U.S. Department of Transportation

BUDGET ESTIMATES

FISCAL YEAR 2012

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS

U.S. DEPARTMENT OF TRANSPORTATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

FY 2012 BUDGET REQUEST

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Overview

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2012 BUDGET REQUEST OVERVIEW

The Pipeline and Hazardous Materials Safety Administration (PHMSA) administers nationwide safety programs designed to protect the public and the environment from the risks inherent in the commercial transportation of hazardous materials by air, rail, vessel, highway, and pipeline. During the past 18 months, PHMSA has begun a comprehensive review of its existing pipeline and hazardous materials safety programs. The agency has developed initial solutions, through legislation, rulemaking, and reorganization, to ensure that all pipelines and the transportation of hazardous materials are adequately regulated and safety is put first.

The safety and reliability of energy pipelines, strict regulation of hazardous materials transportation, technical assistance programs, planning and training grants, and research programs are vital components to fulfilling PHMSA's Strategic Plan.

Currently, PHMSA oversees the transportation of hazardous liquids and natural gas through a network of 2.5 million miles of pipelines, serving over 70 million residential and commercial customers. These pipelines transport and supply more than two-thirds of the fuel used to heat, cool, and operate American homes, cars, and businesses, including most of the energy powering transportation modes. In addition to its pipeline safety role, PHMSA oversees the safe and secure shipment of up to one million daily movements of hazardous materials by all transportation modes, including explosive, poisonous, corrosive, flammable, and radioactive materials. Many of these materials are essential to the American public and local economies due to their use in farming, medical applications, manufacturing, mining, and other industrial processes.

PHMSA's work often goes unnoticed due to its successful efforts in reducing and containing serious incidents that could affect local communities. During the past decade, the number of pipeline incidents resulting in death or major injury has declined by four to five percent per year, while the number of hazmat incidents involving death or major injury reached a historical low in 2009. In 2010, a number of high profile pipeline incidents caused concern over pipeline safety, including the natural gas pipeline failure with eight fatalities in San Bruno, California, and the crude oil pipeline release into the Kalamazoo River in Marshall, Michigan. Both of these events in particular had different causal factors; however PHMSA applies lessons learned from all incidents in its regulatory program. In spite of these and other high profile incidents of 2010, the overall pipeline safety record continues the overall improving trend and pipelines remain the safest form of transportation of energy and other products to market.

PHMSA is continuing its work and progress in supporting the proposed reauthorization legislation for Pipeline Safety and the Hazardous Materials Safety programs. The reauthorization identifies areas for improvement and a need for additional resources. PHMSA is also re-examining its authorities and trying to fill regulatory gaps to streamline the process. This budget is proposing two new funding sources: Pipeline Safety Design Review and Special Permit Fees *(see pg. 34& 43)* and; a new Hazardous Materials Safety Special Permits and Approvals (SP&A) User Fee *(see pg. 62)*. The Design Review and Special Permit Fees are to ensure PHMSA's presence and supervision of companies wishing to participate in the construction or renovation of new major pipeline projects. The Hazardous Materials fee will relieve the majority of the costs for administering, processing, and enforcing Hazardous Materials SP&A.

For FY 2012, PHMSA's budget request is $220.4 million and 513.5 Full-Time Equivalents (FTEs) (including reimbursable) to primarily emphasize the Administrator's and PHMSA's

strategic goal of protecting the public and the environment. The request includes funding for four essential programs that pertain to the overall success of PHMSA's mission in safety: Pipeline Safety; Hazardous Materials Safety; Emergency Preparedness Grants and; Operational Expenses. The FY 2012 request includes increases of $11.7 million for adjustments to base/realignments, $6 million for half year funding for 61 new positions, and $10 million for programs, including funding for "811 - Call Before You Dig" program, the Onshore Facility Response Plan, training for hazmat inspectors, and the Agency's IT Modernization Plan.

FY 2012 funding is requested by appropriation as follows:

Pipeline Safety *($120.864 million / 225.0 FTE)*: FY 2012 request represents a $14.6 million increase from FY 2011 Annualized CR (FY 2010 Enacted). Program funding reflects $7.9 million for adjustments to base/realignments and $2.0 million for half year funding for 20 new positions in pipeline (10 inspectors, 8 positions dedicated to onshore facility response plan initiatives, and 2 analysts for mapping and information systems).

In addition, funding will allow PHMSA to:

- Enhance the "811 - Call Before You Dig" program, a campaign to increase public awareness about excavation damage before initiating any do-it-yourself projects ($1.0 million)
- Address improvements in pipeline safety regulatory and oversight functions through expansion of its geospatial data collection and analytical tools ($1.0 million)
- Continue Pipeline Safety's Pipeline Integrity Management Program to advance safety and reduce risk ($1.0 million)
- Support an onshore facility response plan initiative ($1.7 million).

Each of these initiatives is essential to the success of the Pipeline Safety program.

Funding will also provide technical assistance for all major pipelines nationwide that require inspection work or considerable construction inspection work. In the Pipeline Safety request, a transfer of $1.0 million from the General Fund is included from Operational Expenses for "Information Grants to Communities" *(included in FY 2010 base)*, which will be awarded to support technical assistance for local communities and organizations in addressing pipeline safety issues and to help promote public participation in pipeline safety proceedings.

The Pipeline Safety budget is proposing two new funding sources: Pipeline Safety Design Review and Special Permit Fees *(see pg. 34)*. The Design Review and Special Permit Fees are to ensure PHMSA's presence and supervision of companies wishing to participate in the construction or renovation of new major pipeline projects, such as the Alaska Natural Gas Pipeline Project. The Administration proposes to collect fees from companies engaged in the design, permitting and construction of new pipeline projects, including those seeking waivers of Pipeline Safety Regulations. The fees will recover costs incurred by the Department of Transportation's PHMSA in the review process. Fee collection would begin after PHMSA undertakes a rulemaking to determine an appropriate and fair fee amount.

All of these efforts enable PHMSA to carry out a comprehensive, nationwide Pipeline Safety program protecting people and the environment from the risks inherent in the transportation of hazardous materials by pipeline.

Hazardous Materials Safety *($50.089 million / 209.0 FTE)*: FY 2012 request represents a $12.0 million increase from FY 2011 Annualized CR. Program funding reflects $5.4 million for adjustments to base/realignments and $4.0 million for half year funding for an additional 38 positions (20 inspectors to conduct SP&A related inspections, 6 SP&A specialists, 5 compliance and outreach specialists, 4 science/engineering positions, and 3 analysts/economists).

The total request reflects PHMSA's Special Permits, Approvals and Data Action Plans and Response to a Management Advisory that address challenges identified in 2009 to enhance and improve: (1) safety oversight of the program, (2) operational efficiency, (3) coordination with federal partners, and (4) data collection and analysis. These efforts require increased resources in order to perform technical and safety reviews of SP&A's, additional compliance reviews and audits, and issue additional regulations.

The FY 2012 request includes funding to:

- Implement a special permits and approvals outreach plan ($200,000)
- Improve hazardous materials data preservation and research methods ($750,000)
- Carry out a hazmat enforcement training program to develop uniform performance standards for training hazmat inspectors and investigators ($750,000), and
- Conduct thorough safety evaluations and fitness reviews for quality assurance ($1.0 million).

Training and outreach are vital to PHMSA's awareness and safety mission. In FY 2012, PHMSA will work to better identify non-compliance with the Hazardous Materials Regulations (HMRs) and establish best practices for future protocols. Requested funding will also provide quality assurance programs and measures to drive priorities and to ensure the best safety oversight possible.

PHMSA proposes recovering the majority of the costs for administering, processing, and enforcing hazardous materials special permits and approvals. The Administration proposes this be done through the collection of fees from private companies and entities involved in the transport of hazardous materials seeking waivers from the Hazardous Materials Regulations. The fees will relieve PHMSA's costs associated with the special permit and approval processes. Funding will also play a significant role in supporting the implementation of action plans to improve operational efficiency within the Office of SP&A and improve coordination between PHMSA and its modal partners.

Emergency Preparedness Grants *($28.318 million)*: PHMSA is requesting the same amount for FY 2012 as was requested in FY 2010. For FY 2012, funding will be used for increasing local responders' knowledge through "Train the Trainer" sessions; develop outreach tools, including the publication of the widely-used Emergency Response Guidebook (ERG); provide emergency response training and planning through financial assistance to states, territories, and tribes; develop and update curriculum guidelines to train public sector emergency response and preparedness teams; and offer technical and administrative support in order to ensure all the functions mentioned above may be executed smoothly. These grants are valuable to the public's well-being during a hazmat incident as they help in reducing risk and saving lives. For instance, the ERG is used by "first responders" nation-wide (i.e., those public safety personnel first dispatched to the scene of a hazardous materials spill, such as firefighters, police, and emergency services personnel) to follow emergency protocols, such as setting safety perimeters, to protect the public from a hazardous spill.

Operational Expenses *($21.158 million / 68.5 FTE)*: For FY 2012, program funding includes a $1.5 million reduction for adjustments to base/realignments, 3 additional positions converted from contract dollars to FTE, and an increase of $2.6 million to support the IT Modernization Blueprint, an Action Plan initiative. The functions of PHMSA's administrative support offices and personnel enhance the agency's capability to effectively and efficiently carry out the mission of its two core Pipeline and Hazmat safety programs.

Pipeline and Hazardous Materials Safety Administration (PHMSA)
Full-Time Equivalents (FTEs) for FYs 2011 and 2012
Totals: FY 2011 FTE - 464.0 / FY 2012 FTE - 513.5

Office of the Administrator and Deputy Administrator

FY 2011 FTE – 13.0
FY 2012 FTE – 13.0

Assistant Administrator/Chief Safety Officer

Office of Civil Rights

Office of Governmental, International, and Public Affairs

Executive Secretariat

Office of Chief Counsel

FY 2011 FTE – 29.0 *
FY 2012 FTE – 30.0 *

Pipeline Division

Hazardous Materials Division

General Law

** Plus 11 reimbursable positions*

Office of Administration/CFO

FY 2011 FTE – 50.0
FY 2012 FTE – 52.5

Budget and Finance

Human Resources

Acquisition Services

Information Resources Management/CIO

Administrative and Management Services

Office of Pipeline Safety

FY 2011 FTE – 193.0
FY 2012 FTE – 212.0

Policy and Programs

Program Development

Engineering and Research

Standards and Rulemaking

Enforcement

State Programs

Enforcement

Inspector Training and Qualifications

Field Operations

Emergency Support and Security

Regional Offices (5)

Office of Hazardous Materials Safety

FY 2011 FTE – 168.0
FY 2012 FTE – 195.0

Policy and Programs

Program Development

Engineering and Research

Standards and Rulemaking

Approvals and Permits

Outreach, Training and Grants

Field Operations

Special Investigations

Regional Offices (5)

Note: Organizational Chart reflects where staff is currently working not according to funding.
FY 2011 FTEs are based on the Annualized Continuing Resolution.

Pipeline and Hazardous Materials Safety Administration (PHMSA)
Full-Time Positions (FTPs) for FYs 2011 and 2012
Totals: FY 2011 FTP - 483 / FY 2012 FTP - 544

Office of the Administrator and Deputy Administrator

FY 2011 FTP – 13
FY 2012 FTP – 13

Assistant Administrator/Chief Safety Officer

Office of Civil Rights

Office of Governmental, International, and Public Affairs

Executive Secretariat

Office of Chief Counsel

FY 2011 FTP – 29 *
FY 2012 FTP – 30 *

Pipeline Division

Hazardous Materials Division

General Law

** Plus 11 reimbursable positions*

Office of Administration/CFO

FY 2011 FTP – 52
FY 2012 FTP – 54

Budget and Finance

Human Resources

Acquisition Services

Information Resources Management/CIO

Administrative and Management Services

Office of Pipeline Safety

FY 2011 FTP – 202
FY 2012 FTP – 222

Policy and Programs

Program Development

Engineering and Research

Standards and Rulemaking

Enforcement

State Programs

Enforcement

Inspector Training and Qualifications

Field Operations

Emergency Support and Security

Regional Offices (5)

Office of Hazardous Materials Safety

FY 2011 FTP – 176
FY 2012 FTP – 214

Policy and Programs

Program Development

Engineering and Research

Standards and Rulemaking

Approvals and Permits

Outreach, Training and Grants

Field Operations

Special Investigations

Regional Offices (5)

Note: Organizational Chart reflects where staff is currently working not according to funding.

Budget Summary Tables

EXHIBIT II-1

NEW BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
($000)

ACCOUNT NAME	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
Pipeline Safety	$106,239	$106,239	$120,864
Hazardous Materials Safety	37,994	37,994	50,089
Emergency Preparedness Grants	22,765	28,318	28,318
Operational Expenses	20,132	20,132	21,158
TOTAL	**$187,130**	**$192,683**	**$220,429**

EXHIBIT II-2

FY 2012 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

ACCOUNT NAME	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
Pipeline Safety			
From Pipeline Safety User Fees	*$86,334*	*$86,334*	*$93,854*
From Proposed Design Review Fees [1]			*4,000*
From Proposed Special Permits Fees [1]			*500*
From the General Fund	*1,000*	*1,000*	*1,000*
Pipeline Safety Share of the Oil Spill Liability Trust Fund	*18,905*	*18,905*	*21,510*
	$106,239	$106,239	$120,864
Hazardous Materials Safety			
From the General Fund	*$37,994*	*$37,994*	*$38,376*
From Proposed Hazardous Materials Approvals and Permits Fund [2]			*11,713*
	$37,994	$37,994	$50,089
Emergency Preparedness Grants	$22,765	$28,318	$28,318
Operational Expenses			
From the General Fund	*$19,493*	*$19,493*	*$20,519*
From Pipeline Safety User Fees	*639*	*639*	*639*
	$20,132	$20,132	$21,158
TOTAL	**$187,130**	**$192,683**	**$220,429**

[1] In FY 2012, an estimated $4.5 million will be collected from the proposed Pipeline Safety Design Review and Special Permits Fees. These fees will offset $4.147 million in requested program changes as well as $353,000 of the FY 2012 adjusted base previously funded by Pipeline Safety User Fees.

[2] In FY 2012, an estimated $11.7 million will be collected from the proposed Hazardous Materials Special Permits and Approvals Fees, which will relieve up to $6.704 million of the proposed program changes and $5.009 million of the General Fund contribution to the FY 2012 adjusted base.

EXHIBIT II-3

FY 2012 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOAL
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	Safety	Environmental Sustainability	State of Good Repair/ Infrastructure	Livable Communities	Economic Competitiveness	Organizational Excellence	TOTAL
ACCOUNT/Program							
Office of Pipeline Safety	$134,969						**$134,969**
Office of Hazardous Materials Safety	85,460						**85,460**
TOTAL	**$220,429**	**$0**	**$0**	**$0**	**$0**	**$0**	**$220,429**

Note: In FY 2011, PHMSA showed all of its funding request under the "Safety" strategic goal since safety is the primary purpose of the agency. There are also significant environmental benefits from these same activities, particularly in pipeline safety, but most of the activities are not separable from their safety purpose.

EXHIBIT II-3a

FY2012 BUDGET REQUEST BY DOT OUTCOMES
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
($000)

DOT Outcome	Program	FY 2012 Request
SAFETY		
Reduction in transportation-related deaths and injuries	Office of Pipeline Safety	**$134,969**
Reduction in transportation-related deaths and injuries	Office of Hazardous Materials Safety	**$85,460**

EXHIBIT II-4

FY 2012 BUDGET AUTHORITY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
($000)

ACCOUNT NAME	Mandatory/ Discretionary	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
Pipeline Safety	D	$106,239	$106,239	$120,864
Hazardous Materials Safety	D	$37,994	$37,994	$50,089
Emergency Preparedness Grants	M	$22,577	$28,130	$28,130
	D	188	188	188
		$22,765	$28,318	$28,318
Operational Expenses	D	$20,132	$20,132	$21,158
TOTAL		**$187,130**	**$192,683**	**$220,429**
	Discretionary	*164,553*	*164,553*	*192,299*
	Mandatory	*22,577*	*28,130*	*28,130*

PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS

General Offsetting Receipts:			
Pipeline Safety User Fees	$90,097	$86,973	$94,493
Proposed Pipeline Safety Design Review Fees[1]			4,000
Proposed Pipeline Safety Special Permits Fees[1]			500
Emergency Preparedness Fund (EP Grants)	27,771	22,450	30,277
Proposed Hazardous Materials Approvals and Permits Fund[2]			11,713
Hazmat Registration Program (Mandatory)	691	800	800
TOTAL	**$118,559**	**$110,223**	**$141,783**

[1] In FY 2012, an estimated $4.5 million will be collected from the proposed Pipeline Safety Pipeline Safety Design Review and Special Permits Fees. These fees will offset $4.147 million in requested program changes as well as $353,000 of the FY 2012 adjusted base previously funded by Pipeline Safety User Fees.

[2] In FY 2012, an estimated $11.7 million will be collected from the proposed Hazardous Materials Special Permits and Approvals Fees, which will relieve up to $6.704 million of the proposed program changes and $5.009 million of the General Fund contribution to the FY 2012 adjusted base.

EXHIBIT II-5

FY 2012 OUTLAYS[1]
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
($000)

ACCOUNT NAME	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
Pipeline Safety			
Pipeline Safety Fund	$76,526	$82,431	$91,417
General Fund Share of Pipeline Safety	0	0	0
Trust Fund Share of Pipeline Safety	17,823	18,905	21,510
Subtotal, Pipeline Safety	$94,349	$101,336	$112,927
Hazardous Materials Safety	$35,331	$44,463	$46,219
Emergency Preparedness Grants			
Mandatory	$22,357	$50,292	$22,559
Discretionary	0	135	53
Subtotal, Emergency Preparedness Grants	$22,357	$50,427	$22,612
Operational Expenses	$17,079	$21,076	$20,830
Research and Special Programs	$1,000	$0	$0
TOTAL	**$170,116**	**$217,302**	**$202,588**
Discretionary	*147,759*	*167,010*	*180,029*
Mandatory	*22,357*	*50,292*	*22,559*

[1] Outlays are reported on a cash expenditure basis. The amount of budget authority and outlays for a fiscal year typically differ because budget authority from previous years can be used for outlays in the current fiscal year.

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

		Baseline Changes										
	FY 2011 Annualized CR	FY 2011 Adjustments	FY 2012 Realignments	Annualization of FY 2011 FTE	2012 Pay Raises	One Less Compensable Day	GSA Rent	WCF Increase/ Decrease	0.50% Inflation	FY 2012 Baseline Estimate	Program Increases/ Decreases	FY 2012 Request
OPERATIONS												
PERSONNEL RESOURCES (FTE)	453.0											
Direct FTE	453.0	19.0								472.0	30.5	502.5
FINANCIAL RESOURCES												
Salaries and Benefits	$56,122	$3,702	$916		$0	($231)				$60,509	$4,201	$64,710
Travel	$4,520	$457	$125						$26	$5,128	$426	$5,554
GSA Rent & DHS Security	$7,550	($1,654)	$18				$1,051			$6,965	$458	$7,423
Communications & Utilities	$1,835	$35	($177)						$10	$1,703	$183	$1,886
Printing	$194	$0	($145)						$0	$49	$0	$49
Professional/Administrative Support Services	$1,552	$7	$1,038						$8	$2,605	($287)	$2,318
Training & Employee Development	$2,015	$58	($350)						$10	$1,733	$418	$2,151
WCF		$0	$0									
Telecommunications		$0	$383					$95		$478	$0	$478
Printing		$0	$469					$6		$475	$0	$475
Desktop Services		$0	$1,835					($42)		$1,793	$0	$1,793
Other	$6,984	($1)	($2,686)					$1,506		$5,803	$0	$5,803
Other Services	$436	$102	$770						$3	$1,311	$305	$1,616
Accounting/Delphi Services	$347	$1,059	($29)						$7	$1,384	$0	$1,384
Supplies	$266	$62	$0						$2	$330	$75	$405
Equipment	$1,464	$21	($298)						$7	$1,194	$277	$1,471
Subtotal, Administrative	**$83,285**	**$3,848**	**$1,869**	**$0**	**$0**	**($231)**	**$1,051**	**$1,565**	**$73**	**$91,460**	**$6,056**	**$97,516**
PROGRAMS												
Contract Programs:												
Pipeline Safety	$18,615	$360	$0						$95	$19,070	$4,700	$23,770
Hazardous Materials Safety	$8,732	($61)	($325)						$42	$8,388	$2,700	$11,088
Emergency Preparedness Grants	$963	$0	$0						$0	$963	$0	$963
Operational Expenses	$4,175	$665	($1,544)						$25	$3,321	$2,550	$5,871
Subtotal, Administrative	**$32,485**	**$964**	**($1,869)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$162**	**$31,742**	**$9,950**	**$41,692**
Research and Development:												
Pipeline Safety	$6,885	$34	$0						$35	$6,954	$0	$6,954
Hazardous Materials Safety	$1,699	$8	$0						$9	$1,716	$0	$1,716
Subtotal, Research and Development	**$8,584**	**$42**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$44**	**$8,670**	**$0**	**$8,670**
Grants:												
Pipeline Safety	$41,529	$3,999	$0						$223	$45,751	$0	$45,751
Emergency Preparedness Grants	$26,800	$0	$0						$0	$26,800	$0	$26,800
Subtotal, Grants	**$68,329**	**$3,999**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$223**	**$72,551**	**$0**	**$72,551**
GRAND TOTAL	**$192,683**	**$8,853**	**$0**	**$0**	**$0**	**($231)**	**$1,051**	**$1,565**	**$502**	**$204,423**	**$16,006**	**$220,429**

