins are, after all, the leading cause of death and injury associated with pipelines; is that right?

Mr. Knepper. I believe accidental -- I believe you are very correct. We are not asking for that. What we are asking for is to make sure that the language isn't too far-reaching and broad.

As a person in my own State, I investigate every single dig-in that occurs, 400 in my State a year. Every Thursday, I meet with every excavator and every operator. So I know firsthand what the reasoning is. I do not wish to hide behind the fact that there are exemptions and things. I know which exemptions make sense and which don't. I just think that putting this into the bill and doing it by giving through the grant process will not accomplish that goal at all.

In fact, first of all, it might be contrary. If I am not allowed to use and apply for a one-call grant because I have a minor exemption for someone digging in a sandpit or a quarry, where it doesn't make sense and we have never had that, I can no longer apply for that grant,

I can't use that grant for public education purposes and promoting dig safety.

So I do feel that the language there is too far-reaching and that the States should be consulted first about how that works. There is not a scintilla of evidence in my State where that makes sense. I am the only one that has that data. It is not available on a national basis. So you would have to go on a State-by-State basis to see where that works.

Mr. Sullivan. Well, you are critical of the incident notification section because it would lead to too many false alarms. However, since the rules will be subjected to a process of regulation, won't such a possibility be taken in to account? Won't public input and comment allow PHMSA to prevent issuing a rule that allows something like a customer-suspected gas leak to count as a moment of discovery?

Mr. Knepper. I believe that we are only critical in the fact that we just wanted to be aware of it. It will raise up a lot more false alarms that occur out there. It is the same resources that are applying. It is people like myself. After this hearing tonight, when I go back, I am on call tonight. So I will be getting that 3:00 a.m. call that happens. So we just want to be wary of the implications of that.

I am not opposed to -- I would rather much more focus on the quality of the information that comes in within that first hour, versus focusing on whether it is a 1- or 2-hour notification.

Mr. Sullivan. Thank you very much.

And I would like to recognize Ranking Member Rush for questions.

Mr. Rush. Thank you, Mr. Chairman.

Ms. Quarterman, it is good to see you again. Thank you for once again appearing before this subcommittee. You seem to be a regular witness here. And we certainly appreciate your testimony and your input.

Congresswoman Speier, in her testimony, was quite critical of the relationship between industry, agency, or regulators. Can you respond to that general criticism?

Ms. Quarterman. Thank you, Ranking Member Rush.

Yes, I would, because our agency has close to 500 people, of which about 200 or so are in the pipeline safety program. And we have heard this criticism in the past, and it is something I came in the door having heard. And having spent time with the employees within the agency, I know that, you know, they may have some concerns about upper-level leadership, but in terms of their commitment to the mission, it is the highest, number-one thing on their mind.

I removed all doubt of any concerns about that when I have been to the field and visited with our inspectors there. To a person, their concern is safety and safety of the public. When they have the obligation to go out and visit a site like the one in San Bruno, which I got to see, which was absolutely devastating, the inspectors who were out there said it was the worst scene that they had seen in their career. It is impossible not to be affected by that and not to put the safety of the public foremost in their mind.

I mean, I think to a certain extent it is a creature of the time and that people are, by definition, concerned about their public officials, their government, and forget the kind of commitment these folks have, working 24/7 to respond to these issues.

Mr. Rush. Right.

What percentage of America's pipelines, do you know or can you estimate, are grandfathered into the law that is up for reauthorization? And the second part is, should we maintain that grandfathered status in the reauthorization, or should we eliminate it?

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[10:30 a.m.]

Ms. Quarterman. I don't have a percentage. That is a number that we are trying to ascertain ourselves. We are, as I mentioned earlier, in the process of doing an advance notice of proposed rulemaking on gas transmission pipelines. One of the things that I think you will see there are questions about precisely this provision. It was put in to effect many years ago and affected very old pipe then, and it has continued forward.

The grandfathering, I think the notion was at some point the grandfather would pass away and we would move forward with a safety program. We need to know exactly how many pipelines we are talking about there, how much it would cost to get those pipelines hydro-tested or otherwise inspected or replaced. But that is something that is top of our agenda.

Mr. Rush. Do you have enough inspectors on the ground, enough boots on the ground, or should we be trying to include additional dollars for more boots on ground?

Ms. Quarterman. The administration's proposal in 2010 would ask for 10 additional inspectors per year for the 5 years of the reauthorization, so 10 new ones every year.

Our biggest challenge is actually hiring people, in that we don't have direct hire authority and there is a lot of competition for

engineers. They are all engineers.

Mr. Rush. Thank you, Mr. Chairman. I yield back.

Mr. Sullivan. Thank you, Mr. Rush.

And I would like to turn to our chairman, Fred Upton, for questions.

The Chairman. Well, thank you. And in the interest of time, knowing that we are going to have votes soon, I will try not to use all my 5 minutes.

Ms. Quarterman, what are the current regulations regarding the burial of pipelines under waterways? It is my understanding that it is a minimum of four feet. Is that true?