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

		Baseline Changes										
	FY 2011 Annualized CR	FY 2011 Adjustments	FY 2012 Realignments	Annualization of FY 2011 FTE	2012 Pay Raises	One Less Compensable Day	GSA Rent	WCF Increase/ Decrease	0.50% Inflation	FY 2012 Baseline Estimate	Program Increases/ Decreases	FY 2012 Request
OPERATIONS												
PERSONNEL RESOURCES (FTE)	206.0											
Direct FTE	206.0	9.0								215.0	10.0	225.0
FINANCIAL RESOURCES												
Salaries and Benefits	$25,036	$1,417	$626			($102)				$26,977	$1,472	$28,449
Travel	$3,031	$290							$17	$3,338	$120	$3,458
GSA Rent & DHS Security	$3,330	($661)					$414			$3,083	$150	$3,233
Communications & Utilities	$1,233	$16	($212)						$6	$1,043	$60	$1,103
Printing	$82		($75)						$0	$7		$7
Professional/Administrative Support Services	$100		$650						$1	$751		$751
Training & Employee Development	$1,650	$41	($350)						$8	$1,349	$110	$1,459
WCF												
Telecommunications			$199					$49		$248		$248
Printing			$75					$0		$75		$75
Desktop Services			$241					($22)		$219		$219
Other	$3,119	($25)	($867)					$781		$3,008		$3,008
Other Services	$91	$1	$291						$0	$383	$100	$483
Accounting/Delphi Services	$139	$1	$542						$1	$683		$683
Supplies	$115	$61							$1	$177	$10	$187
Equipment	$1,284	$6	($300)						$6	$996	$30	$1,026
Subtotal, Administrative	**$39,210**	**$1,147**	**$820**	**$0**	**$0**	**($102)**	**$414**	**$808**	**$40**	**$42,337**	**$2,052**	**$44,389**
PROGRAMS												
Contract Programs:												
Information and Analysis	$1,730	$9							$9	$1,748		$1,748
Pipeline Integrity Management	$8,615	$1,043							$48	$9,706	$1,000	$10,706
Permitting	$730	($730)								$0		$0
Compliance	$318	$2							$2	$322		$322
Training and Information Dissemination	$1,481	$7							$7	$1,495		$1,495
Emergency Notification	$102	$1	$4						$1	$108		$108
Pandemic Influenza	$4	$0	($4)						$0	$0		$0
Community Ass't and Technical Services	$2,859	$14							$14	$2,887	$1,000	$3,887
Multimodal Hazmat Intelligence Portal	$402	$2							$2	$406		$406
Alternative Fuels	$101	$1							$1	$103		$103
Mapping and Information Systems	$1,268	$6							$6	$1,280	$1,000	$2,280
Implementing the Oil Pollution Act	$1,005	$5							$5	$1,015		$1,015
Onshore Facilities Response Plan Initiatives									$0	$0	$1,700	$1,700
Subtotal, Contract Programs	**$18,615**	**$360**	**$0**						**$95**	**$19,070**	**$4,700**	**$23,770**
Research and Development:												
Subtotal, Research and Development	**$6,885**	**$34**	**$0**						**$35**	**$6,954**		**$6,954**
Grants:												
State Pipeline Safety Grants	$37,959	$3,986							$210	$42,155		$42,155
State One-Call Grants	$1,048	$5							$5	$1,058		$1,058
State Damage Prevention Grants	$1,522	$8							$8	$1,538		$1,538
Information Grants to Communities*	$1,000									$1,000		$1,000
Subtotal, Grants	**$41,529**	**$3,999**	**$0**						**$223**	**$45,751**	**$0**	**$45,751**
Programs Subtotal	**$67,029**	**$4,393**	**$0**						**$353**	**$71,775**	**$4,700**	**$76,475**
GRAND TOTAL	**$106,239**	**$5,540**	**$820**	**$0**	**$0**	**($102)**	**$414**	**$808**	**$393**	**$114,112**	**$6,752**	**$120,864**

*Includes $1M transferred from Safety Operations to fund Information Grants to Communities

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

		Baseline Changes										
	FY 2011 Annualized CR	FY 2011 Adjustments	FY 2012 Realignments	Annualization of FY 2011 FTE	2012 Pay Raises	One Less Compensable Day	GSA Rent	WCF Increase/ Decrease	0.50% Inflation	FY 2012 Baseline Estimate	Program Increases/ Decreases	FY 2012 Request
OPERATIONS												
PERSONNEL RESOURCES (FTE)	182.0											
Direct FTE	182.0	8.0								190.0	19.0	209.0
FINANCIAL RESOURCES												
Salaries and Benefits	$22,213	$954			$0	($92)				$23,075	$2,531	$25,606
Travel	$1,435	$167	$125						$9	$1,736	$304	$2,040
GSA Rent & DHS Security	$1,020	$1,078	$186				$637			$2,921	$285	$3,206
Communications & Utilities	$285	$17	$101						$2	$405	$114	$519
Printing	$82		($40)						$0	$42		$42
Professional/Administrative Support Services	$452	$2							$2	$456		$456
Training & Employee Developmen	$194	$16							$1	$211	$285	$496
WCF												
Telecommunications			$184					$46		$230		$230
Printing			$364					$6		$370		$370
Desktop Services			$223					($20)		$203		$203
Other	$1,300	($47)	$817					$725		$2,795		$2,795
Other Services	$343	$1							$2	$346	$190	$536
Accounting/Delphi Services			$234							$234		$234
Supplies	$121	$1							$1	$123	$57	$180
Equipment	$118	$15							$1	$134	$238	$372
Subtotal, Administrative	**$27,563**	**$2,204**	**$2,194**	**$0**	**$0**	**($92)**	**$637**	**$757**	**$18**	**$33,281**	**$4,004**	**$37,285**
PROGRAMS												
Contract Programs:												
Hazmat Information System (HMIS)	$1,945	$310							$11	$2,266		$2,266
Research and Analysis	$423	$2							$2	$427	$750	$1,177
Inspection and Enforcement	$1,771	($535)							$6	$1,242	$750	$1,992
Rulemaking Support	$517	$3	($125)						$2	$397		$397
Training and Outreach	$1,190	($355)	($200)						$3	$638	$200	$838
Emergency Preparedness	$865	($339)	$2						$3	$531		$531
Pandemic Influenza	$2	$0	($2)							$0		$0
Multimodal Hazmat Intelligence Portal	$1,254	$853							$11	$2,118		$2,118
Hazardous Materials Program Evaluations										$0	$1,000	$1,000
Subtotal, Contract Programs	**$7,967**	**($61)**	**($325)**						**$38**	**$7,619**	**$2,700**	**$10,319**
Hazmat Registration Program	$765								$4	$769		$769
Research and Development:												
Subtotal, Research and Development	**$1,699**	**$8**	**$0**						**$9**	**$1,716**		**$1,716**
Programs Subtotal	**$10,431**	**($53)**	**($325)**						**$51**	**$10,104**	**$2,700**	**$12,804**
GRAND TOTAL	**$37,994**	**$2,151**	**$1,869**	**$0**	**$0**	**($92)**	**$637**	**$757**	**$69**	**$43,385**	**$6,704**	**$50,089**

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
EMERGENCY PREPAREDNESS GRANTS
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

		Baseline Changes										
	FY 2011 Annualized CR	FY 2011 Adjustments	FY 2012 Realignments	Annualization of FY 2011 FTE	2012 Pay Raises	One Less Compensable Day	GSA Rent	WCF Increase/ Decrease	0.50% Inflation	FY 2012 Baseline Estimate	Program Increases/ Decreases	FY 2012 Request
OPERATIONS												
PERSONNEL RESOURCES (FTE)	0.0											
Direct FTE	0.0									0.0		0.0
FINANCIAL RESOURCES												
Salaries and Benefits	$555		($90)							$465		$465
Accounting/Delphi Services			$90							$90		$90
Subtotal, Administrative	**$555**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$555**	**$0**	**$555**
PROGRAMS												
Mandatory Programs:												
Grants	$26,800									$26,800		$26,800
Technical Assistance	$150									$150		$150
Emeregency Response Guidebook (WCF)[1]	$625									$625		$625
Subtotal, Mandatory Programs	**$27,575**	**$0**	**$0**							**$27,575**		**$27,575**
Subtotal, Mandatory Budget Authority	**$28,130**	**$0**	**$0**							**$28,130**	**$0**	**$28,130**
Discretionary Programs:												
Training Curriculum Guidelines	$188									$188		$188
Subtotal, Discretionary Budget Authority	**$188**	**$0**	**$0**							**$188**	**$0**	**$188**
Programs Subtotal	**$27,763**	**$0**	**$0**							**$27,763**	**$0**	**$27,763**
GRAND TOTAL	**$28,318**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$28,318**	**$0**	**$28,318**

[1] In FY 2012, OST is requesting $11.049 million for Working Capital Fund (WCF) Services. Of this amount, $2.5 million is for the printing of the Emergency Response Guidebook (ERG), and of this $2.5 million, PHMSA has obligated $1.875 million in previous years at the rate of $625,000 per year, resulting in a $625,000 request for the ERG in FY 2012 and a total PHMSA WCF request of $9.174 million.

Exhibit II-6

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

		Baseline Changes										
	FY 2011 Annualized CR	**FY 2011 Adjustments**	**FY 2012 Realignments**	**Annualization of FY 2011 FTE**	**2012 Pay Raises**	**One Less Compensable Day**	**GSA Rent**	**WCF Increase/ Decrease**	**0.50% Inflation**	**FY 2012 Baseline Estimate**	**Program Increases/ Decreases**	**FY 2012 Request**
OPERATIONS												
PERSONNEL RESOURCES (FTE)	65.0											
Direct FTE	65.0	2.0								67.0	1.5	68.5
FINANCIAL RESOURCES												
Salaries and Benefits	$8,318	$1,331	$380		$0	($37)				$9,992	$198	$10,190
Travel	$54								$0	$54	$2	$56
GSA Rent & DHS Security	$3,200	($2,071)	($168)							$961	$23	$984
Communications & Utilities	$317	$2	($66)						$2	$255	$9	$264
Printing	$30		($30)						$0	$0		$0
Professional/Administrative Support Services	$1,000	$5	$388						$5	$1,398	($287)	$1,111
Training & Employee Development	$171	$1							$1	$173	$23	$196
WCF												
Telecommunications								$0		$0		$0
Printing			$30					$0		$30		$30
Desktop Services			$1,371					$0		$1,371		$1,371
Other	$2,565	$71	($2,636)					$0		$0		$0
Other Services	$2	$100	$479						$1	$582	$15	$597
Accounting/Delphi Services	$208	$1,058	($895)						$6	$377		$377
Supplies	$30								$0	$30	$8	$38
Equipment	$62		$2						$0	$64	$9	$73
Subtotal, Administrative	**$15,957**	**$497**	**($1,145)**	**$0**	**$0**	**($37)**	**$0**	**$0**	**$15**	**$15,287**	**$0**	**$15,287**
PROGRAMS												
Contract Programs:												
Budget and Financial Management	$170		($171)						$1	$0		$0
Civil Rights (Intern Program)	$30									$30		$30
Information Resources Management	$818	$4							$4	$826		$826
Information Technology Infrastructure	$3,050	$660	($1,371)						$19	$2,358	$2,550	$4,908
E-Government Initiatives	$105	$1							$1	$107		$107
Pandemic Influenza	$2		($2)							$0		$0
Programs Subtotal	**$4,175**	**$665**	**($1,544)**						**$25**	**$3,321**	**$2,550**	**$5,871**
GRAND TOTAL	**$20,132**	**$1,162**	**($2,689)**	**$0**	**$0**	**($37)**	**$0**	**$0**	**$40**	**$18,608**	**$2,550**	**$21,158**

EXHIBIT II-7

WORKING CAPITAL FUND
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
($000)

ACCOUNT NAME	FY 2010 Enacted	FY 2012 Request	Change
Pipeline Safety	$3,119	$3,550	$431
Hazardous Materials Safety	1,300	3,598	2,298
Emergency Preparedness Grants[1]	[625]*	2,500	0
Operational Expenses	2,565	1,401	(1,164)
TOTAL	**$6,984**	**$11,049**	**$1,565**

[1] In FY 2012, OST is requesting $11.049 million for Working Capital Fund (WCF) Services. Of this amount, $2.5 million is for the printing of the Emergency Response Guidebook (ERG), and of this $2.5 million, PHMSA has obligated $1.875 million in previous years at the rate of $625,000 per year, resulting in a FY 2012 request by PHMSA of $9.174 million.

* [ ] Denotes non-add

EXHIBIT II-8

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PERSONNEL RESOURCE - SUMMARY
TOTAL FULL-TIME EQUIVALENTS

DIRECT FUNDED, BY APPROPRIATION	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
Pipeline Safety	206.0	206.0	225.0
Hazardous Materials Safety	182.0 [1]	182.0 [1]	209.0
Operational Expenses	65.0	65.0	68.5
Subtotal, Direct Funded	**453.0**	**453.0**	**502.5**
REIMBURSEMENTS/ALLOCATIONS/OTHER			
Operational Expenses			
Other (Honors Attorneys)	11.0	11.0	11.0
Subtotal, Reimbursements/Allocations/Other	**11.0**	**11.0**	**11.0**
TOTAL FTEs	**464.0**	**464.0**	**513.5**

[1] Errors were previously made in calculating the FTEs. The numbers on this table reflect the corrected amounts.

EXHIBIT II-9

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

DIRECT FUNDED, BY APPROPRIATION	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
Pipeline Safety	215	215	235
Hazardous Materials Safety	190	190	228
Operational Expenses	67	67	70
Subtotal, Direct Funded	**472**	**472**	**533**
ALLOCATIONS/REIMBURSEMENTS			
Operational Expenses			
Other (Honors Attorneys)	11	11	11
Subtotal, Allocations/Reimbursements	**11**	**11**	**11**
TOTAL POSITIONS	**483**	**483**	**544**

SUMMARY OF CHANGES
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
FY 2012 Request vs. FY 2010 Enacted
($000)

		Change from FY10 - FY12
PHMSA BASELINE CHANGES		
FY 2011 Adjustments	$	8,853
These adjustments are for FY 2011 increases in GSA Rent and the Working Capital Fund, for the annualization of FY 2010 Enacted FTE, and other proposed program changes.		
One Less Compensible Day		(231)
This adjustment is to account for one less compensible day in FY 2012.		
GSA Rent		1,051
Based on PHMSA-wide rent expenditures adjusted to better align costs to actual rent estimates		
Working Capital Fund Adjustment		1,565
This adjustment is based on estimates provided by the WCF, and determined by actual usage costs		
Non-Pay Inflation		502
Based on the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities in FY 2012.		
Total of PHMSA Baseline Changes	**$**	**11,740**
PHMSA PROGRAM CHANGES		
Pipeline Safety		
1. 10 FTP/5.0 FTE - Salaries and Benefits and Related Administrative Expenses	$	956
2. Mapping and Information Systems		1,191
a. 2 FTP/1.0 FTE - Salaries and Benefits and Related Administrative Expenses		[191]
b. Program Costs		[1,000]
3. Community Assistance and Technical Services		1,000
4. Onshore Facility Response Plan Initiatives		2,605
a. 8 FTP/4.0 FTE - Salaries and Benefits and Related Administrative Expenses		[905]
b. Program Costs		[1,700]
5. Pipeline Integrity Management		1,000
Subtotal, Pipeline Safety Program Changes	**$**	**6,752**
Hazardous Materials Safety		
1. 38 FTP/19.0 FTE - Salaries and Benefits and Related Administrative Expenses	$	4,004
a. Inspectors		[2,107]
b. Special Permits and Approvals Specialists		[632]
c. Scientists/Engineers		[422]
d. Compliance and Outreach Specialists		[527]
		[316]
2. Inspection and Enforcement		750
3. Research and Analysis		750
4. Hazardous Materials Program Evaluations		1,000
5. Training and Outreach		200
Subtotal, Hazardous Materials Safety Program Changes	**$**	**6,704**
Operational Expenses		
1. 3 FTP/1.5 FTE - Salaries and Benefits and Related Administrative Expenses	$	287
3. Professional/Administrative Support Services - Contractor Conversion to Federal Service		(287)
2. Data and Business Analysis/IT - HMIS Modernization		2,550
Subtotal, Operational Expenses Program Changes	**$**	**2,550**
Total of PHMSA Program Changes	**$**	**16,006**
TOTAL CHANGES (FY 2012 Request vs. FY 2010 Enacted)	**$**	**27,746**

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Research & Special Programs
Program and Financing
(In thousands of dollars)

Identification code 021-50-0104-0

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	262	275	0
09.00 Total new obligations	262	275	0
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	537	275	0
10.50 Total unobligated balance	537	275	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.00 Appropriation	0	0	0
11.60 Total Appropriation	0	0	0
19.00 Total budget authority	0	0	0
19.30 Total budgetary resources available	537	275	0
19.40 Unobligated balance expiring (-)	0	0	0
19.41 Unexpired unobligated balance carried forward, end of year	275	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	1,881	933	0
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	-1,543	-1,485	-1,485
30.11 Adjustments to uncollected customer payments, brought forward October 1	0	0	0
30.20 Obligated balance, start of year, (net)	338	-551	-1,485
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	262	275	0
30.31 Obligations incurred, expired accounts	140	0	0
30.40 Outlays (gross) (-)	-1,000	0	0
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	0	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	58	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-350	0	0
Obligated balance, end of year (net)	0		
30.90 Unpaid obligations, end of year (gross)	933	0	0
30.91 Uncollected customer payments from Federal sources, end of year (-)	-1,485	-1,485	-1,485
31.00 Obligated balance, end of year	-551	-1,485	-1,485
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	0	0	0
Gross outlays:			
40.10 Outlays from new authority	0	0	0
40.11 Outlays from balances	1,000	0	0
40.20 Total outlays, gross	1,000	0	0
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	0	0	0
40.33 Offsetting collections from non-Federal sources (-)	0	0	0
40.34 Offsetting governmental collections (from non-Federal sources) (-)	0	0	0
40.40 Total offsets against gross budget authority and outlays (-)	0	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	0	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
40.52 Offsetting collections credited to expired accounts	0	0	0
40.53 Anticipated offsetting collections	0	0	0
40.60 Total additional offsets against budget authority only	0	0	0
40.70 Budget authority, net (discretionary)	0	0	0
40.80 Outlays, net (discretionary)	1,000	0	0
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	0	0	0
41.90 Outlays, net (discretionary and mandatory)	1,000	0	0

Note: The Office of Emergency Transportation (OET), while located within the Deparment's Research and Special Programs Administration (RSPA), was appropriated funding under the Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States, 2002, and the Department of Defense Emergency Supplemental Appropriations Act for Recover from and Response to Terrorist Attacks on the United States, 2002. In 2005, Congress enacted the Consolidated Appropriations Act, 2005 (Division H), appropriating funds for the OET within the Salaries and Expenses appropriation for the Office of the Secretary (OST), which led to the relocation of OET to the Office of Intelligence, Security, and Emergency Response (S-60) within OST. No provision exists to address moving prior year funds, so such funds remain wihtin the Pipeline and Hazardous Materials Safety Administration.

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
RESEARCH AND SPECIAL PROGRAMS
(In thousands of dollars)

Identification code 69-0104-0-1-407

		FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
	Direct Obligations:			
25.3	Other purchases of goods and services from government accounts	$262	$275	$0
99.9	Total new obligations	$262	$275	$0

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Research and Special Programs

YEAR	REQUEST		YEAR	ENACTED	
2001	$42,531,000	2/	2001	$36,292,979	1/ & 3/
2002	$41,933,000	4/	2002	$37,069,000	1/ & 5/
2002 (Suppl.)	$6,000,00		2002 (Suppl.)	$2,500,000	
2003	$44,378,000	6/	2003	$40,479,630	1/ & 7/
2004	$50,723,000		2004	$45,729,490	1/ & 8/
2005	$52,936,000		2005	$45,870,666	1/ & 9/
2006	$0		2006	$0	
2007	$0		2007	$0	
2008	$0		2008	$0	
2009	$0		2009	$0	
2010	$0		2010	$0	
2011	$0				
2012	$0				

1/ Includes $645,000 from the Pipeline Safety Fund.

2/ Includes $645,000 from Pipeline Safety Fund and $4,722,000 in new user fees.

3/ Reflects 0.22% reduction of $80,021 (Sec. 1403 of P.L. 106-554).

4/ Includes $645,000 from the Pipeline Safety Fund and $12,000,000 in new user fees.

5/ Reflects reductions of $210,000 for TASC (Sec. 349 of P.L. 107-87 and Sec. 1106 of P.L. 107-117).

6/ Includes $645,000 from the Pipeline Safety Fund and $5,987,000 in new user fees.

7/ Reflects reductions of $234,000 for Working Capital Fund (Sec. 362 of Division I of P.L. 108-7) and $266,370 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

8/ Reflects reductions of $437,508 for Working Capital Fund (Sec. 517 of Division F of P.L. 108-199) and $274,002 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

9/ Reflects reductions of $867,414 for Working Capital Fund (Sec. 197 of Division H of P.L. 108-447) and $376,920 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

Budget Requests by Appropriation Account Exhibits and Narrative Justification

Pipeline Safety

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OIL SPILL LIABILITY TRUST FUND)

(PIPELINE SAFETY DESIGN REVIEW)

(PIPELINE SAFETY SPECIAL PERMIT FUND)

For expenses necessary to conduct the functions of the pipeline safety program, for grants-in-aid to carry out a pipeline safety program, as authorized by 49 U.S.C. 60107, and to discharge the pipeline program responsibilities of the Oil Pollution Act of 1990, [$111,111,000]*$119,864,000;*[,] of which [$18,905,000]*$21,510,000* shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2013]*2014*; [and] of which [$92,206,000]*$93,854,000* shall be derived from the Pipeline Safety Fund, of which [$51,206,000]*$54,265,000* shall remain available until September 30, [2013]*2014; of which $4,000,000, to remain available until expended, shall be derived from the Pipeline Safety Design Review Fund, as established by this Act, and of which $500,000, to remain available until expended, shall be derived from the Pipeline Safety Special Permit Fund, as established by this Act.*

Note.--A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request	Change FY 2010-FY 2012
Operations/Contract Programs	$ 57,825	$ 57,825	$ 68,159	$ 10,334
Research and Development	6,885	6,885	6,954	69
Grants (reflects $1M transferred from Operational Expenses for Information Grants to Communities)	41,529	41,529	45,751	4,222
TOTAL	**$ 106,239**	**$ 106,239**	**$ 120,864**	**$ 14,625**
FTEs				
Direct Funded	206.0	206.0	225.0	19.0

Program and Performance Statement

Pipeline Safety – PHMSA is responsible for the Department's Pipeline Safety program. PHMSA oversees the safety, security, and environmental protection of pipelines through analysis of data, damage prevention, education and training, enforcement of regulations and standards, research and development, grants for states pipeline safety programs, and emergency planning for response to accidents.

EXHIBIT III-1a

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY
SUMMARY ANALYSIS OF CHANGE FROM FY 2011 ANNUALIZED CR TO FY 2012
Appropriations, Obligation Limitations and Exempt Obligations
($000)

Appropriation	Dollars in Thousands	FTE
PIPELINE SAFETY		
FY 2011 Annualized CR (reflects $1M transferred from Operational Expenses for Information Grants to Communities)**:**	**$ 106,239**	**206.0**
FY 2011 Adjustments (Includes Annualization of FY 2010 FTE):	**$ 5,540**	**9.0**
FY 2012 Realignments:		
Salaries and Benefits	$ 626	0.0
Working Capital Fund (WCF) Services	(352)	0.0
Other Administrative Services	546	0.0
Subtotal, Realignments	**$ 820**	**0.0**
FY 2012 Adjustments to Base:		
One Less Compensable Day	(102)	0.0
GSA Rent & DHS Security	414	0.0
Working Capital Fund Increase/Decrease	808	0.0
Non-pay Inflation of 0.5%	393	0.0
Subtotal, Adjustments to Base	**$ 1,513**	**0.0**
FY 2012 Program Changes:		
1. 10 FTP / 5.0 FTE – Inspection and Enforcement (I&E) Staff	$ 956	5.0
2. Mapping and Information Systems	1,191	1.0
a. 2 FTP / 1.0 FTE - Safety Analysts	[191]	[1.0]
b. Program Costs	[1,000]	[0.0]
3. "811 – Call Before You Dig" Program	1,000	0.0
4. Onshore and Oil Spill Response Program	2,605	4.0
a. 8 FTP / 4.0 FTE - Environmental Protection/Preparedness and Emergency Response Staff (I&E)	[905]	[4.0]
b. Program Costs	[1,700]	[0.0]
5. Pipeline Integrity Management	1,000	0.0
Subtotal, Program Changes	**$ 6,752**	**10.0**
Subtotal, Realignments, Adjustments to Base, and Program Changes	**$ 14,625**	**19.0**
Total, Pipeline Safety	**$ 120,864**	**225.0**

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY

Annual Performance Results and Targets

The Office of Pipeline Safety integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. The Office of Pipeline Safety tracks the following DOT performance measures to demonstrate program results.

DOT Goal/Outcome: Safety

Reduction in injuries and fatalities: Number of pipeline incidents involving death or major injury	2007	2008	2009	2010	2011	2012
Target	42	40	38	30-43	31-45	30-43
Actual	47	41	49 (p)	40 (p)		

DOT Goal/Outcome: Environmental Sustainability

Reduction in pollution: Hazardous liquid pipeline spills with environmental impacts.	2007	2008	2009	2010	2011	2012
Target				89-108	84-104	80-99
Actual	97	128	110 (p)	86 (p)		

(p) = Projected

See page 41 for details under section titled, "How Do You Know the Program Works?"

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Pipeline Safety
Unavailable Collections
(In thousands of dollars)

Identification code 69-5172-0-2-407

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Requesst
01.00 Balance, start of year	$33,564	$38,095	$38,095
01.90 Adjustment to reconcile to unavailable beginning balance	0	0	0
01.99 Revised Balance, start of year	33,564	38,095	38,095
Receipts:			
02.60 Pipeline Safety user fees (offsetting prop. receipts)	90,097	86,973	98,993
04.00 Total: Balances and collections	123,661	125,068	137,088
Appropriations:			
05.00 Pipeline Safety	(86,973)	(86,973)	(98,354)
06.10 Unobligated balance returned to receipts	1,407	0	0
07.99 Balance, end of year	$38,095	$38,095	$38,734

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Pipeline Safety
Program and Financing
(In thousands of dollars)

Identification code 021-50-5172-0

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	107,138	122,854	120,864
08.01 Reimbursable program	175	0	0
09.00 Total new obligations	107,313	122,854	120,864
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	15,606	16,615	0
Adjustments:			
10.21 Recoveries of prior year unpaid obligations	1,936	0	0
10.50 Total unobligated balance	17,542	16,615	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.01 Appropriation (special fund)	86,973	86,973	98,993
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts (-)	-639	-639	-639
11.21 Appropriations transferred from other accounts	1,000	1,000	1,000
11.60 Total Appropriation	87,334	87,334	99,354
Spending authority from offsetting collections:			
17.00 Collected	18,523	18,905	21,510
17.01 Change in uncollected customer payments from Federal sources (+ or -)	732	0	0
17.50 Spending authority from offsetting collections	19,255	18,905	21,510
19.00 Total budget authority	106,589	106,239	120,864
19.30 Total budgetary resources available	124,131	122,854	120,864
19.40 Unobligated balance expiring (-)	-203	0	0
19.41 Unexpired unobligated balance carried forward, end of year	16,615	0	0
19.51 Unobligated balance expiring (special and trust funds) (-)	-203	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	3,809	2,792	2,792
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	2,792	2,792	2,792
19.54 Unobligated balance canceling (special and trust funds)	1,407	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	52,711	62,622	84,141
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	-10,608	-11,314	-11,314
30.20 Obligated balance, start of year, (net)	42,103	51,309	72,827
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	107,313	122,854	120,864
30.31 Obligations incurred, expired accounts	-222	0	0
30.40 Outlays (gross) (-)	-95,081	-101,336	-112,927
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	-732	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	26	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	-1,936	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-163	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	62,622	84,141	92,077
30.91 Uncollected customer payments from Federal sources, end of year (-)	-11,314	-11,314	-11,314
31.00 Obligated balance, end of year	51,309	72,827	80,764
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	106,589	106,239	120,864
Gross outlays:			
40.10 Outlays from new authority	45,901	52,057	59,223
40.11 Outlays from balances	49,179	49,279	53,704
40.20 Total outlays, gross	95,081	101,336	112,927
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	-18,555	-18,905	-21,510
40.33 Offsetting collections from non-Federal sources (-)	0	0	0
40.40 Total offsets against gross budget authority and outlays (-)	-18,555	-18,905	-21,510
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	-732	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	32	0	0
40.60 Total additional offsets against budget authority only	-700	0	0
40.70 Budget authority, net (discretionary)	87,334	87,334	99,354
40.80 Outlays, net (discretionary)	76,526	82,431	91,417
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	87,334	87,334	99,354
41.90 Outlays, net (discretionary and mandatory)	76,526	82,431	91,417

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY
(In thousands of dollars)

Identification code 69-5172-0-1-407

		FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
	Direct Obligations:			
	Personnel Compensation:			
11.1	Full-time permanent	$18,904	$19,580	$22,226
11.3	Other than full-time permanent	98	0	0
11.5	Other personnel compensation	591	0	0
11.9	Total personnel compensation	$19,594	$19,580	$22,226
12.1	Civilian personnel benefits	$5,546	$5,778	$6,223
21.0	Travel and transportation of persons	2,824	3,031	3,458
22.2	Transportation of Things	15	0	0
23.1	Rental payments to GSA	1,712	3,330	3,233
23.3	Communications, utilities, and miscellaneous charges	1,091	1,233	1,351
24.0	Printing and reproduction	159	82	82
25.1	Advisory and assistance services	13,300	29,311	19,602
25.2	Other services	575	1,741	3,642
25.3	Other purchases of goods and services from government accounts	8,299	6,079	6,883
25.4	Operation and maintenance of facilities	865	0	0
25.5	Research and development contracts	7,295	7,661	6,954
25.7	Operation and maintenance of equipment	2,544	0	246
26.0	Supplies and materials	141	119	187
31.0	Equipment	1,170	1,284	1,026
41.0	Grants, subsidies, and contributions	41,965	43,625	45,751
	Subtotal, Direct obligations	$107,093	$122,854	$120,864
99.0	Subtotal, Reimbursable obligations	175	0	0
99.9	Total new obligations	$107,268	$122,854	$120,864

EMPLOYMENT SUMMARY

	Direct:			
1001	Civilian full-time equivalent employment	175.0	206.0	225.0

PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Pipeline Safety

YEAR	REQUEST		YEAR	ENACTED	
2001	$42,874,000		2001	$39,468,977	/1
2002	$46,286,000		2002	$50,187,000	/2
2003	$56,385,000		2003	$55,837,595	/3
2004	$48,336,000		2004	$52,678,851	/4
2005	$51,073,000		2005	$54,040,262	/5
2006	$54,165,000		2006	$57,429,900	/6
2007	$56,925,000		2007	$60,065,297	/7
2008	$55,770,000		2008	$61,018,000	
2009	$74,481,000		2009	$75,481,000	/8
2010	$87,334,000		2010	$87,334,000	
2011	$87,334,000	7/			
2012	$99,354,000				

1/ Reflects 0.22% reduction of $87.023 million (Sec. 1403 of P.L. 106-554).

2/ Reflects reductions of $138,000 for TASC (Sec. 349 of P.L. 107-87 and Sec. 1106 of P.L. 107-117) and $61,000 for administrative and travel expenses (Sec. 1403 of P.L. 107-206).

3/ Reflects reductions of $166,000 for Working Capital Fund (Sec. 362 of Division I of P.L. 108-7) and $366,405 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

4/ Reflects reductions of $311,649 for Working Capital Fund (Sec. 517 of Division F of P.L. 108-199) and $314,500 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

5/ Reflects reductions of $290,586 for Working Capital Fund (Sec. 197 of Division H of P.L. 108-447) and $438,152 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

6/ Reflects reduction of $580,100 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

7/ Reflects the funding levels provided by a full-year continuing resolution.

8/ Reflects the inclusion of $1.0 million in General Funds for Information Grants to Communities.

FY 2012 Pipeline Safety Budget Request – $120.864 million

What Do I Need to Know Before Reading This Justification?
For FY 2012, the budget supports DOT's Surface Transportation Authorization Proposal. This proposal provides enhanced safety, environmental protection, and reliability in the transportation of the Nation's energy products by pipeline, and for other purposes. Included in this proposal are the Design Review and Special Permits Fees to support the Alaska Natural Gas Pipeline Project and other pipeline projects nationwide.

What Is This Request and What Will We Get for the Funds?
In FY 2012, PHMSA requests a total of $120.864 million for Pipeline Safety. Funding provides staff and resources to identify and evaluate safety risks, and to develop and enforce safety standards in regards to transportation of alternative fuels and gases through pipelines.

What Is This Program?
PHMSA's comprehensive, nationwide Pipeline Safety program protects people and the environment from the risks inherent in the transportation of hazardous materials by pipeline. PHMSA's Pipeline Safety accomplishes its mission by promulgating and enforcing safety regulations and through consistent, onsite inspection of pipeline operations.

Why Is This Particular Program Necessary?
PHMSA is responsible for reducing the number of pipeline incidents involving death or major injury and the hazardous liquid spills with environmental impacts. With the anticipated increase in transportation of new products with properties like ethanol, hydrogen, carbon dioxide, and potentially other bio-fuels, PHMSA is expected to make sure a solid regulatory framework exists to prevent accidents and ensure safety by providing critical protection for the American people (see PHMSA Administrator May 20, 2010 testimony before the House T&I Subcommittee on Railroads, Pipelines and Hazardous Materials).

How Do You Know the Program Works?
Under PHMSA's Pipeline Safety Program, pipeline accidents reached record lows. For calendar year 2010 pipeline accidents totaled 37, the third lowest total in the past 20 years. Additionally, the number of accidents is down 31 percent in FY 2010, averaging a four percent reduction per year.

The PHMSA Pipeline Safety Program closed regulatory gaps identified by several oversight organizations—accelerating its Control Room Management timelines to expedite operator onsite facility safety, extending its damage prevention laws to allow Federal enforcement authority to stopgap States where their enforcement programs are determined to be inadequate, and enhancing the safety of onshore hazardous liquid pipelines through its proposal to apply safety regulation to all rural onshore hazardous liquid low-stress lines.

Why Do We Want/Need to Fund the Program at the Requested Level?
PHMSA's risk based approach to safety relies on accurate data collection. Inaccurate reports degrade PHMSA's ability to analyze integrity threats, identify important trends, and focus limited inspection resources on areas of greatest concern. Thus for FY 2012, PHMSA is requesting two positions to resolve issues with National Pipeline Mapping System safety data quality, security, and compliance. Additionally, PHMSA sponsors the "811 - Call Before You Dig" program which aims to increase public awareness on how to avoid injuries or damages to underground facilities. The request also includes eight positions for the Onshore and Oil Spill Response Program to improve Pipeline Safety's Facility Response Plan review process and ten inspectors to enhance oversight of major new gas and hazardous liquid pipeline constructions. Through these responsibilities, PHMSA will reduce the number of pipeline incidents involving death or major injury and the hazardous liquid spills with environmental impacts.

Detailed Justification for the Pipeline Safety Program

FY 2012 Request – $120.864 million

What Do I Need To Know Before Reading This Justification?

PHMSA's nationwide Pipeline Safety program ensures the protection of the people and the environment from the risks inherent in the transportation of hazardous materials by pipeline. PHMSA's Pipeline Safety accomplishes its mission by promulgating and enforcing safety regulations and through consistent, onsite inspection of pipeline operations.

The Pipeline Safety appropriation is funded from Pipeline Safety user fees, the Oil Spill Liability Trust Fund, and the General Fund (Information Grants to Communities). The Pipeline Safety User Fees consist of annual collections from PHMSA's regulated industry, based on the enacted Congressional Budget levels. The Oil Spill Liability Trust Fund, a revolving fund, collects an environmental tax on petroleum production and transportation, and General Revenue funding is used for the Information Grants to Communities.

PHMSA's authorizing bill, the Pipeline Integrity, Protection, Enforcement, and Safety Act of 2006 (PIPES Act) expired in 2010. To continue PHMSA's critical mission, PHMSA has included its pipeline and hazardous materials safety programs' reauthorization in the DOT's Surface Transportation Authorization Proposal. This proposal will ensure the continued safety, environmental protection, and reliability in the transportation of the Nation's energy products by pipeline.

Specifically, the surface authorization proposal seeks to:

- increase the maximum administrative civil penalties for the most serious types of violations from $100,000 per day/$1 million for a series of violations to $250,000 per day/$2.5 million for a series of violations;
- add resources necessary to accomplish the requirements in legislation;
- close regulatory gaps on "gathering" pipelines by eliminating statutory exemptions for gas and hazardous liquid gathering lines that operate upstream of transmission pipelines;
- require a review of the effectiveness of current rules that apply risk management requirements only to pipelines in high consequence areas to determine whether these requirements should be applied to entire pipelines; and
- increase the data collection, analysis and reporting available to the pipeline program to minimize risks.

Proposed Design Review and Special Permits Fees: Included in the 2010 Surface Transportation Authorization Proposal, are two new user fees: the Design Review Fee to support PHMSA's oversight of major new construction projects, like the Alaska Natural Gas Pipeline project, and the Special Permits and Approvals Fee, to relieve administrative burdens of processing special permits and approvals. Please see below for more details.

What Is The Request And What Will We Get For The Funds?

FY 2012 – Pipeline Safety Budget Request
($000)

Program Activity	FY 2010 Actual	FY 2012 Request	Change FY 2010 – FY 2012
Operations/Contract Programs	$ 57,825	$ 68,159	$ 10,334
Research and Development	6,885	6,954	69
Grants (Includes $1M transferred to Pipeline Safety for Information Grants to Communities)	41,529	45,751	4,222
Total	$ 106,239	$ 120,864	$ 14,625

In FY 2012, PHMSA requests a total of $120.864 million for Pipeline Safety, an increase of $14.625 million more than the FY 2010 Enacted $106.239 million. Of this request, $44.389 million is for salaries and benefits and other administrative expenses, $23.770 million is for contract programs, $6.954 million is for the Research and Development program, and $45.751 million is for Pipeline Safety Grants. Of the requested amount, an estimated $4.0 million will be offset by the Design Review fee and $500,000 by the Special Permits fee.

FY 2011 Adjustments, $5,540,000
In FY 2011 Pipeline Safety will incur increases, including for the annualization of FY 2010 Enacted FTEs.

PHMSA-wide Realignments, $820,000
In FY 2012 PHMSA plans to continue the process of aligning its budget to its actual spending. This process includes changing PHMSA's allocation methodology for common services costs (i.e. rent, Working Capital Fund, etc.). As a result of these realignments, there is an overall increase of $820,000 in this account. These realignments include:

- Salaries and Benefits $626,000
- Other Administrative Services $546,000
- Working Capital Fund (WCF) Services ..... ($352,000)

Note: The net increase in the Pipeline Safety account is offset by a net decrease in the Operations Expenses account.

FY 2012 Adjustments to Base, $1,513,000
Compensable Workday Savings, -$102,000
Fiscal Year 2012 has one less working day than Fiscal Year 2011. This results in a net reduction and savings of $102,000 in pay and benefits.

GSA Rent, $414,000
PHMSA maintains office space in its regional offices throughout the United States to accommodate hazardous materials, as well as pipeline inspections in all areas of the country. This increase is due

to new property acquisitions, as well as inflationary increases on existing properties. The impact on the Pipeline Safety Fund is an increase of $414,000.

Working Capital Fund Adjustment, $808,000
The Working Capital Fund (WCF) is a fully reimbursable fund that finances a range of administrative support services to DOT. This centrally managed account provides Department-wide functions such as information technology, facilities, operational support and personnel administration. Centralizing administrative support functions has enabled DOT to achieve economies of scale, reducing costs and increasing operational efficiencies, and has allowed DOT operating administrations to focus on and accomplish their goals. WCF allocates costs based on various algorithms, depending on the service provided. This request is associated with operating costs in these WCF activities. Request levels are based on estimates provided by the WCF, and determined by actual usage costs (including inflation).

Non-pay Inflation, $393,000
PHMSA relies upon contract support for certain goods and services. Price escalation for goods and services during FY 2012 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities to execute their responsibilities in FY 2012.

Program Changes, $6,752,000 and 20 FTP/ 10.0 FTE
Personnel Compensation and Benefits and Related Administrative Expenses, $2,052,000
PHMSA is requesting an additional 20 FTP/ 10.0 FTE. These additional positions include ten (10) Pipeline Safety Inspection and Enforcement (I&E) Staff, two (2) Mapping and Information Systems Safety Analysts, and eight (8) Environmental Protection/Preparedness and Emergency Response Staff (I&E).

Note: PHMSA has chosen to discuss the essential personnel separately from the programs that they will be placed under in order to distinctly discuss the roles and responsibilities and to differentiate between personnel costs and program requests –as all are vital and require their own level of detail.

Recruiting ten (5.0 FTE) additional inspectors will enable PHMSA to enhance its oversight of major new gas and hazardous liquid pipeline construction projects including the anticipated Alaska Natural Gas Pipeline project. It will also facilitate the implementation of new safety mandates, additional inspections of existing systems, and enhanced special permit analysis. With these additional resources, PHMSA will also continue to implement a risk-based enforcement program to focus its resources in a manner that would allow it to prioritize inspections, explore alternative avenues with regulated entities to bring about compliance, and better review and analyze data through improved and expanded data collection. With these additional Inspectors, PHMSA will also be able to enhance the Onshore and Oil Spill Response Program.

Recruiting two (1.0 FTE) safety analysts for the National Pipeline Mapping System (NPMS) will allow for:

- *1 Senior Safety Analyst* to provide Geographic Information System (GIS) data products (including maps, statistics, and database queries or extracts) to resolve issues with NPMS safety data quality, compliance and security.

- *1 Junior Safety Analyst* to handle safety data queries, providing data analysis, large-scale data conversion, or custom maps as needed to address pipeline incidents, and maintain and update PHMSA's geospatial databases. These positions will support PHMSA as it transitions to a data–driven safety organization. Without this funding the transition to a data-driven organization may be delayed, negatively impacting data quality, compliance and security.

Recruiting eight (4.0 FTE) in support of the Onshore and Oil Spill Response Plan Initiative will allow PHMSA to more thoroughly:
- Evaluate oil spill response plans submitted for approval and plan amendments and revisions,
- Take action against operators that submit non-compliant plans,
- Participate in emergency scenario oil spill exercises,
- Ensure compliance with Federal laws and the National Incident Management System, and
- Provide improved visibility and transparency of PHMSA plan review and approval processes.

As a result, PHMSA is requesting the following inspection and enforcement positions:

- *1 Senior Environmental Protection Specialist* will review the federal response plans (FRPs) for technical accuracy, validate requirements for Federal environmental laws (e.g., the National Environmental Protection Act (NEPA) in the plans, review technical citations, validate equipment and other resources listed for oil spill response, provide guidance and on-site assistance to field inspection and enforcement staff to validate and evaluate quantity and condition of response equipment stockpiles.
- *1 Attorney* will provide legal support on facility response plan issues including plan compliance and enforcement matters. The attorney will also provide legal support on other environmental protection laws, such as compliance with NEPA and CEQ requirements.
- *6 Inspection and Enforcement staff* will be deployed throughout the Nation to provide the capability to visit, inspect, and evaluate operators oil spill facility response plans; initiate, participate, and evaluate oil spill exercises; and coordinate with headquarters concerning potential enforcement for non-compliance with Federal regulations.

Mapping and Information Systems, $1,000,000
In addition to the staffing request above, PHMSA's risk based approach to safety relies on accurate data collection. Inaccurate reports degrade PHMSA's ability to analyze integrity threats, identify important trends, and focus limited inspection resources on areas of greatest concern. This funding request for a new safety data collection initiative will enable PHMSA to: (1) Obtain a more complete understanding of a pipeline's history from construction to retirement, (2) Understand relationships among various existing PHMSA datasets by tying data to the pipe segment, not the current operator, (3) Refine the input into the inspection prioritization algorithm by providing data on problematic pipe segments, (4) Help ensure that regulatory actions are taken where incident data shows they are needed and that resources are allocated to the most critical areas, (5) Provide enhanced performance metrics, which display data on a map that will allow the user to instantly recognize data patterns, (6) Match an operator's Annual Report with its NPMS submission, providing a quality check for data such as pipeline mileage, and (7) Support integrity management by providing quality control for operators' High Consequence Area designations and integrity management plans.

The need for new safety data collection includes: (1) Data not currently collected by PHMSA, such as pump and compressor station locations and valve locations which are critical for shutoff of

pipelines as was demonstrated in the recent Enbridge Marshall, MI incident; (2) Pipeline attributes not currently collected by the NPMS, such as: throughput, Electric Resistance Welded (ERW) pipe segments, wall thickness, coating, special permit segments, and anomalies; (3) Potential modifications to existing NPMS pipeline data and attributes, such as: mandatory entry of pipeline diameter, data accuracy tightened from 500 feet to within 40 feet (a National Map Accuracy Standard), and (4) mandatory submission of the locations of all hazardous liquid storage tank farms for inclusion in the NPMS since their locations are not readily available in any databases.

Without a broader range of geospatial data and the tools to display and query it, PHMSA will not have a complete view of its regulatory assets, resource allocation may not match severity of need for prevention and mitigation actions, and pipeline "trouble spots" are in danger of being overlooked possibly leading to an increase in pipeline incidents. The need for additional data is frequently evident when maps or data analysis for events (i.e., incidents or natural disasters) have to rely on incomplete commercial datasets which often do not overlay properly with PHMSA's pipeline data. Improving NPMS data accuracy is critical if PHMSA's pipeline safety data is to meet current nationwide data accuracy standards.

"811 – Call Before You Dig" - Community Assistance and Technical Services, $1,000,000
PHMSA requests $1 million to continue and advance safety issues in the Community Assistance and Technical Services program (811 – Call Before You Dig). One of the primary tools for avoiding damages to underground facilities is timely communication between excavators and the operators/owners of underground facilities. The Pipeline Safety Improvement Act (PSIA) passed in December 2002 provided for the establishment of a nationwide, three-digit toll-free number for excavators to call to have underground facilities marked before digging. The three-digit 811 number was launched in May 2007. As a part of our efforts to prevent excavation damage to pipelines, PHMSA is a partner and sponsor of the Common Ground Alliance (CGA) and provides $500,000 annually to support CGA's efforts, including the promotion of 811. The CGA is a non-profit organization comprised of 1400 members from across the country and across industries that join forces to improve damage prevention. PHMSA worked with the CGA to develop and launch the 811 awareness campaign. The 811 tools developed by the team are widely used by all damage prevention stakeholders to increase awareness and promote safe digging practices.

Data shows that since the implementation of 811, damages to underground facilities have decreased. However, failure to call before digging is still a leading cause of underground facility damages (37 percent). Significant pipeline incidents are also trending downward, but excavation damage remains a leading cause of incidents involving fatalities and injuries. Raising awareness about the importance of using 811 is a critical element of the nationwide damage prevention program. PHMSA is a key player in this effort, and additional funding will provide for a more widespread campaign.

Onshore and Oil Spill Response Program, $1,700,000
In addition to the staffing request above for 4.0 FTE, to meet its responsibilities for onshore oil spill response, PHMSA is requesting $1.7 million in program costs for the establishment of a web-based, facility response plan approval system accessible to the public. PHMSA will provide the public with the opportunity to review response plans. With this system, the PHMSA Pipeline Safety Program will have the ability to establish and validate commenter identities, to the extent required by law or regulation; protect confidentiality when necessary; and maintain appropriate detail information required for the public record. The public will find easy access to operator facility

response plans submitted to PHMSA for review and approval as well as opportunities for comment through either on-line, "live" commenting sessions or off-line sessions via the web-based system. Without these funding requests, plan review processes will remain at the current manually processed level, with little opportunity for public access and visibility of the plans.

Pipeline Integrity Management, $1,000,000
PHMSA requests $1 million to continue to advance safety and reduce risk as the expansion and complexity of pipeline systems increase. This funding will help PHMSA stabilize the impacts of construction and new products' transport on its resources. Currently PHMSA faces various challenges including a pipeline building boom, managing new products on a large scale in pipeline transportation—products like ethanol, hydrogen, carbon dioxide and potentially other biofuels, and addressing challenges associated with increased reliability of the infrastructure and increased capacity by providing technical studies or environmental analyses of special permit requests. PHMSA will also continue to work with the Department of Homeland Security's Transportation Security Administration to address mandates of the 9/11 Commission Act, including security inspection of the top 100 critical pipeline facilities.