Ms. Quarterman. With respect to pipelines that are in a stream that is greater than 100 feet wide, the minimum requirement is 48 inches unless there is rock to be blasted through, in which it is an 18-inch requirement for hazardous-liquids pipelines.

The Chairman. And that is in more than 100 feet wide. Is that just at that particular point? Does it look at the flood stage status? I mean, as I have talked to Congressman Rehberg and the folks at Exxon, I knew that that area was flooded just like my area in Talmadge Creek was flooded when we had that burst last year.

Ms. Quarterman. It doesn't specifically address flood stages. However, for example, in the Montana spill, it was an area that was in a high-consequence area, and there are other rules that would apply. When you design a pipeline, you have to also ensure that it is capable of withstanding certain stresses and external loads.

And since it is in a high-consequence area, it would be subject to the Integrity Management Program requirements, which are continual requirements upon the operator to ensure that all local conditions, including climatic, like flooding, are taken in to account.

The Chairman. Okay. And it is my understanding that that was because of -- that standard was designed by a 1970s ASME standard.

As we look to the future, will the ExxonMobil pipeline be rebuilt? As it is rebuilt, will it use those same traditional excavation techniques? And as I understood it, as I talked to Exxon immediately afterwards, that they did excavate and then lay the pipe down. Do you know what type of replacement will be used when that pipeline is reopened?

Ms. Quarterman. We issued a corrective action order on July the 5th requiring that they replace that pipeline using horizontal drilling technology, which would put the pipeline substantially below the riverbed.

The Chairman. "Substantially below" being how far? Ten feet below? Twenty feet below?

Ms. Quarterman. We have not yet received a plan from Exxon as to where they would like to put that pipeline. I read someplace that they were talking about 30 feet, but we have not received that plan yet.

The Chairman. Okay. Question: Do you know what percentage of pipelines across the country are remote versus manual in terms of close-off valves?

Ms. Quarterman. We don't have that data, no.

The Chairman. Do you have any idea?

Ms. Quarterman. No, I don't.

The Chairman. Back-of-the-envelope?

Ms. Quarterman. No, I don't.

The Chairman. Forty percent? Twenty percent? Eighty percent?

Ms. Quarterman. I don't have any idea.

The Chairman. Is there any way to get that information?

Ms. Quarterman. We would have to survey the operators. We don't maintain that kind of data.

The Chairman. The last question, Mr. Knepper, because the bells have run for votes. It is our understanding that ExxonMobil did not meet the 1-hour deadline for requirement for reporting. As you deal with your other PUC commissioners, what are your thoughts as to what it should be?

Mr. Knepper. Well, I mean, for our own State, you know, where the Federal leaves it kind of up to discretion, we specify in our State, you know. Response times have to be within 30 minutes, 45 minutes, and 60 minutes.

I would not expect the Federal Government to have across-the-board response times. It is all dependant upon the landscape and what the expectations are of that public in which you are serving. So we have determined in our State what it is. And many other States have gone to that same type of thing; they determine what the specifics are.

So I think that is the best approach, and it is implemented.

The Chairman. Okay.

Let me just finish up, Ms. Quarterman, by saying that, as you are looking at pipelines as they go underneath streams and riverbeds, if you would work with our staff, because we are going to be looking to add this piece, I think, to our discussion draft, in terms of a minimum of what should be. If you could share with us what you think the fair standard ought to be, and, obviously, feasible, we would certainly appreciate that.

Ms. Quarterman. Absolutely.

And I would add on your last question about shutoff valves that one of the provisions in the legislation that we put forward, and I believe here, relates to data and the ability to collect some of this data that you are asking about.

The Chairman. I yield back.

Mr. Sullivan. Congresswoman Castor for 5 minutes.

Ms. Castor. Thank you very much, Mr. Chairman.

And thank you to the witnesses for your testimony and insight.

One of the most important developments in the regulation of pipelines during the last decades has been implementation of integrity management programs. Under these programs, pipeline operators are required to continually evaluate the threats to each pipeline segment's integrity and the consequences of a failure. Inspections are required and operators must take prompt action to repair any defects that could reduce a pipeline's integrity. Since 2001, over 34,000 defects have

been detected and repaired.

But under current law, these programs only apply in so-called "high-consequence areas" with high populations or sensitive environments. That means that these programs only apply to 44 percent of hazardous-liquid pipelines and 7 percent of natural gas transmission pipelines.

Are those numbers correct, Administrator Quarterman?

Ms. Quarterman. I believe they are.

Ms. Castor. Okay. An important priority for safety advocates has been to expand the miles of pipeline covered by integrity management programs. There is a separate set of requirements called "class location requirements" that protect areas with high population densities in a variety of ways.

Industry has argued that these two sets of requirements are redundant. The Senate bill would require PHMSA to evaluate whether integrity management programs should be expanded beyond high-consequence areas and whether class location requirements would no longer be needed. Then the agency would issue the appropriate regulations based upon the evaluation.