What is this program?

Overview:
PHMSA's comprehensive, nationwide Pipeline Safety program protects people and the environment from the risks inherent in the transportation of hazardous materials by pipeline. PHMSA's Pipeline Safety program consists of an energy transportation network over 2.5 million miles of pipelines. That's enough to circle the earth about 100 times. These pipelines are operated by approximately 3,000 companies, large and small. Pipeline Safety accomplishes its mission by promulgating and enforcing safety regulations and through consistent, onsite inspection of pipeline operations.

PHMSA's Pipeline Safety program supports the definition, implementation, and regulation of pipeline safety standards at the state and Federal levels, resulting in a reduced number of pipeline-related deaths and injuries, and improved environmental stewardship. These benefits are realized by citizens across the country.

Working with teams of Federal, State, and local environmental and emergency response agencies and company representatives, PHMSA designs area drills and conducts worst case scenario exercises to test how well operators prevent and respond to oil spills conducts more than 80 table top and six area exercises to test how well operators prevent and respond to oil spills. PHMSA uses different methods to conduct drills, including original development of simulated responses to pipeline releases, participation in operator planned table top drills, and participation in inter-governmental area response drills. PHMSA expects to include oil spill cleanup and technologies on its research agenda that is set by consensus of all stakeholders every two years.

PHMSA provides grant funding to support its state pipeline safety partners' inspection and enforcement programs. These partnerships are demonstrated to be one of PHMSA's strongest assets in helping to strengthen the safety of pipelines in American communities. PHMSA and its state partners will perform an estimated 9,000 comprehensive inspections of pipeline operators to oversee their compliance with pipeline safety regulations. Through this program, PHMSA increases awareness and helps reduce the number of pipeline incidents causing death or major injury and

helps reduce the number of hazardous liquid spills with environmental impacts (wildlife, soil, or water).

FY 2010 Base:
In the FY 2010, the enacted budget was $106.239 million for PHMSA's Pipeline Safety program. Of the enacted total, $41.529 million was for pipeline-related grants, $39.210 million for salaries for 206.0 FTEs and other administrative operating activities, $18.615 million for contract programs and $6.885 million for research and development initiatives.

FY 2012 Goals:
For FY 2012, PHMSA requests a total of $120.9 million for Pipeline Safety, of which $44.4 million is for Pipeline Safety salary and administrative expenses, to support the DOT's strategic goals.

PHMSA's Pipeline Safety program accomplishes its mission by promulgating and enforcing safety regulations through consistent onsite inspection of pipeline operations. The program's mission is to reduce the risk of harm to people and the environment due to the transportation of hazardous materials by pipeline. To ensure these efforts are carried out, Pipeline Safety's goals revolve around safety, education, rulemakings, and research.

With the FY 2012 budget, PHMSA begins to make a down payment on important new protections detailed by the Administration in its Surface Transportation Authorization Proposal of the Nation's pipeline safety program. This request will, among other things help protect the public by increasing oversight of both the operation and the construction of energy pipeline operators by adding needed new Inspection and Enforcement personnel, and allow PHMSA to maintain the rigor of its special permit review and approval process by bringing in critical national–level technical support. We will reduce risk by preventing failures where we can, and by reducing the consequences of failures that do occur.

Through its Pipelines and Informed Planning Alliance (PIPA), PHMSA will offer options on how land-use planning and development decisions can help protect existing pipeline infrastructure and growing communities and reduce excavation costs from gas distribution incidents. To reduce incidents, Pipeline Safety also will require pipeline operators to comply with regulations to install excess flow valves that can reduce the risk of explosions due to leaking gas. PHMSA plans to significantly reduce excavation damage with strong outreach and public awareness programs. PHMSA will also assess risks posed by the transportation of alternative fuels and support the development of best practices and consensus standards for addressing risks and managing technical issues.

Outreach is PHMSA's primary training tool to the public. PHMSA expects to to conduct 25 to 30 state-hosted seminars and 30 classes to assist State and Federal pipeline safety inspection and enforcement staff and associated staff with understanding pipeline safety regulations and standards. PHMSA plans to assist these agencies in public meetings to explain and address the public's pipeline safety concerns. In addition, to promote public awareness, PHMSA will sponsor and provide funding assistance to the National "811 – Call Before You Dig Program" advertising campaign as well as the PIPA initiative to engage the public in pipeline safety actions.

PHMSA focuses on improving policies that will help sustain a strong safety record within the Department and this fiscal year, the PHMSA Chief Counsel plans to issue final rules to enhance

requirements for the safe transportation of hazardous materials by pipelines and to reduce the risks associated with human factors by enforcing control room management regulations, including a maximum limit on hours of service for pipeline controllers to prevent fatigue.

As a means to improve current processes and technology, PHMSA will perform pre-siting safety analyses for new construction, including permit applications from other agencies and will identify and lead any necessary cooperative research projects concerning technical requirements. PHMSA will research the transportation safety implications of new fuel technologies, will seek ways to improve their transportation, and will develop safety regulations when necessary.

Why Is This Particular Program Necessary?

PHMSA is responsible for reducing the number of pipeline incidents involving death or major injury and the hazardous liquid spills with environmental impacts. With the anticipated increase in transportation of new products with properties like ethanol, hydrogen, carbon dioxide, and potentially other bio-fuels, PHMSA is expected to make sure a solid regulatory framework exists to prevent accidents and ensure safety (see PHMSA Administrator May 20, 2010 testimony before the House T&I Subcommittee on Railroads, Pipelines and Hazardous Materials).

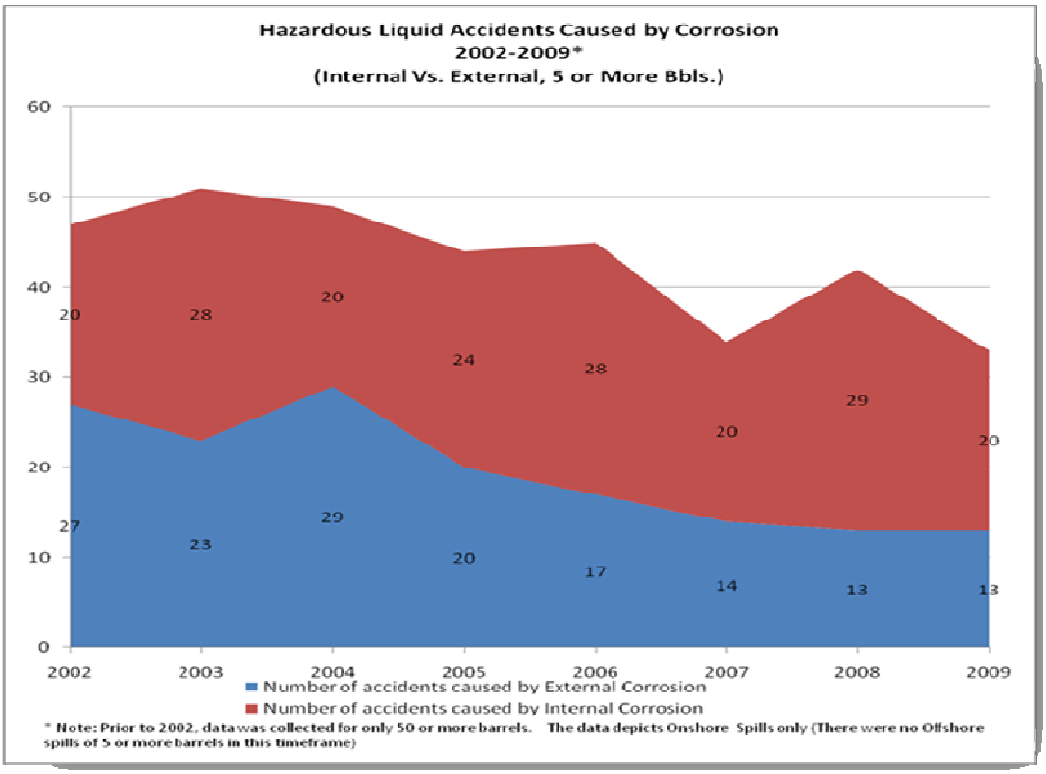
With our anticipated FY 2012 through FY 2017 reauthorization, PHMSA will coordinate with other federal agencies to forecast the transportation implications from the inception of marketing new fuels, as part of a systemic oversight process to help make sure these commodities are available to fuel our home, school, business, and transportation needs. As appropriate, we will coordinate with other countries to benefit from their experience. We will continue to work with our State partners and individual operations, identifying safety concerns that must be satisfied, both with the infrastructure and with the surrounding community. For example, ethanol poses very unique emergency response challenges, and PHMSA is responsible for helping communities prepare for and mitigate release of hazardous materials transported by pipelines. We will collaborate with the pipeline industry, the renewable fuels organizations, and others like emergency responder organizations and the National Commission on Energy Policy, to investigate and solve technical challenges.

How Do You Know The Program Works?

PHMSA is the primary federal regulatory agency responsible for ensuring the safe, reliable, and environmentally sound operation of America's energy pipelines. We develop and implement pipeline safety regulations at the federal level, and we share regulatory responsibility with the states, to provide oversight to more than two million miles of pipelines. We continue to review the way pipelines are regulated and we develop new strategies that are improving the operation of pipelines as well as public and environmental safety.

The vast majority of America’s pipeline network is underground making pipelines vulnerable to “dig-ins” by third-party excavators. While excavation damage is 100 percent preventable, it remains a leading cause of pipeline incidents involving fatalities and injuries. Three-quarters of all serious consequences from pipeline failures relate to distribution systems and more than one-third of these failures are caused by excavation damage.

In spite of two large pipeline incidents in 2010, the number of serious pipeline incidents – those involving death or injury – has declined by 50 percent over the last twenty years**.** Yet over the same period, all the traditional measures of risk exposure have increased– population, energy consumption, and pipeline ton-miles. We aim to continue the downward long-term trend in pipeline incidents.



State pipeline safety programs conduct 8,000 inspections each year, resulting in over 14,000 findings of non-compliance and which PHMSA requires operators to address either voluntarily or through aggressive enforcement. More than half of the states are running financial deficits. By increasing Federal funding, PHMSA will encourage states to remain active and committed partners in pipeline safety while better targeting grant funding to the various risks states address.

As discussed during the May 20, 2010 testimony before the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines and Hazardous Materials, PHMSA has made tremendous strides in strengthening its oversight program and greatly increasing the transparency of our enforcement processes. PHMSA's Pipeline Safety Office and its State partners are making sure that the safety of pipelines where risks would have the most impact to citizens is our highest priority. From testimony by the Pipeline Safety Trust[1], a public advocacy group, "Implementation of Integrity Management rules have been one of the most important aspects of the Pipeline Safety Improvement Act of 2002 and the Pipeline Inspection, Protection, Enforcement and Safety (PIPES) Act of 2006. The earlier act focused mainly on transmission pipelines and the PIPES Act extended Integrity Management to the much larger realm of distribution pipelines. All of these efforts represent a significant increase in regulations meant to increase pipeline safety, and we would like

[1] http://www.pstrust.org/

to commend both PHMSA and the industry for the initial implementation of these programs." Additionally, "The Trust is pleased that PHMSA has recently announced its intent to adopt rules to incorporate these nine elements [of an effective state damage prevention program] and their intent to evaluate the states progress in complying with them. We also support PHMSA's plan to exert its own authority to enforce damage prevention laws in states that won't adopt effective damage prevention laws." This and testimonies by other stakeholders for continued authorization of the pipeline safety program provide documented evidence of the program's effectiveness.

PHMSA's regulatory oversight organizations also provide evidence that the pipeline safety program is working. In February 2010, the National Transportation Safety Board (NTSB) removed PHMSA Pipeline Safety from its most wanted list because of PHMSA's rulemaking to address pipeline fatigue. Additionally, PHMSA closed successfully its three remaining recommendations issued by the Department of Transportation's Office of Inspector General and 11 NTSB recommendations over the last several years.

PHMSA is providing increased transparency for many aspects of pipeline safety. One of PHMSA's successes has been the rapid implementation of transparency measures around enforcement. It is now possible for affected communities to log onto the PHMSA website[2] and review enforcement actions regarding local pipelines. This transparency not only increases public and stakeholder awareness and involvement in pipeline safety improvements, it incentivizes improved operator performance. We have developed enforcement procedures to provide detailed risk-based criteria for selecting enforcement actions, and we document risks, aligned with our penalty structure, for each civil penalty violation. When penalties are warranted, PHMSA has increased the average penalty proposed per individual violation from approximately $16,000 in 2002 to an average of approximately $100,000 today. As integrity management programs take hold, PHMSA intends to ensure operator accountability through strong, effective enforcement.

Higher individual penalties have resulted in higher yearly totals. In 2009, we proposed a total of $6.4 million in civil penalties, the second highest yearly total in agency history ($8.7 million proposed in 2008). PHMSA has also significantly upgraded its incident data availability and accuracy, and continues to improve its "Stakeholder Communications" website.

Why do we want/need to fund the program at the request level?

Each year the Pipeline Safety program expends considerable resources inspecting pipeline construction projects across the country. Over the last four years, a significant number of construction projects occurred in the lower 48 states. These projects are central to the transportation of natural gas from origination points, such as the Barnett Shale in Texas or the Rocky Mountains to population centers. For example, the Rockies Express is a 1,679-mile natural gas[3] pipeline system crossing eight states from the Rocky Mountains to eastern Ohio. A shorter, but also significant construction project, the Southeast Supply Header brings natural gas 270 miles from unconventional sources in Texas to interconnect with other pipelines supplying the growing southeast U.S.

These and many more construction projects require close regulatory oversight – especially in light of PHMSA's discovery that poor quality steel had made its way into the nation's pipeline network.

[2] http://primis.phmsa.dot.gov/comm/reports/enforce/enforcement.html
[3] http://www.nytimes.com/info/natural-gas/

PHMSA engineers have invested significant time and effort individually evaluating and addressing each pipeline project in question, as well as providing guidance to the industry as a whole on the issue. The magnitude of PHMSA's concerns about construction projects were highlighted in 2010 when PHMSA hosted a public workshop devoted to the issue. As a related issue, PHMSA is maintaining close oversight of any pipeline construction project involving a special permit.

Pipeline companies pay user fees to operate pipelines. Companies with pipelines under construction do not have to pay user fees until the pipelines are operational. During the construction time period, which may last years for large projects, PHMSA is unable to collect user fees to compensate for inspection and oversight costs. PHMSA has absorbed these costs in previous years, but the forecast for future projects in the lower 48 states, such as those associated with the Marcellus Shale in the Appalachian Basin and the Alaska Natural Gas Pipeline project raise questions whether the agency can continue to do so without reimbursement.

PHMSA is proposing the Design Review and Special Permits Fees for the Alaska Natural Gas Pipeline project and other projects. The purpose is to identify and describe the project, PHMSA responsibilities, and projected PHMSA staffing for the purpose of new pipeline construction cost recovery authorization. The Alaska Natural Gas Pipeline will likely be the largest natural gas pipeline construction project of the decade and will consume vast quantities of PHMSA inspection and oversight resources. The following paragraphs describe the Alaska Natural Gas Pipeline project in detail, but similar, albeit smaller, costs will be associated with construction projects across the country.

PHMSA's intent is to recover its oversight costs for the code compliance review of the project design, materials, construction, and commissioning from the Project Applicants of the Alaska Natural Gas Pipeline. This 10-year project is estimated to cost $130 million with FY 2012 costs estimated at about $1 million.

The Alaska Natural Gas Pipeline is a proposed 48-inch interstate natural gas pipeline that will link the Prudhoe Bay, Alaska natural gas fields to the lower United States. The total pipeline route is approximately 745 miles in Alaska and 1001 miles in Canada. The pipeline is being designed to flow 4.5 Million Cubic Feet per Day (MCFD) of natural gas. The Project Applicants have begun the first stages of project regulatory approvals by pre-filing the project with the Federal Energy Regulatory Commission (FERC) and conducting a customer "open season" to determine project commercial viability. Presently, an Alaska natural gas pipeline is scheduled by the Project Applicants to be permitted, materials purchased, constructed, and commissioned in the time frame of 2011 through 2021. Project field construction should take approximately 4 years from 2016 to 2020, with first gas flow in mid 2020 to early 2021.

There are two competing companies to build the 48-inch interstate pipeline from Prudhoe Bay, Alaska, to Boundary Lake, Canada. The competing pipeline projects are the Denali Pipeline, owned by Conoco Phillips and BP, and the Alaska Pipeline, owned by Exxon Mobil and TransCanada.

PHMSA is responsible for establishing safety standards for the nation's pipeline transportation system, such as the Alaska natural gas pipeline, in accordance with 49 USC 60101, et seq. PHMSA establishes and enforces minimum safety standards for the design, construction, operation, and

maintenance of pipeline facilities in accordance with the Pipeline Safety Regulations, 49 CFR 190-1999.

PHMSA's role in the Alaska Natural Gas Pipeline project is to ensure code compliance, 49 CFR Part 192, in the following areas:

- Reviewing *special permit* applications submitted by the Project Applicants, and determining the technical conditions of any special permits that are granted that may vary from existing regulations;
  The Alaska natural gas pipeline may require special permits to construct and operate, which are authorized after technical review by PHMSA. These special permits may include but not limited to: Pipe Strength (X100); Pipe Ductility (crossing earthquake zones); Strain-based Design (ASME limit and reliability designs); Post-construction Testing (hydrostatic testing); Quality Control (hydrostatic testing); Valve Spacing (distance between valves); Cathodic Protection (composite piping); and Depth of Cover (permafrost issues). Any special permit granted will require technical review and approvals prior to the start of the field construction. Special permit applications should be submitted by the Project Applicant and reviewed by PHMSA in the 2011 to 2015 time frame.
- Reviewing the design of the pipeline facilities for code compliance including material specifications, material manufacturing, and documentation;
  Technical review of the project design and specifications should begin in 2014 and will continue through-out project construction.
- On-site field construction inspections including review of construction procedures, specifications, and quality conformance in workmanship;
  These code compliance inspections will require PHMSA inspection and enforcement staff to live remotely in construction work camps located along the pipeline route. The pipeline is planned to be constructed utilizing 4 construction spreads, working 24 hour days, and is projected by the Project Applicants to take at least 4 years of onsite construction work in Alaska.
- Code compliance review of Operations and Maintenance (O&M) Plans; and
  The pipeline O&M Plans must the submitted, reviewed, and approved by PHMSA prior to first gas flow through the pipeline.
- Code compliance through operational audits.
  PHMSA will need to communicate code compliance, 49 CFR Part 192, and pipeline safety issues found from field inspections to the Project Applicants in a timely manner due to possible safety, environmental, and remote location construction issues.

The cost estimate for PHMSA includes an inspection staffing plan to ensure code compliance based upon technical personnel for: technical reviews prior to construction of special permit applicants, material and construction specifications, facility design, and materials manufacturing quality assurance; on-site inspections during construction; start-up commissioning plan reviews; and O&M Plan and Procedure reviews for on-going operations after facility commissioning.

Most of the PHMSA inspection and enforcement workforce will be from the lower 48 states, since Alaska does not have enough in-state technical personnel to support this project. The PHMSA inspection and enforcement staff will work 2-weeks at the work site and 2-weeks off, which is

normal for a remote location project. The PHMSA workforce will need transportation to their residences when they are not working, whether it is in Alaska or the lower 48 states.

PHMSA will be required to furnish for its workforce travel expenses, reimburse for lodging costs while staying at remote work camps, pay its workforce premium pay based upon the remoteness of the location and work environment, furnish Arctic work gear and other personnel protective equipment (PPE), and all support equipment and supplies such as computers, telephones, printers, and printing supplies.

PHMSA will provide housing and food costs for its workforce while in Alaska. The Project Applicants will have project construction camps that PHMSA may be allowed to use, if reimbursed. The only city along the pipeline route is Fairbanks (population 35,000), which has hotels, restaurants, and a commercial airport. Small charter jets can be used to get into about a half dozen airports along the pipeline route.

PHMSA will need offices in Anchorage and Fairbanks capable of supporting its workforce located at the project work sites. The Anchorage and Fairbanks offices will be set-up to support the engineering, compliance, and enforcement responsibilities of PHMSA staff. They will need transportation, such as trucks with four-wheel drive, to get around the project to carry-out code compliance and inspection oversight. Communications between the field work sites and the Fairbanks and Anchorage offices will include satellite, microwave, telephone, and the internet.

PHMSA will provide inspection and enforcement training specifically for this project. PHMSA will need an on-site inspection and enforcement staff that is technically capable of making sound code based safety decisions in a timely manner.

This national pipeline safety program minimizes the risks to life and property inherent in commercial transportation of hazardous materials through pipelines. This mission is possible through the evaluation of pipeline transportation risks as well as through the development and enforcement of standards for pipeline safety. Pipeline Safety assesses additional precautions through pipeline incidents investigations and shortcomings and thorough research. Significant pro-active movements include granting assistance to states, providing technical assistance grants, increasing public access to information, and educating on damage prevention. Specifically, PHMSA provides pipeline safety technical assistance to the Federal Energy Regulatory Commission**,** the Department of Energy and other federal agencies, States and local governments, emergency responders, and tribal nations.

Oil Spill Liability Trust Fund

EXHIBIT III-1

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY SHARE OF OIL SPILL LIABILITY TRUST FUND
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request	Change FY 2010-FY 2012
Operations/ Contract Programs	$ 11,725	$ 11,725	$ 14,330	$ 2,605
Research and Development	2,185	2,185	2,185	0
Grants	4,995	4,995	4,995	0
Total, Oil Spill Liability Trust Fund Share	**$ 18,905**	**$ 18,905**	**$ 21,510**	**$ 2,605**

Program and Performance Statement

Oil Spill Liability Trust Fund – The Oil Pollution Act of 1990 requires the preparation of oil spill response plans by pipeline operators to minimize the environmental impact of oil spills and to improve public and private sector response capabilities. PHMSA is responsible for the review and approval of these plans as an added measure helping to ensure that the public and the environment are provided with an adequate level of protection from such spills. PHMSA also seeks to improve oil spill prevention, preparedness and response through data analysis, spill monitoring, pipeline mapping, environmental indexing, and advanced technologies to detect and prevent leaks.

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Pipeline Safety Share of Oil Spill Liability Trust Fund
Program and Financing
(In thousands of dollars)

Identification code 021-50-8121-0

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	18,905	18,905	21,510
09.00 Total new obligations	18,905	18,905	21,510
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	0	0	0
10.50 Total unobligated balance	0	0	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.02 Appropriation (trust fund)	18,905	18,905	21,510
11.60 Total Appropriation	18,905	18,905	21,510
Spending authority from offsetting collections:			
17.00 Collected	0	0	0
17.01 Change in uncollected customer payments from Federal sources (+ or -)	0	0	0
17.50 Spending authority from offsetting collections	0	0	0
19.00 Total budget authority	18,905	18,905	21,510
19.30 Total budgetary resources available	18,905	18,905	21,510
19.40 Unobligated balance expiring (-)	0	0	0
19.41 Unexpired unobligated balance carried forward, end of year	0	0	0
19.51 Unobligated balance expiring (special and trust funds) (-)	0	0	0
19.52 Expired unobligated balances carried forward, start of year (special and trust funds)	0	0	0
19.53 Expired unobligated balances carried forward, end of year (special and trust funds)	0	0	0
19.54 Unobligated balance canceling (special and trust funds)	122	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	10,281	11,363	13,044
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	0	0	0
30.20 Obligated balance, start of year, (net)	10,281	11,363	13,044
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	18,905	18,905	21,510
30.31 Obligations incurred, expired accounts	0	0	0
30.40 Outlays (gross) (-)	-17,823	-17,224	-20,181
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	0	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	0	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	11,363	13,044	14,373
30.91 Uncollected customer payments from Federal sources, end of year (-)	0	0	0
31.00 Obligated balance, end of year	11,363	13,044	14,373
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	18,905	18,905	21,510
Gross outlays:			
40.10 Outlays from new authority	8,774	9,263	10,540
40.11 Outlays from balances	9,049	7,960	9,642
40.20 Total outlays, gross	17,823	17,224	20,181
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	0	0	0
40.33 Offsetting collections from non-Federal sources (-)	0	0	0
40.40 Total offsets against gross budget authority and outlays (-)	0	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	0	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
40.52 Offsetting collections credited to expired accounts	0	0	0
40.53 Anticipated offsetting collections	0	0	0
40.60 Total additional offsets against budget authority only	0	0	0
40.70 Budget authority, net (discretionary)	18,905	18,905	21,510
40.80 Outlays, net (discretionary)	17,823	17,224	20,181
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	18,905	18,905	21,510
41.90 Outlays, net (discretionary and mandatory)	17,823	17,224	20,181

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
PIPELINE SAFETY SHARE OF OIL SPILL LIABILITY TRUST FUND
(In thousands of dollars)

Identification code 69-8121-0-1-407

		FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
	Direct Obligations:			
94.0	Financial Transfers	$18,905	$18,905	$21,510
99.9	Total new obligations	$18,905	$18,905	$21,510

PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Trust Fund Share of Pipeline Safety
(Oil Spill Liability Trust Fund)

YEAR	REQUEST		YEAR	ENACTED	
2001	$4,263,000		2001	$7,471,526	1/
2002	$7,472,000		2002	$7,864,000	
2003	$7,472,000		2003	$7,423,432	2/
2004	$18,741,000		2004	$12,923,300	3/
2005	$19,000,000		2005	$14,880,000	4/
2006	$19,000,000		2006	$14,850,000	5/
2007	$18,810,000		2007	$14,850,000	6/
2008	$18,810,000		2008	$14,850,000	
2009	$18,810,000		2009	$18,810,000	
2010	$18,905,000		2010	$18,905,000	
2011	$18,905,000	6/			
2012	$21,510,000				

1/ Reflects 0.22% reduction of $16,474 (Sec. 1403 of P.L. 106-554).

2/ Reflects a reduction of $48,568 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

3/ Reflects a reduction of $76,700 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

4/ Reflects reductions of $120,000 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

5/ Reflects reduction of $150,000 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

6/ Reflects the funding levels provided by a full-year continuing resolution.

Detailed Justification for the Pipeline Safety Share of Oil Spill Liability Trust Fund

FY 2012 Request – $21.510 million

Overview:
The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to minimize oil spills into water and environmentally sensitive areas. Within PHMSA's Pipeline Safety program, this fund contributes to salary and benefits and administrative expenses; integrity management; compliance inspection and enforcement; emergency preparedness; training, competency standards, and qualifications for community awareness and protection; state pipeline safety grants; and research and development. Each of these programs is, at least in part, designed to ensure that energy transported by pipeline is done so cleanly, as well as safely.

Operations/Contract Programs:
PHMSA headquarters, regional staff, and related oversight costs are directly responsible for addressing environmental policy, regulatory development, inspections, including accident investigations and pipeline construction, and exercises for hazardous liquid pipelines. Tasks also include monitoring incident reports, collecting data and maintaining up-to-date hazardous liquid pipeline mapping and information systems to set proper prevention and response actions, and facilitating clear communication among all pipeline stakeholders.

To systematically identify hazardous liquid risks and compare relative likelihoods and consequences, the trust fund provides for unbiased Subject Matter Experts (SMEs) to help PHMSA evaluate pipeline incidents, their root causes, and any contributing factors. For pipeline inspections, SMEs support PHMSA in verifying that pipeline construction and repair practices comply with project specifications and requirements.

Training classes and seminars are provided for Federal and state inspectors to address hazardous liquid risks and system integrity. Computer based training classes are beneficial for updating safety evaluations of hazardous liquid pipeline systems. Field and tabletop exercises are used to strengthen operator readiness, monitoring major spills and clean-up efforts, and maintaining access to information on the location of environmentally sensitive areas, including drinking water and other ecological resource areas.

Research and Development:
Research and development is an important aspect of the Oil Spill Liability Trust Fund. This program ensures that pipelines are being designed, constructed, and maintained according to the most recent regulatory and safety standards. Oil spill research programs focus on improving monitoring for encroachment, unauthorized excavation, and pipeline damage to hazardous liquid pipelines; developing new technologies to reveal defects in pipelines that cannot be dug up; investigating new technologies to prevent damage to hazardous liquid pipelines; detecting pipeline defects; and quickly and accurately locating hazardous liquid pipeline leaks (specifically, small leaks that occur near water). The program helps to improve an operator's ability to identify and eliminate pipeline defects, including better corrosion detection technology and direct assessment techniques on hazardous liquid lines before a release occurs. PHMSA will include oil spill cleanup and

technologies on its research agenda that is set by consensus of all stakeholders every two years.

Research is also conducted to improve pipeline materials to better withstand construction-related damage, corrosion and cracking; better welding techniques; and to improve models for corrosion assessment and pipe strength for better identification of pipeline segments having a higher risk of failure.

Grants:
PHMSA provides funding to States for oversight of intrastate hazardous liquid pipelines and some interstate hazardous liquid pipelines. PHMSA also partners with the Common Ground Alliance and the National Association of State Fire Marshals to identify and promote best practices such as the National "811 – Call Before You Dig Program."

Hazardous Materials Safety

HAZARDOUS MATERIALS SAFETY

(HAZARDOUS MATERIALS APPROVALS AND PERMITS FUND)

For expenses necessary to discharge the hazardous materials safety functions of the Pipeline and Hazardous Materials Safety Administration, [$40,434,000]*$50,089,000*, of which [$1,707,000]*$1,716,000* shall remain available until September 30, [2013]*2014*: *Provided, That amounts collected from special permits and approval fees established in this Act (estimated to be $11,713,000 in fiscal year 2012), shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: Provided further, That the sum herein appropriated from the general fund shall be reduced as such offsetting receipts are received during fiscal year 2012, so as to result in a final fiscal year 2012 appropriation from the general fund estimated at $38,376,000*: *Provided further, That during fiscal year 2012, should the total amount of offsetting receipts be less than $11,713,000, this amount shall be reduced accordingly*: *Provided further, That any amount received in excess of $11,713,000 in fiscal year 2012 shall remain available until expended: Provided further*, That up to $800,000 in fees collected under 49 U.S.C. 5108(g) shall be deposited in the general fund of the Treasury as offsetting receipts: [shall be deposited in the general fund of the Treasury as offsetting receipts:] *Provided further*, That there may be credited to this appropriation, to be available until expended, funds received from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training, for reports publication and dissemination, and for travel expenses incurred in performance of hazardous materials exemptions and approvals functions.

Note.--A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

HAZARDOUS MATERIALS SAFETY
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request	Change FY 2010-FY 2012
Operations/Contract Programs	$ 36,295	$ 36,295	$ 48,373	$ 12,078
Research and Development	1,699	1,699	1,716	17
TOTAL	**$ 37,994**	**$ 37,994**	**$ 50,089**	**$ 12,095**
FTEs				
Direct Funded	182.0	182.0	209.0	27.0

Program and Performance Statement

Hazardous Materials Safety - PHMSA is responsible for advancing the safe and secure transportation of hazardous materials in commerce. The agency's Hazardous Materials Safety program is focused on five principal areas: (1) providing comprehensive regulations for safe and secure transportation of hazardous materials; (2) enforcing the regulations to ensure compliance with safety and security standards by those subject to regulation; (3) helping the hazardous materials community understand the regulations and how to comply with them through outreach, training, and distribution of informational and educational materials; (4) assisting the nation's response community to plan for and respond to hazardous materials transportation emergencies; and (5) establishing a sound and comprehensive technical and analytical foundation to ensure that the program's resources are effectively applied to minimize serious incidents and fatalities, mitigate the consequences of incidents that occur, and enhance safety.

EXHIBIT III-1a

HAZARDOUS MATERIALS SAFETY
SUMMARY ANALYSIS OF CHANGE FROM FY 2011 ANNUALIZED CR TO FY 2012
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

Appropriation	Dollars in Thousands	FTE
HAZARDOUS MATERIALS SAFETY		
FY 2011 Annualized CR	**$ 37,994**	**182.0**
FY 2011 Adjustments (Includes Annualization of FY 2010 FTE):	**2,151**	**8.0**
FY 2012 Realignments:		
Working capital Fund (WCF) Services	$ 1,588	0.0
Other Administrative Services	606	0.0
Programmatic Funds	(325)	0.0
Subtotal, Realignments	**$ 1,869**	**0.0**
FY 2012 Adjustments to Base:		
One Less Compensable Day	$ (92)	0.0
GSA Rent & DHS Security	637	0.0
Working Capital Fund Increase/Decrease	757	0.0
Non-Pay Inflation of 0.5%	69	0.0
Subtotal, Adjustments to Base	**$ 1,371**	**0.0**
FY 2012 Program Changes:		
1. 38 FTP/19.0 FTE – PC&B and Related Administrative Expenses	$ 4,004	19.0
a. Inspectors	[2,107]	[10.0]
b. Special Permits and Approvals Specialists	[632]	[3.0]
c. Scientists/Engineers	[422]	[2.0]
d. Compliance and Outreach Specialists	[527]	[2.5]
e. Data Analysts/Economists	[316]	[1.5]
2. Inspection and Enforcement	750	0.0
3. Research and Analysis	750	0.0
4. Hazardous Materials Program Evaluations	1,000	0.0
5. Training and Outreach	200	0.0
Subtotal, Program Changes	**$ 6,704**	**19.0**
Subtotal, Realignments, Adjustments to Base and Program Changes	**$ 12,095**	**27.0**
Total, Hazardous Materials Safety	**$ 50,089**	**209.0**

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS SAFETY

Annual Performance Results and Targets

The PHMSA integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. PHMSA tracks the following DOT level performance measures to demonstrate program results:

DOT Goal/Outcome: Safety

Reduction in injuries or fatalities: Number of hazardous materials incidents involving death or major injury	2007	2008	2009	2010	2011	2012
Target			36	22-36	22-34	22-34
Actual	36	24	29	31 (p)		

(p) = Projected

See page 68 for details under section titled, "How Do You Know the Program Works?"

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Hazardous Materials Safety
Program and Financing
(In thousands of dollars)

Identification code 021-50-1401-0

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	37,909	43,057	50,089
08.01 Reimbursable program	1,123	0	0
09.00 Total new obligations	39,032	43,057	50,089
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	4,830	5,063	0
Adjustments:			
10.21 Recoveries of prior year unpaid obligations	0	0	0
10.50 Total unobligated balance	4,830	5,063	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.00 Appropriation	37,994	37,994	50,089
11.60 Total Appropriation	37,994	37,994	50,089
Spending authority from offsetting collections:			
17.00 Collected	1,167	0	0
17.01 Change in uncollected customer payments from Federal sources (+ or -)	132	0	0
17.50 Spending authority from offsetting collections	1,299	0	0
19.00 Total budget authority	39,293	37,994	50,089
19.30 Total budgetary resources available	44,123	43,057	50,089
19.40 Unobligated balance expiring (-)	-29	0	0
19.41 Unexpired unobligated balance carried forward, end of year	5,063	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	11,110	13,620	12,213
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	78	-55	-55
30.20 Obligated balance, start of year, (net)	11,189	13,565	12,158
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	39,032	43,057	50,089
30.31 Obligations incurred, expired accounts	134	0	0
30.40 Outlays (gross) (-)	-36,498	-44,463	-46,219
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	-132	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	-1	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-158	0	0
Obligated balance, end of year (net)	0		
30.90 Unpaid obligations, end of year (gross)	13,620	12,213	16,083
30.91 Uncollected customer payments from Federal sources, end of year (-)	-55	-55	-55
31.00 Obligated balance, end of year	13,565	12,158	16,028
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	39,293	37,994	50,089
Gross outlays:			
40.10 Outlays from new authority	27,780	25,836	34,061
40.11 Outlays from balances	8,718	18,628	12,158
40.20 Total outlays, gross	36,498	44,463	46,219
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	-1,123	0	0
40.33 Offsetting collections from non-Federal sources (-)	-45	0	0
40.40 Total offsets against gross budget authority and outlays (-)	-1,167	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	-132	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	0	0	0
40.60 Total additional offsets against budget authority only	-132	0	0
40.70 Budget authority, net (discretionary)	37,994	37,994	50,089
40.80 Outlays, net (discretionary)	35,331	44,463	46,219
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	37,994	37,994	50,089
41.90 Outlays, net (discretionary and mandatory)	35,331	44,463	46,219

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS SAFETY
(In thousands of dollars)

Identification code 69-1401-0-1-407

		FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
	Direct Obligations:			
	Personnel Compensation:			
11.1	Full-time permanent	$15,248	$17,354	$20,005
11.3	Other than full-time permanent	411	0	0
11.5	Other personnel compensation	525	0	0
11.9	Total personnel compensation	$16,185	$17,354	$20,005
12.1	Civilian personnel benefits	$4,188	$4,859	$5,601
21.0	Travel and transportation of persons	1,463	1,435	2,040
22.2	Transportation of things	19	0	0
23.1	Rental payments to GSA	1,002	1,020	3,206
23.3	Communications, utilities, and miscellaneous charges	206	285	749
24.0	Printing and reproduction	386	82	412
25.1	Advisory and assistance services	2	452	456
25.2	Other services	106	8,926	11,584
25.3	Other purchases of goods and services from government accounts	12,222	1,643	3,768
25.5	Research and development contracts	1,754	6,762	1,716
25.7	Operation and maintenance of equipment	55	0	0
25.8	Subsistence & support of persons	6	0	0
26.0	Supplies and materials	149	121	180
31.0	Equipment	167	118	372
	Subtotal, Direct obligations	$37,909	$43,057	$50,089
99.0	Subtotal, Reimbursable obligations	1,123	0	0
99.9	Total new obligations	$39,032	$43,057	$50,089

	EMPLOYMENT SUMMARY			
	Direct:			
1001	Civilian full-time equivalent employment	156.0	182.0	209.0

PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Hazardous Materials Safety

YEAR	REQUEST		YEAR	ENACTED	
2006	$26,324,000		2006	$25,876,620	1/
2007	$27,225,000		2007	$26,723,000	2/
2008	$27,003,000		2008	$28,000,000	
2009	$28,000,000		2009	$32,000,000	
2010	$35,500,000		2010	$37,994,000	
2011	$37,994,000	2/			
2012	$50,089,000				

1/ Reflects reduction of $261,380 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

2/ Reflects the funding levels provided by a full-year continuing resolution.

Executive Summary

FY 2012 Hazardous Materials Safety Budget Request – $50.089 million

What Is the Request and What Will We Get for the Funds?
PHMSA requests a total of $50.089 million for Hazardous Materials Safety. Funding provides staff and resources to identify and evaluate safety risks, develop and enforce standards for transporting hazardous materials (hazmat), educate shippers and carriers, investigate hazmat incidents and failures, conduct research, and provide grants to improve emergency response to incidents (see Emergency Preparedness Grants section). In FY 2012, Hazmat anticipates collecting a user fee from private companies applying for Special Permits and Approvals. The user fees collected will relieve up to $11.7 million of Hazmat's program costs. We also work with other DOT operating administrations to help them administer their hazmat safety programs effectively.

What Is the Program?
The Hazardous Materials Safety program is the Federal safety authority for ensuring the safe and secure transport of hazmat by air, rail, highway, and water, with the exception of bulk transportation of hazmat by vessel. PHMSA promulgates a national safety program to minimize the risks to life and property inherent in commercial transportation of hazmat.

Why Is This Particular Program Necessary?
PHMSA's Hazardous Materials Safety program ensures that each day more than 6.1 million tons of hazmat, valued at about $4 billion, are safely and securely packaged, handled, and transported and the hazards are properly communicated to transportation workers and emergency responders should an incident occur.

How Do You Know the Program Works?
The numbers of fatalities and serious injuries caused by hazmat in transportation have been historically low – on average 4.2 deaths per 100 million shipments. While any death or injury is unacceptable, the risk to the American public is extremely low when compared to other causes of accidental death.

Why Do We Want/Need to Fund the Program at the Requested Level?
The funding will be used to administer the Hazardous Materials Safety program to maintain and sustain the safety record that has been achieved and to continue to reduce the risk of transporting hazmat. In addition, PHMSA will improve safety associated with special permits and approvals through more efficient and effective processing, fitness determinations, and enforcement; enhance the training of hazmat inspectors and staff; improve data collection and analysis; and bolster our quality assurance and program evaluation capabilities.

Detailed Justification for Hazardous Materials Safety

FY 2012 Request – $50.089 million

What Do I Need To Know Before Reading This Justification?

PHMSA's Hazardous Materials Safety program ensures the safe transport of hazardous materials (hazmat) by air, rail, highway and water, with the exception of bulk transportation of hazardous materials by vessel. The program was last authorized under the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005.

Proposed reauthorization legislation for the Hazardous Materials Safety program identifies several areas for improvement and a need for additional resources. The proposed legislation was developed based on findings and recommendations from a program review conducted by the U.S. House of Representatives Transportation and Infrastructure Committee (House T&I) staff and audits by the U.S. Department of Transportation's Office of the Inspector General (OIG) on the Hazardous Materials Safety Special Permits and Approvals programs and is now included in the Administration's surface transportation reauthorization proposal.

Specifically, the proposed reauthorization seeks to:

- Enhance hazmat technical assessment, research and development, and analysis program;
- Toughen requirements relating to the transportation of lithium cells and batteries on board aircraft and to the external product piping on cargo tanks transporting flammable liquid;
- Improve data collection, analysis, and reporting;
- Bolster enforcement through a hazardous material enforcement training program and increased civil penalties;
- Increase the resources necessary to accomplish the requirements in the legislation;
- Enhance the special permit and approvals program and permit the Secretary to collect fees for processing and enforcement of special permits and approvals; and
- Strengthen emergency response capabilities and information through a paperless hazard communications pilot program.

PHMSA has already taken steps to begin a program-wide enhancement and modernization effort for Hazardous Materials Safety. PHMSA acted to develop and implement action plans to address recommendations from OIG and House T&I. This includes improving our data management and stewardship, building an analytical capability to better assess risks of hazmat in transportation, investing in our human resources through training and acquiring tools needed to enhance productivity, reengineering business processes, and modernizing our information system.

PHMSA proposes increases above its base and adjustments to base to continue the enhancement efforts already begun. It further proposes to relieve programmatic increases in FY 2012 through the collection of fees for processing and enforcing of specials permits and approvals *(For further details, see following page).*

Hazardous Materials Special Permits and Approvals Fees: The Pipeline and Hazardous Materials Safety Administration issues Special Permits and Approvals (SP&A). SP&A deal with situations not specifically covered in the Hazardous Materials Regulations (HMR) for unusual shipping situations (such as transporting the Olympic flame), as well as applications for the use of innovative ideas and new technologies.

A Special Permit authorizes a practice not currently spelled out in the HMR, or authorizes another entity to become a party to an existing special permit. The HMR often require specific authorization prior to transportation in commerce. An approval document can only be issued if there is a basis in the HMR. If there is no specific basis, approval must be made in the form of a Special Permit.

PHMSA proposes relieving the majority of the costs of administering, processing, and enforcing hazardous materials SP&As through the collection of fees from private companies and entities. The fee is included in the proposed reauthorization of the Hazardous Materials safety program.

The fee was proposed to reduce the burden on taxpayers to finance the portions of activities that provide benefits to identifiable users above and beyond what is normally provided to the public.

The Government Accountability Office's (GAO) *Federal User Fees – A Design Guide* recommends the cost be borne by identifiable beneficiaries for the costs of services. User fees simultaneously constrain demand and reveal the value that beneficiaries place on the service. Users who do not bear the full cost of the service tend to use more of the service than is economically efficient. User fees foster production efficiency by increasing awareness of the costs of publicly provided services and increasing incentives to reduce costs where possible. Fees often improve the quality of applications received, which results in reduced processing times.

The Hazardous Materials SP&A program issues 98 percent of its SP&As to private companies and entities. Varying levels of effort are required to provide different services. Special Permits can be new, modified, or renewed – each action requiring a different level of effort. Companies and entities can also become a "party to" a Special Permit. Since a "party-to" receives the same benefit as the initial special permit holder, it is equitable for a "party to" application fee to cover its own costs. Several types of approvals are issued. For example, simple registration of an entity to conduct certain activities in furtherance of the HMR (for example registering as a third-party cylinder tester) is less costly than a registration, which requires an on-site inspection. The costs associated with the Hazardous Materials SP&A program in 2010 were approximately $9.6 million. Costs will increase as PHMSA makes program safety improvements by increasing compliance oversight of SP&A that have been issued. More stringent monitoring of a company's fitness/competence to hold a special permit or approval, evaluation of the technologies or materials subject to a special permit, and other improvements will increase costs. It is anticipated that the cost of the SP&A program will increase in FY 2012 to approximately $11.7 million.

What Is the Request and What Will We Get for the Funds?

FY 2012 – Hazardous Materials Safety Budget Request
($000)

Program Activity	FY 2010 Actual	FY 2012 Request	Change FY 2010 – FY 2012
Operations/Contract Programs	$ 36,295	$ 48,373	$ 12,078
Research and Development	1,699	1,716	17
Total	$ 37,994	$ 50,089	$ 12,095

In FY 2012, PHMSA requests a total of $50.089 million for Hazardous Materials Safety, an increase of $12.095 million more than the FY 2010 enacted amount of $37.994 million. Of this request, $37.285 million is for salaries and benefits and other administrative expenses, $10.319 million is for contract programs, $769,000 is for the Hazmat registration program, and $1.716 million is for research and development. Of the $12.095 million program increase, an estimated $11.7 will be relieved by the proposed SP&A fee.

FY 2011 Adjustments, $2,151,000
In FY 2011, Hazardous Materials Safety will incur increases, including for the annualization of FY 2010 FTE.

PHMSA-wide Realignments, $1,869,000
In FY 2012, PHMSA plans to continue the process of aligning its budget to its actual spending. This process includes changing PHMSA's allocation methodology for common services costs (i.e. Rent, Working Capital Fund, etc.). As a result of these realignments, there is an overall increase of $1,869,000 in this account. These realignments include:

- Working Capital Fund (WCF) Services.....$1,588,000
- Other Administrative Services.....$606,000
- Programmatic Funds..... ($325,000)

Note: The net increase in the Hazardous Materials Safety account is offset by a net decrease in the Operations Expenses account.

FY 2012 Adjustments to Base, $1,371,000
Compensable Workday Savings, -$92,000
Fiscal Year 2012 has one less working day than Fiscal Year 2011. This results in a net reduction and savings of $92,000 in pay and benefits.