The discussion draft takes a different approach. It includes the evaluation of whether integrity management programs should be expanded beyond the high-consequence areas, but it wouldn't allow the agency to act on this evaluation. At the same time, the draft requires the agency to roll back the class location requirements.

Mr. Knepper, the discussion draft approach seems to be on balance.

Do the State regulators think it is a good idea to require PHMSA to eliminate class location requirements for pipelines that are subject to integrity management?

Mr. Knepper. No, we don't.

Ms. Castor. Why not?

Mr. Knepper. Because we think class locations goes beyond integrity management. It goes into the initial design of it. So integrity management, like you said, only applies to a certain percentage, those in Class 3, Class 4 locations, high population centers. But class location also goes in to -- it affects operations, such as odorization. It affects maintenance about how often things are leak-surveyed. It affects the patrolling of pipelines, things outside of the integrity management section.

So we think eliminating that, I would not even use the term that it is "redundant," would be a problem.

Ms. Castor. Administrator Quarterman, what do you think, are these two sets of requirements redundant? Or do you agree with Mr. Knepper, should we roll back the class location requirements without further study?

Ms. Quarterman. I agree with Mr. Knepper.

Ms. Castor. Okay.

Mr. Chairman, I think this is an area where the discussion draft needs to be improved. This provision I think is weakening safety protections, when it should be expanding and strengthening them.

I now yield back the remainder of my time.

Mr. Sullivan. Thank you, Ms. Castor.

Next, I would like to recognize Representative Lee Terry from Nebraska.

Mr. Terry. Thank you.

Yeah, Ms. Quarterman, I am a little confused on your last comment. Just regarding integrity management, can you describe what your position is on how integrity management programs and class location requirements are not redundant? When issuing integrity management rules, didn't PHMSA draw the conclusion that IMP makes class location rules obsolete?

Ms. Quarterman. I don't know what the original rulemaking said, but the position that we have taken in our draft and in the Senate bill would require us to do a study that takes some consideration of this issue. And I think that is the appropriate course. I don't think it is appropriate just to eliminate --

Mr. Terry. To do a study of what, specifically?

Ms. Quarterman. How to deal with class locations, whether or not to --

Mr. Terry. Should it be fully Federal or have a mixture of State?

Ms. Quarterman. I am not following, I am sorry.

Mr. Terry. Okay. Go ahead. How much time do you think a study would take? And would that delay our ability to pass a comprehensive pipeline safety bill?

Ms. Quarterman. No, I believe the approach that is in the Senate bill would permit us to do a study and proceed as appropriate following

that.

Mr. Terry. Okay.

In regard to detection, we have had discussion about older pipelines, newer pipelines. It seems to me that the technology that is being used, in the type of electronic equipment that can monitor, inspect, do you feel that the bills properly address increasing the level of inspections and they could be for both older and newer? What are your recommendations?

Ms. Quarterman. I recommend that we proceed apace to continue to look at the question of leak detection. I mean, for me, in the past year, noticing the number of incidents, I have been concerned that large spills occurred before anyone knew what was happening.

And I think it is an appropriate time for us to take a closer look in terms of making the requirements more prescriptive than they currently are. Right now, they are, in the integrity management program, more a question of people deciding what to do. Maybe we need to set some standards here.

Mr. Terry. In regard to setting standards, Mr. Knepper, does that impact the States? You mentioned in your testimony that you think the States are in a better position because you have knowledge of what a reasonable time to shut off or inspect -- or, not to inspect, but if there is a problem, once it is detected, to actually resolve.

Mr. Knepper. We just have to be careful about which segment of the Nation's pipelines and infrastructure we are talking about. The vast majority of transmission lines are inspected by the Federal

Government, not the State, although the State does a big portion. So I would say that, when I was gauging and talking about emergency response times, that was more for distribution-type -- the vast majority of pipelines that are out there.

I think your question has to do with the transmission lines and what we feel about that. I guess I think that, here is an area where a lot of States will defer to the Federal Government for some of the things because they are the inspection force that is out there most often looking at those. We do that, although it is a small percentage of the amount of pipelines that we look at. So I would --

Mr. Terry. Well, let me just interrupt.

Thirty seconds, Honorable Quarterman. Should we put something in this bill that says, on detection, after detection, you have 1 hour to respond? Thirty minutes to respond? Is there something like that that would be appropriate?

Ms. Quarterman. I may have misinterpreted your last question. I thought we were talking about leak-detection systems.

In terms of the timing, we currently, on a Federal level, have an advisory bulletin that says between 1 and 2 hours people should notify after something happens, they should notify the National Response Center.

Mr. Terry. And if they don't, a fine?

Ms. Quarterman. A potential fine if it is not reasonable.

Mr. Terry. Okay. That is all. I yield back.

Mr. Sullivan. Thank you, Mr. Terry.

I would like to thank the witnesses.

And we stand adjourned.

[Whereupon, at 10:51 a.m., the subcommittee was adjourned.]