GSA Rent, $637,000
PHMSA maintains office space in its regional offices throughout the United States to accommodate hazardous materials, as well as pipeline inspections in all areas of the country. This increase is due to new property acquisitions, as well as inflationary increases on existing properties.

Working Capital Fund Adjustment, $757,000
The Working Capital Fund (WCF) is a fully reimbursable fund that finances a range of administrative support services to DOT. This centrally managed account provides Department-wide functions such as information technology, facilities, operational support, and personnel administration. Centralizing administrative support functions has enabled DOT to achieve economies of scale, reducing costs and increasing operational efficiencies, and has allowed DOT operating administrations to focus on and accomplish their goals. WCF allocates costs based on various algorithms, depending on the service provided. This request is associated with operating costs in these WCF activities. Request levels are based on estimates provided by the WCF, and determined by actual usage costs (including inflation).

Non-pay Inflation, $69,000
PHMSA relies upon contract support for certain goods and services. Price escalation for goods and services during FY 2012 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities to execute their responsibilities in FY 2012.

Program Changes, $6,704,000 and 38FTP/19.0FTE
Personnel Compensation and Benefits and Related Administrative Expenses, $4,004,000
PHMSA is requesting an additional 38 FTP / 19.0 FTE. The additional staff is comprised of 20 positions for Inspectors to conduct SP&A related inspections, six (6) SP&A Specialists, four (4) science/engineering positions, five (5) compliance and outreach specialists, and three (3) data analysts/economists. These positions will serve to ensure hazmat transportation safety by conducting compliance, incident and accident inspections and investigations; performing safety reviews and fitness checks; and providing feedback, information and intelligence.

Recent internal reviews in PHMSA and external examinations by the 2009 House Transportation and Infrastructure (T&I) Committee and Department's Office of the Inspector General (OIG) found PHMSA is not a risk-based/data driven organization and also identified several issues with the SP&A program. The additional Inspectors will address shortcomings identified by the OIG by conducting fitness evaluations of special permit and approval applicants, continually monitor fitness of special permit and approval holders, and enforce provisions specified in special permits and approvals to ensure safety is maintained.

The additional SP&A Specialists will receive, review, and evaluate special permit and approval applications and issue or deny applications while adhering to recently revised standard operating procedures and processes. These specialists will work alongside the scientist/engineers who will provide scientific and engineering technical assessments and evaluations of special permits and approvals applications, to ensure comparable level of safety is achieved. The scientist/engineers will also enhance PHMSA's research and development capability to study and evaluate emerging hazardous materials safety issues and technologies.

To address issues highlighted by these reviews, PHMSA developed a Data Collection and Analysis Plan with three long-term objectives: 1) A better understanding of safety risk and the effectiveness of our programs in reducing risk; 2) Good quality safety data and competent

analyses to provide a basis for sound decision making; and 3) A strong data architecture and analytical tools to support effective analysis.

Building a strong cadre of analysts and economists is essential to meeting these objectives and the work they perform will directly affect the safe transportation of hazardous materials. Data Analysts review and assess data and information to identify existing and emerging risks, determine the underlying causes of hazardous materials incidents, and develop alternatives to address or counter these risks. Economists evaluate alternatives to determine which safety measures are most cost effective. In addition, economic conditions at corporations, industry-wide, and nationally have direct effects on safety. Economists can help identify trade and industry trends and precursors that adversely affect safety. For example, periods of economic downturn can lead to cost-cutting measures such as reductions in safety training, decreased quality assurance practices during the manufacture of hazardous materials packages; increased exposure to risks by changing transportation methods or routes, and willful non-compliance.

The compliance and outreach specialists will implement a special permits and approvals outreach plan, including international outreach to China to address compliance of fireworks and lithium batteries. The compliance and outreach specialists will also provide assistance to state and local emergency responders and law enforcement officials on hazmat transportation issues.

Funding these positions will help address major shortcomings identified in the 2009 investigation by the House T&I Committee and in PHMSA's data quality assessment. The positions will provide the basic intelligence for understanding safety risks and better managing them, and the analytical underpinning for defining data and information needs. If these positions are not funded, PHMSA's safety data collections, program development, rulemaking, inspection targeting, decisions on approvals and permits, enforcement, and ultimately public safety would be compromised.

Inspection and Enforcement, $750,000
Current funding levels provide for basic enforcement training development and delivery. PHMSA is requesting an additional $750,000 to establish and carry out a hazmat enforcement training program to develop uniform performance standards for training hazmat inspectors and investigators; train hazmat inspectors and investigators on how to collect, analyze, and publish findings from inspections and investigations of accidents or incidents involving the transportation of hazmat; and train hazmat inspectors and investigators on how to identify noncompliance with the Hazardous Materials Regulations (49 Code of Federal Regulations Parts 100 to 185; HMR) and take appropriate enforcement actions. This program will institute guidelines for hazmat inspector and investigator qualifications, establish best practices and standards for hazmat inspector and investigator training programs, and develop standard protocols to coordinate investigation efforts among federal, state, and local jurisdictions on accidents or incidents involving the transportation of hazmat.

Research and Analysis, $750,000
PHMSA is requesting $750,000 to conduct a review of the PHMSA's methods for collecting, analyzing, and reporting accidents and incidents involving the transportation of hazmat, including the adequacy of information requested on the accident and incident reporting forms

required to be submitted to PHMSA; methods used by PHMSA to verify that the information provided on such forms is accurate and complete; resources of PHMSA related to data collection, analysis, and reporting, including staff and information technology; the information systems used by PHMSA for recording and reporting such accidents and incidents, including the ability of users to adequately search the database and find information; and make recommendations to PHMSA for improving the collection, analysis, reporting, and use of such data.

Program Evaluations and Quality Assurance, $1,000,000
PHMSA is requesting $1 million to establish a capacity to conduct program evaluations and institute quality assurance programs and measures. As PHMSA builds its standing analytical capability that will improve our program data, help drive program priorities, and focus of efforts, it also needs contract resources to evaluate the effectiveness of programs, processes, and procedures to improve efficiency and effectiveness of the programs and establish and maintain quality assurance.

Training and Outreach, $200,000
PHMSA is requesting $200,000 to implement a special permits and approvals outreach plan and continue external communications efforts as our special permits and approval processes are refined and improved. This should include brochures and messages in Chinese to address the major manufacturer of fireworks and lithium batteries.

What Is This Program?

Overview:
PHMSA's Hazardous Materials Safety program is the only program that promulgates standards and requirements for the safe transportation of hazardous materials in the nation. To accomplish this, PHMSA administers a comprehensive, nationwide program designed to protect the public from the risks to life, health, property, and the environment inherent in the commercial transportation of hazmat by air, rail, vessel, and highway. Hazardous Materials Safety achieves its goals through: evaluating hazmat transportation safety risks, developing and enforcing standards for transporting hazmat, providing compliance assistance to hazmat shippers and carriers, offering assistance to state and local emergency responders and law enforcement officials on hazmat transportation issues, investigating hazmat incidents and failures; conducting research, and providing grants to improve emergency response to incidents.

The Office of Hazardous Materials Safety is comprised of staff at headquarters located in Washington, DC and five regional field offices (Atlanta, GA; Des Plaines, IL; Houston, TX; Ontario, CA; and West Trenton, NJ). Field office staff conducts inspections, investigations, training, and outreach.

A foundation of PHMSA's Hazardous Materials Safety program is the Hazardous Materials Regulations (HMR). The HMR address hazmat definitions and classification, hazard communication, shipper and carrier operations, and packaging and container performance specifications. In addition, the HMR provide training requirements to people who prepare hazmat for shipment or transport hazmat. These regulations are designed to achieve three goals:

1) Ensure hazmat are packaged and handled safely during transportation and minimize the consequences should an incident occur.
2) Enhance efficiency by maintaining harmonization with the regulations of international bodies, while maintaining safety standards.
3) Provide effective communication for shippers, carriers, and emergency responders of the hazards of the materials being transported.

FY 2010 Base:
In FY 2010, the enacted budget was $37.994 million for PHMSA's Hazardous Materials Safety program. Of this, a total of $27.563 million was enacted for personnel compensation and benefits for 182.0 FTEs, and other administrative expenses. These expenses include: travel for inspections, outreach, training, public meetings, and site visits; training and professional development of staff; supplies and equipment; communications; administrative support services; GSA rent; and the DOT's Working Capital Fund (WCF).

Hazardous Materials Safety's contract programs are cross-cutting efforts that support the overall safety objectives that fulfill public and environmental safety. In FY 2010, $7.967 million was enacted for these contract programs to assist the Office of Hazardous Materials Safety in achieving its goals. Contract programs include: Hazardous Materials Information Systems (HMIS) operations and maintenance – a transactional information system that supports day-to-day operations, Hazmat Intelligence Portal (HIP) development – a data repository and business intelligence system that supports decision-making and program analyses, risk and data analysis, inspections and enforcement, domestic and international standards support, training and outreach, and emergency preparedness. In addition, $765,000 was enacted for the Hazmat registration program.

Hazardous Materials Safety's research and development efforts maintain a research and development capability to identify and better understand the inherent risks in transporting hazmat. Primarily our initiatives focus on applied research. The program will use these funds to improve safety by studying and evaluating emerging issues and technologies to allow staff to apply Federal resources where they will be most effective. In FY 2010, $1.699 million was enacted for research and development.

Why Is This Particular Program Necessary?

PHMSA's national safety program minimizes the risks to life and property inherent in commercial transportation of hazmat by evaluating hazmat transportation safety risks, developing and enforcing standards for transporting hazmat, providing compliance assistance to hazmat shippers and carriers, providing assistance to state and local emergency responders and law enforcement officials on hazmat transportation issues, investigating hazmat incidents and

failures, conducting research, and providing grants to improve emergency response to incidents *[see Emergency Preparedness Grants section*].

According to the Bureau of Transportation Statistics' and U.S. Census Bureau's 2007 Commodity Flow Survey, on a typical day, more than 6.1 million tons of hazmat, valued at about $4 billion, are moved 886 million miles on the nation's interconnected transportation network. [1]

These materials underpin the American economy and our way of life. Oil and natural gas are used to heat and cool homes and businesses, produce electricity, transport virtually all commercial products, travel to work or recreation, and provide raw materials for many products including plastics, fibers, paints, etc. We use a variety of chemicals to clean water, fertilize crops, create medicines, and manufacture clothing and many other essential commodities. These chemicals and energy products are essential to Americans' quality of life. They also introduce some inherent risk to the public, the environment, and property.

Through vigilance and perseverance, PHMSA's Hazardous Materials Safety program ensures hazmat are safely and securely packaged, handled, and transported and the dangers are properly communicated to transportation workers and emergency responders should an incident occur.

HMR is the cornerstone of the PHMSA hazmat safety program and addresses hazmat definitions and classification, hazard communication, shipper and carrier operations, and packaging and container specifications. PHMSA achieves its mission and goals through priority rulemakings outlined in its regulatory agenda.

Compliance with the HMR, whether achieved through training, outreach or inspections and enforcement, establishes the framework for a safe hazmat transportation system. Recidivism provides a gauge of the effectiveness of our enforcement, outreach, and training activities.

PHMSA will continue to improve its SP&A programs. Monitoring issuance of special permits helps ensure business processes are efficient.

PHMSA will issue final rules to impose more effective safeguards, including design testing, packaging, and hazard communication measures for various types and sizes of lithium batteries in specific transportation contexts; enhance packaging requirements for air shipments of hazmat; improve the safety of hazmat loading and unloading operations involving cargo tanks and rail tank cars; and prohibit the transportation of flammable liquids in the unprotected product piping of a cargo tank motor vehicle.

PHMSA will incorporate the provisions of widely-used special permits with demonstrated safety records into regulations of general applicability.

How Do You Know the Program Works?

PHMSA anticipates achieving its hazardous materials safety goal for FY 2010. The numbers of fatalities and serious injuries caused by hazmat in transportation have been historically low – on

[1] http://www.bts.gov/publications/commodity_flow_survey/

average 4.2 deaths per 100 million shipments. In 2009, only 20 reported hazmat incidents resulted in a fatality or serious injury in the United States – 99.999995 percent (e.g., over eight sigma) of the 1.2 million daily hazmat shipments were made without a fatality or serious injury caused by the hazmat being transported. While *any* death or injury is unacceptable, the risk to the American public is extremely low when compared to other causes of accidental death. For example, a 2004 comparison of risks found that an American is four times more likely to be killed by lightning than by a hazardous material in transportation. [2]

PHMSA will issue 15,000-30,000 hazmat special permits and approvals. The agency's Special Permits program will allow shippers, carriers, and packaging manufacturers to apply for special permits that allow them to utilize packaging methods or shipping practices other than those prescribed in the regulations – allowing them to quickly implement new technology and to evaluate new operational techniques that often increase productivity and enhance safety. There has never been a fatality or serious injury reported as a result of an incident caused by the failure of a special permit issued by PHMSA when the holder was compliant with the terms and conditions outlined in the permit.

PHMSA will perform approximately 2,100 comprehensive facility hazmat inspections focusing on compliance with safety, training, and security standards by inspecting entities that: offer hazmat for transportation (shippers); manufacture, re-qualify, rebuild, repair, recondition, or retest packaging (other than cargo tanks and tank cars) used to transport hazmat; and hold DOT special permits or approvals. It will also take approximately 600 enforcement actions (cases / tickets) and perform 300 fitness evaluations.

PHMSA will conduct 10-15 training workshops / seminars and public meetings to assist industry, Federal inspectors, state/local law enforcement officers, emergency responders, and emergency management personnel with understanding hazmat transportation safety requirements.

PHMSA will register 37,000-45,000 hazmat businesses to gather data and information to support hazmat safety programs and to collect fees to fund Emergency Preparedness Grants.

PHMSA will reduce the number of serious hazmat incidents and will continue to examine risk factors that increase the probability of a death or major injury from a hazmat incident.

Why Do We Want/Need to Fund the Program at the Requested Level?

PHMSA supports the Department's Safety strategic goals by reducing the number of serious hazmat transportation incidents. To achieve these goals, PHMSA has taken great strides to improve and enhance its Hazardous Materials Safety program by acting on the findings and recommendations from a program review conducted by the U.S. House of Representatives Transportation and Infrastructure Committee (House T&I) staff and audits by the U.S. Department of Transportation's Office of the Inspector General (OIG) on the Hazardous Materials Safety Special Permits and Approvals programs. Specifically, PHMSA plans to:

[2] See http://www.phmsa.dot.gov/hazmat/library then go to "A Comparison of Risks"

- Improve hazardous material data collection, analysis, and reporting; technical assessments; and research and development to strengthen decision making capabilities when setting domestic and international hazmat transportation safety standards;
- Enforce the hazmat transportation safety standards and improve enforcement through a training program;
- Provide safety and compliance assistance to the hazmat safety community; and
- Enhance the special permit and approvals program and permit the Secretary to collect fees for processing and enforcement of special permits and approvals.

Set domestic and international hazardous materials transportation safety standards based on a strong analytical underpinning – PHMSA is working to build and maintain an analytical capability that identifies and addresses risks, evaluates program effectiveness, and assures quality in order to provide the foundation for hazmat safety decisions. To that end, PHMSA will conduct a review of PHMSA's methods for collecting, verifying, validating, analyzing, and reporting accidents and incidents data and information involving hazmat while in transportation. When setting its regulatory agenda, PHMSA will:

- Reduce the risk of hazmat releases and fires aboard aircraft;
- Address safety risks associated with the transportation of bulk quantities of high-hazard materials;
- Work with the other DOT administrations and industry organizations to reduce motor carrier crashes and rollovers involving flammable liquids;
- Harmonize domestic and international hazmat transportation requirements to the greatest extent possible consistent with DOT safety and economic goals;
- Review regulatory standards to ensure they are necessary, easy to understand, contemporary and enforceable; and
- Evaluate and assess special permits for possible inclusion into the HMR.

Enforce the Hazardous Materials Regulations – ensure transportation safety by conducting compliance, incident and accident inspections and investigations, and enhance the capabilities of enforcement staff through training.

PHMSA possesses jurisdictional enforcement authority over all modal hazmat transportation activities under the HMR. PHMSA primarily focuses its inspection, enforcement and oversight efforts to determine compliance with safety, training, and security standards by inspecting entities that: offer hazmat for transportation (shippers); manufacture, re-qualify, rebuild, repair, recondition, or retest packaging (other than cargo tanks and tank cars) used to transport hazmat; and hold DOT special permits or approvals. Modal specific enforcement of the HMR are primarily conducted by the Federal Aviation Administration (FAA), Federal Motor Carrier Safety Administration (FMCSA), Federal Railroad Administration (FRA), and U.S. Coast Guard (USCG). PHMSA's packaging expertise is often sought by the modal administrations. In previous years, PHMSA was able to conduct an average of 1,600 inspections and investigations each year.

In addition, PHMSA participates in joint compliance inspections and investigations with FAA, FMCSA, FRA, USCG, and DOT's OIG, as well as the Federal Bureau of Investigation (FBI);

Transportation Security Administration (TSA); Bureau of Alcohol, Tobacco, Firearms and Explosives; U.S. Customs and Border Protection; and the Consumer Product Safety Commission. An example of joint inter-agency enforcement activities is PHMSA's monthly strategic and tactical planning with the modal administrations and coordination and participation in Multi-Agency Strike Force Operations (MASFOs). These activities are administered collaboratively with federal and state agencies to enforce hazmat regulations at ports and other facilities.

To be a leader in hazmat enforcement, PHMSA will establish and carry out a hazmat enforcement training program to develop uniform performance standards for training hazmat inspectors and investigators; train enforcement staff to collect, analyze, and publish findings from inspections and investigations of hazmat transportation accidents or incidents; and ensure enforcement staff identifies and takes appropriate action when noncompliance with the HMR is discovered. PHMSA will institute and share its guidelines for hazmat inspector and investigator qualifications, best practices and standards for hazmat inspector and investigator training, and protocols to coordinate investigation and enforcement efforts among federal, state, and local jurisdictions.

Safety and compliance assistance – develop and deliver training and educational materials to enhance hazmat transportation safety by promoting voluntary industry compliance with the HMR, help emergency service officials safely and effectively prepare for and respond to emergencies, and help state law enforcement officials execute their responsibilities.

Outreach, training, and education are an integral part of both the hazmat regulatory program and PHMSA's responsibility to ensure the safe and secure handling of hazmat in transportation. PHMSA assists industry, Federal inspectors, state/local law enforcement officers, emergency responders, and emergency management personnel through the development of educational materials, delivery of training workshops and seminars, and public meetings. Examples of materials that have been recently developed in FY 2010 include:

- *Special Permits: Application Procedures and Compliance Responsibilities* – an online publication that explains what special permits are, why they are issued, and the process for applying for a special permit;
- *DOT Chart 14: Hazardous Materials Marking, Labeling, and Placarding Guide* – a quick reference guide to required marking, labeling, and placarding required on packages used to transport hazmat in commerce;
- *Cargo Tank Driver Rollover Prevention* – a video developed in cooperation with the FMCSA to improve and enhance the consciousness of cargo tank motor vehicle drivers and the hazmat industry in an effort to prevent cargo tank rollovers. This material is available as streaming video on PHMSA, FMCSA, and NTTC websites, and in DVD format;
- *These Fly, These Don't* – an updated brochure that describes what hazmat are forbidden or restricted on passenger airlines, and provides references to additional TSA and FAA information for the most up-to-date guidance; and
- *Guide for Preparing Shipping Papers* – a revised brochure provides detailed guidance to preparing shipping papers for hazmat shipments.

In FY 2012, PHMSA will also implement a special permits and approvals outreach plan and continue external communications efforts as our special permits and approval processes are refined and improved.

Special Permits and Approvals – PHMSA proposes relieving the majority of the costs of administering, processing and enforcing hazardous materials special permits and approvals through the collection of application fees from private companies and entities. Federal hazmat law (49 U.S.C. 5101 *et seq.*) grants DOT the authority to use alternative methods of compliance by issuing special permits. The Hazardous Materials SP&A program issues the majority of its special permits and approvals (98 percent) to private companies and entities; thus the majority of the services provided are for private beneficiaries and should be paid with user fees. In addition, the types of services provided have varying levels of effort to perform. Special permits that are issued can be new, modified, or renewed – each action requires different levels of service. Private companies and entities can also become a "party to" a special permit; it may be equitable for "party to" application fees to cover some of the costs for new special permits since they receive a benefit from the initial application. There are also several types of approvals issued. Some are essentially a registration, while others require on-site inspections.

Special permits are granted provided that there are equivalent levels of safety or that levels of safety are consistent with the public interest. Special permits provide safe alternatives to the HMR and typically address situations where it may not be possible for government or industry to comply with specific HMR requirements, such as for certain military operations, recovery from natural disasters or terrorist events, or to permit the use of innovative technologies not yet accommodated in the HMR. Special permits afford the agency a means to address unexpected transportation situations and to minimize unnecessary delays of shipments that could be detrimental to safety and the economic vitality of our nation.

An approval is a specific citation in the regulations in order to provide relief from or change certain regulatory requirements, or to authorize certain activities. For example, approvals are required for visual retests of cylinders, manufacturer or requalification of cylinders, assignment of package manufacturer symbols or "M" numbers, and commercial shipment and transportation of explosives and fireworks.

PHMSA reviews special permit and approval applications to ensure that the required information is included, assess whether the measures proposed for the special permit provide an equivalent level of safety as required in the regulations, and evaluate applicant fitness to conduct the operations requested in the application. PHMSA independently verifies and evaluates the information provided in the special permit application to determine that it will achieve an equal level of safety as provided by the HMR or, if not, that it is consistent with the public interest. This review includes a technical analysis of the alternative(s) proposed in the application, an evaluation of applicant's past compliance history (including incident history, enforcement actions, and the like), and coordination with the FMCSA, FRA, FAA, and/or the U.S. Coast Guard to gather additional information relevant to an application and ensure the agencies' concurrence with PHMSA's conclusions.

In addition, PHMSA publishes special permit applications in the *Federal Register* for comment. Comments are made part of the record and may provide useful data and information to ensure that the proposed operations provide an equivalent level of safety. PHMSA may approve or deny an application, in whole or in part, or may impose additional provisions based on the safety and fitness evaluations and/or public comments received. Summaries of approved special permits are published in the *Federal Register* and are posted on-line[3]. Approvals are also posted on-line.

Responsibility for compliance with the terms of a special permit falls directly on the person or company authorized to perform specific functions under the terms of the special permit. To ensure that special permits are used safely and in accordance with the required terms and conditions, DOT investigators from PHMSA, FMCSA, FRA, FAA, and USCG routinely conduct compliance and safety inspections. A special permit may be modified, suspended, or terminated if the performance of the grantee using the special permit is, among other things, found to be unfit to perform the specified functions, or the grantee fails to meet required conditions. This inspection and safety monitoring process allows PHMSA to safely implement new technologies under controlled circumstances and in a manner that affords appropriate oversight prior to fully accommodating them within the regulations, and provides greater benefit and flexibility.

PHMSA has taken steps to improve its application submission and review processes. Applications can now be submitted on-line and staff reviewing applications use data and information in HIP for initial fitness assessments. Additional improvements for workflow processes are included in PHMSA's Information Technology modernization plan.

In establishing a fee structure for FY 2012, PHMSA has used the [Government Accountability Office's Federal User Fees – A Design Guide], to determine the factors that influence the proposed fees. Also of consideration was what effect would occur by imposing fees on the program. User fees can constrain demand and reveal the value beneficiaries place on the service. Fees can also improve the quality of applications received resulting in reduced processing times. PHMSA is proposing an equitable fee structure that also promotes economic efficiency.
For FY 2012, the proposed fees for permits and approvals shall be as follows:

New Special Permits: $3,000 per application, under 49 C.F.R. 107.105
Modification of a Special Permit: $3,000 per application modification, under 49 C.F.R. 107.121
Renewal of Special Permit: $1,000 per application, under 49 C.F.R. 107.109
Party to Status Special Permit: $1,000 per application, under 49 C.F.R. 107.107
Cylinder Manufacturer Approvals: $3,000 per application for approval, under 49 C.F.R. 107.805
All Other Approvals: $700 per application, under 49 C.F.R. 107. Subpart H and Subpart I

In past years, PHMSA has received approximately 10,000 special permits and approvals applications to process. In FY 2012, PHMSA could receive up to 30,000 applications to process. This is due to significant process improvements to increase accountability and oversight, including the elimination of special permits granted to companies via membership in trade

[3] http://phmsa.dot.gov/hazmat/regs/sp-a

associations, thus requiring companies to apply individually. As such, it is imperative for PHMSA to continue its efforts to reengineer and improve its SP&A program, which highlighted several opportunities to enhance management and oversight as outlined in its action plans.

Emergency Preparedness Grants

EMERGENCY PREPAREDNESS GRANTS

(EMERGENCY PREPAREDNESS FUND)

For necessary expenses to carry out 49 U.S.C. 5128(b), $188,000, to be derived from the Emergency Preparedness Fund, to remain available until September 30, [2012]*2013*: *Provided*, That not more than $28,318,000 shall be made available for obligation in fiscal year [2011] *2012* from amounts made available by 49 U.S.C. 5116([I]*i*) and 5128(b)-(c): *Provided further*, That none of the funds made available by 49 U.S.C. 5116 (i), 5128(b), or 5128(c) shall be made available for obligation by individuals other than the Secretary of Transportation, or his designee. *Note.--A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.*

EXHIBIT III-1

EMERGENCY PREPAREDNESS GRANTS
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request	Change FY 2010 - FY 2012
Operations/Contract Programs	$ 1,518	$ 1,518	$ 1,518	$ 0
Grants	26,800	26,800	26,800	0
TOTAL	**$ 28,318**	**$ 28,318**	**$ 28,318**	**$ 0**
FTEs				
Direct Funded	0.0	0.0	0.0	0.0

Program and Performance Statement

Emergency Preparedness Grants – Federal hazardous material law (49 U.S.C. 5101 et seq.), established a national registration program for shippers and carriers of hazardous materials. The law also established fees to be collected from registrants. These fees finance emergency preparedness planning and training grants, grants to non-profit hazardous materials employee organizations; development of a training curriculum guidelines for emergency responders; technical assistance to states, political subdivisions, and Native American tribes; publication and distribution of the Emergency Response Guidebook; and costs for staff to administer the program.

EXHIBIT III-2

PERFORMANCE RESULTS AND TARGETS

EMERGENCY PREPAREDNESS GRANTS

Annual Performance Results and Targets

The PHMSA integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. PHMSA tracks the following DOT level performance measures to demonstrate program results:

DOT Goal/Outcome: Safety

Reduction in injuries and fatalities: Number of hazardous materials incidents involving death or major injury	2007	2008	2009	2010	2011	2012
Target			36	22-36	22-34	22-34
Actual	36	24	29	31 (p)		

(p) = Projected

See page 87 for details under section titled, "How Do You Know the Program Works?"

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Emergency Preparedness Grants
Unavailable Collections
(In thousands of dollars)

Identification code 69-5282-0-2-407

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
01.00 Balance, start of year	$10,372	$15,378	$9,510
01.90 Adjustment to reconcile to unavailable beginning balance	0	0	0
01.99 Revised Balance, start of year	10,372	15,378	9,510
Receipts:			
02.20 Emergency preparedness fund (offsetting prop. receipts)	27,771	22,450	30,277
04.00 Total: Balances and collections	38,143	37,828	39,787
Appropriations:			
05.00 Emergency preparedness grants	(27,771)	(28,318)	(28,318)
06.10 Unobligated balance returned to receipts	5,007	0	0
05.99 Total Appropriations	(22,765)	(28,318)	(28,318)
07.99 Balance, end of year	$15,378	$9,510	$11,469

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Hazardous Materials Emergency Preparedness Grants
Program and Financing
(In thousands of dollars)

Identification code 021-50-5282-0

		FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
OBLIGATIONS BY PROGRAM ACTIVITY:				
00.01	Emergency Preparedness Grants	20,203	21,800	21,800
00.02	Competitive Training Grants	0	4,000	4,000
00.03	Supplemental Training Grants	1,000	1,000	1,000
00.04	Technical Assistance	110	150	150
00.05	Emergency Response Guidebook	625	625	625
00.06	Training Cirriculum Guidelines	0	188	188
00.07	Administrative Expenses	516	555	555
00.08	Program Support	181	0	0
00.91	Total direct program	22,634	28,318	28,318
08.01	Reimbursable program	0	0	
09.00	Total new obligations	22,634	28,318	28,318
BUDGETARY RESOURCES:				
Unobligated balance:				
10.00	Unobligated balance, brought forward, October 1	1	188	188
Adjustments:				
10.21	Recoveries of prior year unpaid obligations	58	0	0
10.50	Total unobligated balance	59	188	188
Budget Authority:				
Appropriation:				
Discretionary:				
11.01	Appropriation (special fund)	188	188	188
Adjustments to appropriations:				
11.34	Appropriations precluded form obligation (-)	0	-188	-188
11.60	Total appropriation (discretionary)	188	0	0
Mandatory:				
12.01	Appropriation (special fund)	27,583	28,130	28,130
12.35	Appropriations precluded from obligation (-)	-5,007	0	0
12.60	Total Appropriation (mandatory)	22,577	28,130	28,130
19.00	Total budget authority	22,765	28,130	28,130
19.30	Total budgetary resources available	22,823	28,318	28,318
19.40	Unobligated balance expiring (-)	-1	0	0
19.41	Unexpired unobligated balance carried forward, end of year	188	188	188
19.52	Expired unobligated balances carried forward, start of year (special and trust funds)	188	188	189
19.53	Expired unobligated balances carried forward, end of year (special and trust funds)	188	189	189
CHANGE IN OBLIGATED BALANCE:				
Obligated balance, start of year (net)				
30.00	Unpaid obligations brought forward, October 1 (gross)	41,970	42,190	20,080
30.20	Obligated balance, start of year, (net)	41,970	42,190	20,080
Changes in obligated balance during the year:				
30.30	Obligations incurred, unexpired accounts	22,634	28,318	28,318
30.31	Obligations incurred, expired accounts	0	0	0
30.40	Outlays (gross) (-)	-22,357	-50,428	-22,612
30.80	Recoveries of prior year unpaid obligations, unexpired accounts (-)	-58	0	0
30.81	Recoveries of prior year unpaid obligations, expired accounts (-)	0	0	0
Obligated balance, end of year (net)				
30.90	Unpaid obligations, end of year (gross)	42,190	20,080	25,786
30.91	Uncollected customer payments from Federal sources, end of year (-)	0	0	0
31.00	Obligated balance, end of year	42,190	20,080	25,786
BUDGET AUTHORITY AND OUTLAYS, NET:				
Discretionary:				
Gross budget authority:				
40.00	Budget authority, gross	188	0	0
Gross outlays:				
40.10	Outlays from new authority	0	0	0
40.11	Outlays from balances	0	135	53
40.20	Total outlays, gross	0	135	53
40.70	Budget authority, net (discretionary)	188	0	0
40.80	Outlays, net (discretionary)	0	135	53
Mandatory:				
Gross budget authority:				
40.90	Budget authority, gross	22,577	28,130	28,130
Gross outlays:				
41.00	Outlays from new mandatory authority	1,158	10,408	10,408
41.01	Outlays from mandatory balances	21,199	39,884	12,151
41.10	Total outlays, gross	22,357	50,292	22,559
41.60	Budget authority, net (mandatory)	22,577	28,130	28,130
41.70	Outlays, net (mandatory)	22,357	50,292	22,559
Budget authority and outlays, net (total):				
41.80	Budget authority, net (discretionary and mandatory)	22,765	28,130	28,130
41.90	Outlays, net (discretionary and mandatory)	22,357	50,428	22,612

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS
(In thousands of dollars)

Identification code 69-5282-0-1-407

		FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
	Direct Obligations:			
	Personnel Compensation:			
11.1	Full-time permanent	$326	$434	$363
11.5	Other personnel compensation	1	0	0
11.9	Total personnel compensation	$327	$434	$363
12.1	Civilian personnel benefits	$95	$121	$102
21.0	Travel and transportation of persons	4	0	0
24.0	Printing and reproduction	625	625	625
25.3	Other purchases of goods and services from government accounts	380	188	278
41.0	Grants, subsidies, and contributions	21,203	26,950	26,950
99.9	Total new obligations	$22,634	$28,318	$28,318

EMPLOYMENT SUMMARY				
	Direct:			
1001	Civilian full-time equivalent employment	0.0	0.0	0.0

PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Emergency Preparedness Grants
(Discretionary)

YEAR	REQUEST	YEAR	ENACTED	
2001	$200,000	2001	$199,560	1/
2002	$200,000	2002	$200,000	
2003	$200,000	2003	$198,700	2/
2004	$200,000	2004	$198,820	3/
2005	$200,000	2005	$198,400	4/
2006	$200,000	2006	$198,000	5/
2007	$198,000	2007	$198,000	6/
2008	$188,000	2008	$188,000	
2009	$188,000	2009	$188,000	
2010	$188,000	2010	$188,000	
2011	$188,000			
2012	$188,000			

1/ Reflects 0.22% reduction of $440 (Sec. 1403 of P.L. 106-554).

2/ Reflects a reduction of $1,300 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

3/ Reflects a reduction of $1,180 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

4/ Reflects reductions of $1,600 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

5/ Reflects reduction of $2,000 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

6/ Reflects the funding levels provided by a full-year continuing resolution.

PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Emergency Preparedness Grants
(Appropriation Limitation)

YEAR	REQUEST	YEAR	ENACTED	
2001	$0	2001	$14,268,980	1/
2002	$0	2002	$14,300,000	
2003	$0	2003	$14,298,700	2/
2004	$0	2004	$14,298,820	3/
2005	$0	2005	$14,298,400	4/
2006	$0	2006	$14,298,000	5/
2007	$0	2007	$14,298,000	6/
2008	$0	2008	$28,318,000	
2009	$0	2009	$28,318,000	
2010	$0	2010	$28,318,000	
2011	$0			
2012	$0			

1/ Reflects 0.22% reduction of $31,020 (Sec, 1403 of P.L. 106-554).

2/ Reflects a reduction of $1,300 for a 0.65% across-the-board cut (Sec. 601 of Division N of P.L. 108-7).

3/ Reflects a reduction of $1,180 for a 0.59% across-the-board cut (Sec. 168(b) of Division H of P.L. 108-199).

4/ Reflects reductions of $1,600 for a 0.80% across-the-board cut (Sec. 122 of Division J of P.L. 108-447).

5/ Reflects reduction of $2,000 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148).

6/ Reflects the funding levels provided by a full-year continuing resolution.

Executive Summary

FY 2012 Emergency Preparedness Grants Budget Request – $28.318 million

What Is the Request and What Will We Get for the Funds?
In FY 2012, PHMSA is requesting $28.318 million for the Hazardous Materials Emergency Preparedness (HMEP) grants program. The HMEP grants program provides financial and technical assistance, as well as national direction and guidance to enhance state, territorial, tribal, and local hazardous materials emergency planning and training and certain other non-profit organizations. PHMSA awards approximately 70 HMEP grants annually. Funds also provide for monitoring and technical assistance to grantees, publication and distribution of the Emergency Response Guidebook (ERG), curriculum development, and staff costs to administer the program.

What Is the Program?
This is a grants program that provides financial assistance to states to plan, prepare, and train to respond to hazardous materials incidents that occur in the nation's transportation system. The program also provides financial assistance to non-profit hazmat employee organizations to prevent incidents through training. The program is mandated under Title 49 of the United States Code Section 5101 et seq.

Why Is This Particular Program Necessary?
The HMEP grants program serves the nation's emergency responders in specific instances involving hazardous materials incidents/accidents in transportation. Other Federal Departments address hazardous materials issues; however, no other grant programs address transportation-related issues. In many instances the only Hazmat training and planning funds that local responders receive, especially those in smaller cities and rural locales, are HMEP funds. There are more than 1.1 million firefighters in the nation. More than 800,000 of these emergency responders are volunteers. Attrition among the volunteer community is prevalent and there is always a need to train new recruits.

How Do You Know the Program Works?
Hazardous materials transportation related deaths, major injuries, and significant damages are fewer than ever. This can be attributed, in part, to today's capable first responders. To date, more than 2.57 million emergency responders have been trained with HMEP grant funds. Reported training statistics suggest that responders are being trained to higher competency levels to further enhance their abilities to respond safely and effectively to hazardous materials incidents/accidents in transportation. More than 57,000 emergency plans have been updated since the inception of the program supporting unprecedented community readiness. Requests for additional grant funding are on the rise, as the need for more and better emergency responder training grows.

Why Do We Want/Need to Fund the Program at the Requested Level?
The HMEP grant program is the primary source of funding of its kind for many local responders in the United States. The existing funding levels allow those otherwise unable organizations to provide training to their responder communities.

Detailed Justification for Hazardous Materials Emergency Preparedness Grants

FY 2012 Request – $28.318 million

What Do I Need To Know Before Reading This Justification?

The Hazardous Materials Emergency Preparedness (HMEP) grants program, as mandated by 49 U.S.C. 5101 et seq., provides Federal financial and technical assistance to states, territories, and Indian tribes to "develop, improve, and carry out emergency plans" within the National Response System and the Emergency Planning and Community Right-To-Know Act of 1986 (EPCRA, Title III), 42 U.S.C. 11001 et seq.

Training and planning grants are used to develop, improve, and implement emergency plans; to train public sector hazardous materials (hazmat) emergency response employees to respond to accidents and incidents involving hazardous materials; to determine flow patterns of hazardous materials within a State and between States; and to determine the need within a State for regional hazardous materials emergency response teams. A supplemental public sector training grant is also provided to the International Association of Fire Fighters (IAFF) for train-the-trainer instruction to increase the number of hazardous materials emergency response trainers nationwide.

The Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005 increased the authorization of the program from $14.3 million per year to its present amount of $28.3 million per year. SAFETEA-LU also authorized grants to nonprofit hazmat employee organizations for training instructors to train hazmat employees and to extent determined appropriate by the Secretary, for such instructors to train hazmat employees. The increased funding was first appropriated in FY2008.

The HMEP grants program is funded by registration fees collected from persons who offer for transportation or transport certain hazardous materials in intrastate, interstate, or foreign commerce. In addition to grants, registration fees fund monitoring and technical assistance, publication and distribution of the Emergency Response Guidebook (ERG), curriculum development, and staff costs to administer the program.

Courtesy of Harris County, Texas Fire Department

What Is the Request and What Will We Get for the Funds?

FY 2012 – Hazardous Materials Emergency Preparedness Grants Budget Request ($000)

Program Activity	FY 2010 Actual	FY 2012 Request	Change FY 2010 – FY 2012
Operations/Contract Programs	$ 1,518	$ 1,518	$ 0
Grants	26,800	26,800	0
Total	$ 28,318	$ 28,318	$ 0

In FY 2012, PHMSA requests a total $28.318 million for the HMEP Grants program.

PHMSA-wide Realignments, $0
In FY 2012, PHMSA plans to continue the process of aligning its budget to its actual spending. This process includes changing PHMSA's allocation methodology for common service costs (i.e. rent, Working Capital Fund, etc.). Within the EP Grants fund, $90,000 was realigned from Personnel Compensation and Benefits to Accounting and Delphi Services.

Major activities included in this request are:

Training and Planning Grants to States, Territories, and Tribes, $21.8 million
Training and planning grants are used to develop, improve, and implement emergency plans; to train public sector hazmat emergency response employees to respond to accidents and incidents involving hazardous materials; to determine flow patterns of hazmat within a state and between states; and to determine the need within a state for regional hazardous materials emergency response teams. Grants to states and territories have matching funds requirements; grants to tribes do not have such requirements. It is proposed that at a minimum $13.8 million will be specifically provided for training activities.

Hazmat Instructor Training Grants, $4 million
Provides funding to non-profit hazmat employee organizations to train hazmat instructors and to develop training and outreach tools to enhance and expand the hazardous materials training reach. These grants are competitively awarded.

Supplemental Public Sector Training Grants, $1 million
These training grants help increase the capacity and the availability of hazardous materials training instructors. Through these grants, more training programs become available, thus increasing awareness, and enhancing the knowledge base for local responders. For example, PHMSA provides grants to the IAFF to conduct "Train the Trainer" training sessions throughout the nation.

Emergency Response Guidebook, $625,000
On an average cycle of four years, PHMSA develops, publishes, and distributes an updated version of its ERG. The ERG is developed jointly by the U.S. Department of Transportation,

Transport Canada, and the Secretariat of Communications and Transportation of Mexico for use by "first responders" (i.e., those public safety personnel first dispatched to the scene of a hazardous materials spill, such as firefighters, police, and emergency services personnel). It is a guide for initial actions to be taken to protect first responders and the general public during hazardous materials incidents (see http://www.phmsa.dot.gov/hazmat/library/erg). This guidebook is also widely used by the transportation industry and is internationally recognized. PHMSA plans to publish and distribute approximately 1.8 million copies of the ERG in calendar year 2012.

Training Curriculum Development, $188,000
Federal hazmat law requires the U.S. Secretary of Transportation to develop and periodically update a curriculum to train public sector emergency response and preparedness teams.

Oversight and Technical Assistance $150,000
Federal hazmat law requires the Department to provide technical assistance to a state, political subdivision of a state, or Native American tribes for carrying out emergency response training and planning for an accident or incident involving hazardous material.

What Is This Program?

Overview:
This national safety program supports the Department's safety goals by minimizing the risks to life and property inherent in commercial transportation of hazmat. HMEP grants help ensure communities are prepared and trained to respond to hazmat transportation incidents.

PHMSA's HMEP grants program provides financial and technical assistance, as well as national direction and guidance to enhance state, territorial, tribal, and local hazardous materials emergency planning and training, and certain other non-profit organizations. PHMSA awards approximately 70 HMEP grants annually.

The HMEP grants program's success strongly depends on the Hazmat Registration Program that collects information and fees from persons who transport certain hazardous materials in intrastate, interstate, or foreign commerce. Registration fees fund training and planning grants, monitoring and technical assistance, publication and distribution of the ERG, curriculum development, and staff costs to administer the program.

The HMEP grants program also ensures a wide spectrum of hazardous materials awareness. Awarding money to states, territories, and tribes allows for hazmat to educate people everywhere about the causes and effects of hazardous materials and in turn how to deal with and diffuse harmful situations. The Native American tribe territories are recognized as independent and thus receive grants separately.

FY 2010 Base:
In FY 2010, a total of $28.3 million was requested for this program as follows:

- Training and Planning Grants to States, Territories, and Tribes – $21.8 million
- Hazmat Instructor Training Grants – $4 million
- Supplemental Public Sector Training Grants – $1 million
- Emergency Response Guidebook – $625,000
- Training Curriculum Development – $188,000
- Oversight and Technical Assistance – $150,000

Why Is This Particular Program Necessary?

The HMEP grant program serves the nation's emergency responders in specific instances involving hazardous materials incidents/accidents in transportation. Other federal departments address hazardous materials issues; however, no other grant programs address transportation-related issues. In many instances, the only training and planning funds that local responders receive, especially those in smaller cities and rural locales, are HMEP funds. There are more than 1.1 million firefighters in the nation. More than 800,000 of these emergency responders are volunteers. Attrition among the volunteer community is prevalent and there is always a need to train new recruits.

In addition, the HMEP grant program provides assistance and support to State, Tribal, Territory, and local hazardous materials training initiatives through the development and publication of, *"Guidelines for Response, Planning and Prevention Training for Incidents involving Hazardous Materials and Weapons of Mass Destruction (Guidelines)"* (see http://www.phmsa.dot.gov/hazmat/grants then go to "HMEP Curriculum Guidelines"). These guidelines have been developed by an author team of Federal, State, Tribal, Territory, and local public sector training, planning, and response organizations and from a cross-section of professional associations involved in hazardous materials planning and response and act as an additional resource to the responder and hazmat grantee community.

This national safety program minimizes the risks to life and property inherent in commercial transportation of hazmat by ensuring communities are prepared and trained to respond to hazmat transportation incidents. PHMSA continues to enhance the efficiency and outcomes associated with the use of the grants (e.g., enhancing the capabilities of emergency responders and improve community planning).

Finally, more than eleven million copies of the ERG have been published and distributed without charge to the emergency response community to date. The ERG is considered the first and primary resource for the nation's responders. It is globally recognized and has been copied and translated by other nations in more than a dozen languages.

How Do You Know the Program Works?

Hazardous materials transportation related deaths, major injuries, and significant damages are fewer than ever. This can be attributed, in part, to today's capable first responders and their ability to protect the public from harmful effects of hazardous materials releases when they occur. To date, more than 2.57 million emergency responders and nearly 2,700 emergency responder hazmat instructors have been trained with HMEP grant funds. Reported training

statistics suggest that responders are being trained to higher competency levels to further enhance their abilities to respond safely and effectively to hazardous materials incidents/accidents in transportation. More than 57,000 emergency plans have been updated since the inception of the program supporting unprecedented community preparedness.

PHMSA will award $21.8 million in training and planning grants to states, territories, and tribes; $4.0 million for grants to non-profit hazmat employees organizations; and $1.0 million for supplemental grants for a train-the-trainer program for emergency responders. In addition, PHMSA will host at least two workshops to provide technical assistance to a state, political subdivision of a state, or Indian tribes for carrying out emergency response training and planning for an accident or incident involving hazardous material. Curriculum guidelines will be updated and revised. The ERG will be updated, revised, published, and distributed. PHMSA will continue to implement programmatic changes to improve internal controls and management of the HMEP grants program; enhance program transparency; and ensure the program has adequate resources.

Hazardous materials transportation related deaths, major injuries, and significant damages will be reduced, due in part, to capable first responders and their ability to protect the public from harmful effects of hazardous materials transportation related releases.

Why Do We Want/Need to Fund the Program at the Requested Level?

There is inherent risk involved in the transportation of hazardous materials. As mandated by 49 U.S.C. 5101 et seq., it is the HMEP grants program's mission to mitigate such risk.

The HMEP grants program supports the nation's emergency responders in specific instances involving hazardous materials incidents in transportation. To continue to protect the public from harmful effects of hazardous materials releases, the capabilities of today's first responders must be maintained through the training they receive.

The HMEP grants program also ensures a wide spectrum of hazardous materials awareness. Requests for additional grant funding are on the rise, as the need for more and better emergency responder training grows. There are more than 1.1 million firefighters in the nation. More than 800,000 of these emergency responders are volunteers. Attrition among the volunteer community is prevalent and there is an ever present need to train new recruits.

Furthermore, PHMSA will revise and update the ERG in calendar year 2012. PHMSA's goal is to place an ERG in each emergency service vehicle, nationwide, through distribution to state and local public safety authorities. PHMSA anticipates publishing and distributing approximately 1.8 million ERGs in calendar year 2012; the ERG was last updated in 2008.

Operational Expenses

OPERATIONAL EXPENSES

(PIPELINE SAFETY FUND)

(INCLUDING TRANSFER OF FUNDS)

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, [$22,383,000]*$22,158,000*, of which $639,000 shall be derived from the Pipeline Safety Fund: *Provided*, That $1,000,000 shall be transferred to ``Pipeline Safety'' in order to fund ``Pipeline Safety Information Grants to Communities'' as authorized under section 60130 of title 49, United States Code.

Note.--A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request	Change FY 2010-FY 2012
Operations *(reflects $1M transferred to Pipeline Safety for Information Grants to Communities)*	$ 20,132	$ 20,132	$ 21,158	$ 1,026
TOTAL	**$ 20,132**	**$ 20,132**	**$ 21,158**	**$ 1,026**
FTEs				
Direct Funded	65.0	65.0	68.5	3.5
Reimbursable	11.0	11.0	11.0	0.0

Program and Performance Statement

Operational Expenses – The success of PHMSA's safety programs depend on its entire team of professionals, administrative, and technical personnel. The staff enables the individual program offices to meet PHMSA's collective safety mandate. PHMSA's Operational Expenses account will support the following offices: the Administrator; Deputy Administrator; Assistant Administrator/Chief Safety Officer; Chief Counsel; Associate Administrator for Administration/Chief Financial Officer; Governmental, International and Public Affairs; Information Technology Services; Administrative Services; Budget and Finance; Office of Acquisition Services; Human Resources; and Civil Rights.

EXHIBIT III-1a

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES
SUMMARY ANALYSIS OF CHANGE FROM FY 2011 ANNUALIZED CR TO FY 2012
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

Appropriation	Dollars in Thousands	FTE
OPERATIONAL EXPENSES		
FY 2011 Annualized CR (reflects $1M transferred to Pipeline Safety for Information Grants to Communities)**:**	**$ 20,132**	**65.0**
FY 2011 Adjustments (Includes Annualization of FY 2010 FTE):	**$1,162**	**2.0**
FY 2012 Realignments:		
Salaries and Benefits	$ 380	0.0
Working Capital Fund (WCF) Services	(1,235)	0.0
Other Administrative Services	(1,834)	0.0
Subtotal, Realignments	**$ (2,689)**	**0.0**
FY 2012 Adjustments to Base:		
One Less Compensable Day	(37)	0.0
Non-Pay Inflation of 0.5%	40	0.0
Subtotal, Adjustments to Base	**$ 3**	**0.0**
FY 2012 Program Changes:		
1. 3 FTP/1.5 FTE - PC&B and Related Administrative Expenses	$ 287	1.5
2. Professional/Administrative Support Services	(287)	0.0
3. IT Modernization	2,550	0.0
Subtotal, Program Changes	**$ 2,550**	**1.5**
Subtotal, Realignments, Adjustments to Base, and Program Changes	**$ 1,026**	**3.5**
Total, Operational Expenses	**$ 21,158**	**68.5**

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION OPERATIONAL EXPENSES

In order to ensure the best possible performance results, the Pipeline Safety and the Hazardous Materials Safety offices are supported by the Operational Expenses account. Per the Department of Transportation's Strategic Plan, the Operational Expenses account is in alignment with the Secretary's vision. The staff's performance results are reflected in their respective performance measures, outcomes, and outputs.

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES
Program and Financing
(In thousands of dollars)

Identification code 021-50-1400-0	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
OBLIGATIONS BY PROGRAM ACTIVITY:			
00.91 Total direct program	19,891	20,132	21,158
08.01 Reimbursable program	72	0	0
09.00 Total new obligations	19,963	20,132	21,158
BUDGETARY RESOURCES:			
Unobligated balance:			
10.00 Unobligated balance, brought forward, October 1	0	0	0
10.50 Total unobligated balance	0	0	0
Budget Authority:			
Appropriation:			
Discretionary:			
11.00 Appropriation	20,493	20,493	21,519
Non-expenditure transfers:			
11.20 Appropriations transferred to other accounts (-)	-1,000	-1,000	-1,000
11.21 Appropriations transferred from other accounts	639	639	639
11.60 Total Appropriation	20,132	20,132	21,158
Spending authority from offsetting collections:			
17.00 Collected	250	0	0
17.01 Change in uncollected customer payments from Federal sources (+ or -)	-178	0	0
17.50 Spending authority from offsetting collections	72	0	0
19.00 Total budget authority	20,204	20,132	21,158
19.30 Total budgetary resources available	20,204	20,132	21,158
19.40 Unobligated balance expiring (-)	241	0	0
CHANGE IN OBLIGATED BALANCE:			
Obligated balance, start of year (net)			
30.00 Unpaid obligations brought forward, October 1 (gross)	4,531	7,096	6,152
30.10 Uncollected customer payments from Federal sources, brought forward, October 1 (-)	112	290	290
30.11 Adjustments to uncollected customer payments, brought forward October 1	0	0	0
30.20 Obligated balance, start of year, (net)	4,643	7,386	6,442
Changes in obligated balance during the year:			
30.30 Obligations incurred, unexpired accounts	19,963	20,132	21,158
30.31 Obligations incurred, expired accounts	72	0	0
30.40 Outlays (gross) (-)	-17,333	-21,076	-20,830
30.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	178	0	0
30.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	-1	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired accounts (-)	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired accounts (-)	-138	0	0
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	7,096	6,152	6,481
30.91 Uncollected customer payments from Federal sources, end of year (-)	290	290	290
31.00 Obligated balance, end of year	7,386	6,442	6,771
BUDGET AUTHORITY AND OUTLAYS, NET:			
Discretionary:			
Gross budget authority:			
40.00 Budget authority, gross	20,204	20,132	21,158
Gross outlays:			
40.10 Outlays from new authority	14,418	13,690	14,387
40.11 Outlays from balances	2,914	7,386	6,442
40.20 Total outlays, gross	17,333	21,076	20,830
Offsets against gross budget authority and outlays:			
40.30 Offsetting collections from Federal sources (-)	-253	0	0
40.40 Total offsets against gross budget authority and outlays (-)	-253	0	0
Additional offsets against gross budget authority only:			
40.50 Change in uncollected customer payments from Federal sources, unexpired accounts (+ or -)	178	0	0
40.51 Change in uncollected customer payments from Federal sources, expired accounts (+ or -)	3	0	0
40.60 Total additional offsets against budget authority only	181	0	0
40.70 Budget authority, net (discretionary)	20,132	20,132	21,158
40.80 Outlays, net (discretionary)	17,079	21,076	20,830
Budget authority and outlays, net (total):			
41.80 Budget authority, net (discretionary and mandatory)	20,132	20,132	21,158
41.90 Outlays, net (discretionary and mandatory)	17,079	21,076	20,830

OBJECT CLASSIFICATION AND PERSONNEL SUMMARY
DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OPERATIONAL EXPENSES
(In thousands of dollars)

Identification code 69-1400-0-1-407

		FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Request
	Direct Obligations:			
	Personnel Compensation:			
11.1	Full-time permanent	$5,662	$6,498	$7,961
11.9	Total personnel compensation	$5,662	$6,498	$7,961
12.1	Civilian personnel benefits	$1,470	$1,820	$2,229
21.0	Travel and transportation of persons	46	54	56
23.1	Rental payments to GSA	1,648	3,200	984
23.3	Communications, utilities, and miscellaneous charges	523	317	264
24.0	Printing and reproduction	32	30	30
25.1	Advisory and assistance services	824	1,170	1,111
25.2	Other services	301	310	930
25.3	Other purchases of goods and services from government accounts	4,037	2,773	377
25.7	Operation and maintenance of equipment	4,330	3,868	7,105
26.0	Supplies and materials	122	30	38
31.0	Equipment	701	62	73
42.0	Insurace claims & indemnities	4	0	0
	Subtotal, Direct obligations	$19,700	$20,132	$21,158
99.0	Subtotal, Reimbursable obligations	72	0	0
99.9	Total new obligations	$19,772	$20,132	$21,158

EMPLOYMENT SUMMARY				
	Direct:			
1001	Civilian full-time equivalent employment	55.0	65.0	68.5
	Reimbursable:			
2001	Civilian full-time equivalent employment	8.0	11.0	11.0

PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION
HISTORY OF APPROPRIATIONS

Operational Expenses

YEAR	REQUEST		YEAR	ENACTED	
2006	$17,027,000		2006	$16,708,230	1/
2007	$17,721,000		2007	$18,031,000	2/
2008	$18,130,000		2008	$18,130,000	
2009	$18,130,000		2009	$18,130,000	3/
2010	$18,968,000		2010	$20,132,000	
2011	$20,132,000	2/			
2012	$21,158,000	3/			

1/ Reflects reduction, of $168,770 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148.

2/ Reflects the funding levels provided by a full-year continuing resolution.

3/ Reflects the exclusion of $1,000,000 to be transferred to Pipeline Safety for the Information Grants to Communities program.

Executive Summary

FY 2012 Operational Expenses Budget Request – $21.158 million

What Is the Request and What Will We Get for the Funds?
In FY 2012, PHMSA is requesting a total of $21.158 million for Operational Expenses, which is an increase of $1,026,000 from the FY 2010 Enacted Budget. This increase includes:

- $1.162 million for FY 2011 annualization of FY 2010 FTE
- $2.689 million reduction for PHMSA-wide realignments
- $3,000 for adjustments to base
- $2.550 million for program changes

What Is This Program?
In addition to providing funds for all PHMSA salaries and expenses, the success of PHMSA's safety programs also depends on the performance of support organizations that help the program offices to meet their safety mandate. The organizations represented under this account include: Administrator and Deputy Administrator; Assistant Administrator/Chief Safety Officer; Chief Financial Officer; Chief Counsel; Governmental, International, and Public Affairs; and Associate Administrator for Administration.

Why Is This Particular Program Necessary?
The success of PHMSA's safety programs depends on the vigorous performance of support organizations that help the program offices meet their safety mandate. Operational Expenses contributes to the Pipeline and Hazardous Materials Safety Offices' performance results through administrative support in whatever tasks necessary to ensure the best possible outcome. As a result, Operational Expenses demonstrates alignment with the Department of Transportation's Strategic Plan.

Why Do We Want/Need to Fund the Program at the Requested Level?
The request for full-time equivalents (FTEs) will ensure the success of PHMSA's safety programs, which depend on entire teams of professionals, administrative, and technical personnel. The staff requested in this account will provide the necessary workforce for the individual program offices to carry out all administrative and operational tasks to meet PHMSA's collective safety mandate. In addition, funding will contribute to one of PHMSA's most essential program initiatives, the IT Modernization Plan. This plan is a five year agency-wide strategy to provide PHMSA with necessary IT capabilities to produce robust data analysis, objectives, and strategies while aligning technology with business and data needs. Without continuing funding support in FY 2012, the integrity and quality of PHMSA's data and information will continue to erode resulting in further data and analysis inefficiencies, decisions that are based on fragmented data (absence of a 360-degree view of data) and operational and decision support challenges.

Detailed Justification for the Operational Expenses Program

FY 2012 Request – $21.158 million

What Is the Request and What Will We Get For the Funds?

FY 2012 – Operational Expenses Budget Request
($000)

Program Activity	FY 2010 Actual	FY 2012 Request	FY 2010 – FY 2012 Change
Operations/Contract Programs (Includes $1M transferred to Pipeline Safety for Information Grants to Communities)	$ 20,132	$ 21,158	$ 1,026
Total	**$ 20,132**	**$ 21,158**	**$ 1,026**
FTE			
Operational Expenses	**65.0**	**68.5**	**3.5**
Reimbursements/Other			
Operational Expenses			
Other (Honors Attorneys)	**11.0**	**11.0**	**0.0**
FTE Total	**76.0**	**79.5**	**3.5**

In FY 2012, PHMSA is requesting a total of $21.158 million for Operational Expenses, which is an increase of $1,026,000 from the FY 2010 Enacted level. This increase includes:

- $1.162 million for FY 2011 annualization of FY 2010 FTE
- $2.689 million reduction for PHMSA-wide realignments
- $3,000 for adjustments to base
- $2.550 million for program changes

FY 2011 Adjustments, $1,162,000
In FY 2011 Operational Expenses will incur increases in annualization of FY 2010 enacted FTEs (2.0 FTEs, $364,000).

PHMSA-wide Realignments, -$2,689,000
In FY 2012 PHMSA plans to continue the process of aligning its budget to its actual spending. This process includes changing PHMSA's allocation methodology for common services costs (i.e. Rent, Working Capital Fund, etc.). As a result of these realignments, there is an overall decrease of $2,689,000 in this account. These realignments include:

- Working Capital Fund (WCF) Services ..... ($1,235,000)
- Other Administrative Services ..... ($1,834,000)
- Salaries and Benefits $380,000

Note: The net decrease in the Operational Expenses account is offset by a net increase in the Pipeline Safety and Hazardous Materials Safety accounts.

Adjustments to Base, $3,000

Compensable Workday Savings, -$37,000

Fiscal Year 2012 has one less working day than Fiscal Year 2011. This results in a net reduction and savings of $37,000 in pay and benefits.

Non-pay Inflation, $40,000

PHMSA relies upon contract support for certain goods and services. Price escalation for goods and services during FY 2012 must be accommodated. Funding is requested at the non-pay inflation rate of 0.5 percent to ensure that contracts are adequately funded to maintain essential services and enable PHMSA activities to execute their responsibilities in FY 2012.

Program Changes, $2,550,000

The Operational Expenses account is requesting additional funding of $2.550 million to support three new positions and continue PHMSA-wide IT Modernization initiatives.

Personnel Compensation and Benefits, Additional 3 FTP/1.5 FTE, $287,000

The estimated cost of $287,000 for 1.5 FTE (e.g., half year funding for three positions) includes salaries and benefits; non-recurring costs for equipment, furniture, computers, etc.; recurring costs (i.e., rent, communications, and other miscellaneous services); training; and travel. The new positions are requested to address the Administration's plan to hire Federal employees in inherently governmental positions. The President's in-sourcing initiative promotes bringing work back in-house, thereby cutting procurement costs. These new positions will allow PHMSA to improve recruitment, performance management, employee communication, and professional development. PHMSA will fund these positions by re-categorizing its contracting funding to FTE. In addition, this transition will allow the new PHMSA staff to enhance workforce planning and other critical administrative functions.

IT Modernization, $2,550,000

PHMSA is requesting $2.550 million to fund the FY2012 portion of its IT Modernization initiatives (a five year project started in FY 2010). Specifically this funding will be used to continue the modernization of the Enforcement, Incident Reporting and Registration lines of business. Additionally, the funding will enable PHMSA to develop the modernization of the IT systems supporting the Grants, Publications, and Regulation business processes. The end result will eliminate fragmented information, provide a one-stop shop for data and information, and ensure IT systems provide transparent and immediate access to trusted data to support vital safety decisions and for the directing limited resources toward events posing the greatest risk.

Professional and Administrative Support, -$287,000

PHMSA is requesting three additional positions to address the Administration's plan to hire Federal employees, in lieu of contractors for mission critical/inherently governmental functions, resulting in a savings to administrative support contracts. These new positions will enable PHMSA to improve recruitment, performance management, employee communication, and professional development.

What Is This Program?

Overview:

PHMSA's Operational Expenses account supports the following offices: the Administrator; Deputy Administrator; Assistant Administrator/Chief Safety Officer; Chief Counsel; Associate Administrator for Administration/Chief Financial Officer; Governmental, International and

Public Affairs; Information Technology Services; Administrative Services; Budget and Finance; Acquisition Services; Human Resources; and Civil Rights.

Offices/Functions
PHMSA Leadership – The Administrator and Deputy Administrator direct all aspects of PHMSA's national programs.

Safety Oversight and Evaluation – The Office of the Assistant Administrator/Chief Safety Officer (CSO) establishes agency-wide safety and security policies, objectives, and priorities relating to hazardous materials and pipeline safety.

Office of the Chief Counsel – The Office of Chief Counsel serves as the principal legal officer and advisor for PHMSA. This office is responsible for legal oversight of the hazardous materials safety and pipeline safety programs. The office provides services such as drafting proposed legislation, drafting or reviewing all regulatory actions (such as any Notices of Proposed Rulemaking (NPRM), reviewing all procurement and grant actions, and managing the ethics and financial disclosure programs. The office also prosecutes enforcement actions for violations of hazardous materials safety and pipeline safety transportation laws and regulations.

The Office of Governmental, International, and Public Affairs – The Office of Governmental, International, and Public Affairs promotes public and government understanding of PHMSA programs, activities, policies, and strategies. In addition, this office coordinates all PHMSA international activities to ensure consistency with departmental international initiatives.

Civil Rights Office – PHMSA's Office of Civil Rights administers and ensures PHMSA's implementation of civil rights and Equal Employment Opportunities precepts and initiatives.

Associate Administrator for Administration/Chief Financial Officer – The Associate Administrator for Administration is responsible for planning, developing, coordinating, implementing and administering a comprehensive program of activities to satisfy administrative management needs within the agency. The Associate Administrator also directs and coordinates financial management programs and support services for PHMSA. This office works closely with each of PHMSA's program offices to ensure agency budgetary and financial goals are met. Significant functions in this office include agency budget formulation, execution, and justification as well as monitoring current year financial activities such as financial statements, financial and managerial internal controls, and audits.
This office provides reliability and increases the performance of the agency's safety programs through the following divisions:

- Budget and Finance
- The Information Resources Management Office/Chief Information Officer (CIO)
- Acquisition Services
- Human Resources Management
- Administrative Services

<u>Budget and Finance</u> – PHMSA's Office of Budget and Finance works closely with the program offices to ensure budgetary and financial goals are met. Major functions of this office include budget formulation, execution, and justification as well as monitoring current year financial activities such as financial statements, financial and managerial internal controls, and audits.

Information Technology (IT) Services – IT underpins PHMSA's ability to achieve its safety goals and objectives. PHMSA's Office of the CIO provides agency-wide policy, IT strategic planning, investment oversight, Enterprise Architecture, privacy and security services, project management, and the vital infrastructure and application development support services and tools to enable mission execution.

Increase in Transparency and Procurement Reform – To end waste, fraud, and abuse in the agency, the Office of Acquisition Services strives to close out completed contracts and orders, reviews all service contracts to ensure that personal services are not being procured and that governmental functions are not being performed by contractors, ensures correct information is relayed to the public, and improves how PHMSA spends taxpayer funds through the management of existing contracts.

Human Capital Management – PHMSA's Office of Human Resources contributes to strategic human capital and workforce planning, recruiting and hiring, and leadership succession planning.

Facility, Real Estate and Property Management – The Office of Administrative Services addresses all real property issues including space design both at headquarters and regional buildings, construction support, asset management, and directives and records management.

FY 2010 Base:
In FY 2010, a total of $20.132 million was requested for this account. Of this, $15.957 million was requested for personnel compensation and benefits for 65.0 FTE and other administrative expenses including: training and employee development, travel, GSA rent, communications and utilities, printing, the DOT's Working Capital Fund, accounting and Delphi services, and supplies and equipment.

Also included in the FY 2010 budget was $4.175 million for programs including: budget and financial management; the civil rights intern program, information resource management, information technology infrastructure, e-government initiatives, pandemic influenza, and professional and administrative support services.

Why Is This Particular Program Necessary?

The success of PHMSA's safety programs depends on the vigorous performance of support organizations that help the program offices meet their safety mandate. Operational Expenses contributes to the Pipeline and Hazardous Materials Safety Offices' performance results through administrative support in whatever tasks necessary to ensure the best possible outcome. As a result, Operational Expenses demonstrates alignment with the Department of Transportation's Strategic Plan.

Why Do We Want/Need to Fund the Program at the Requested Level?

PHMSA requests a total of $21.158 million for Operational Expenses. The request for FTEs will ensure the success of PHMSA's safety programs, which depends on its entire team of professionals, administrative, and technical personnel. The staff requested in this account enables the individual program offices to meet PHMSA's collective safety mandate.

In addition, funding will contribute to one of PHMSA's most essential program initiatives, the IT Modernization Plan. This plan is a five-year, agency-wide strategy to provide PHMSA with

necessary IT capabilities to produce robust data analysis, objectives, and strategies while aligning technology with business and data needs. Currently in its third year, the plan contains a roadmap that allows the organization to address various PHMSA Lines of Business (LOB). This roadmap focuses on business and IT modernization while year five focuses on maturing and maintaining the processes and capabilities developed in years one through four. This five year plan is designed to provide immediate short-term benefits, while establishing the overall foundation for PHMSA's future IT initiatives.

Without continuing funding support in FY 2012, the integrity and quality of PHMSA's data and information will continue to erode resulting in further data and analysis inefficiencies, decisions that are based on fragmented data (absence of a 360-degree view of data) and operational and decision support challenges. Additionally, the IT systems supporting the business will struggle to provide the transparency, automation, collaboration and analysis support to enable PHMSA to effectively, efficiently, and economically execute critical mission services.

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Administrative Provisions

- PHMSA's Hazardous Materials Safety program proposes to collect fees as discussed in Sec.1 below from companies and individuals involved in the transport of hazardous materials seeking waivers from the Hazardous Materials Regulations. The fees will relieve the Pipeline and Hazardous Materials Safety Administration's costs associated with the special permit and approval processes.

Sec. 1. Establishment. (a) There is established a Hazardous Materials Approvals and Permits fund for the administration of special permits and approvals. (b) The Secretary of Transportation shall collect a reasonable fee, to the extent and in such amounts as provided in advance in appropriations acts, for the administration of special permits and approvals, as specified in paragraph (c) below, which shall be deposited in the fund established in paragraph (a). (c) For 2012, fees for permits and approvals shall be as follows: (1) New Special Permits: $3,000 per application, under 49 C.F.R. 107.105. (2) Modification of a Special Permit: $3,000 per application modification, under 49 C.F.R. 107.121. (3) Renewal Special Permit: $1,000 per application, under 49 C.F.R. 107.109. (4) Party Status Special Permit: $1,000 per application, under 49 C.F.R. 107.107. (5) Cylinder Manufacturer Approvals: $3,000 per application for approval, under 49 C.F.R. 107.805 (6) All Other Approvals: $700 per application, under 49 C.F.R. 107 Subpart H and Subpart I.

- PHMSA's Pipeline Safety program proposes to collect the two fees as described in Sec. 2 and 3 below from companies engaged in the design, permitting and construction of new pipeline projects, including those seeking waivers of Pipeline Safety Regulations. The fees will recover costs incurred by the Department of Transportation's PHMSA in the review process and field oversight of construction. Fee collection would start after PHMSA undertakes a rulemaking to determine an appropriate and fair fee amount.

Sec. 2. Cost Recovery for Design Reviews. Section 60117(n) of title 49, United States Code, is amended to read as follows: "(n) Cost Recovery For Design Reviews.-- (1) In General.--If the Secretary conducts facility design safety reviews in connection with a proposal to construct, expand, or operate a gas or hazardous liquid pipeline or liquefied natural gas pipeline facility, including construction inspections and oversight, the Secretary may require the person or entity proposing the project to pay the costs incurred by the Secretary relating to such reviews. If the Secretary exercises the cost recovery authority described in this section, the Secretary shall prescribe a fee structure and assessment methodology that is based on the costs of providing these reviews and shall prescribe procedures to collect fees under this section. This authority is in addition to the authority provided in section 60301 of this title. (2) Notification.--For any new pipeline construction project in which the Secretary will conduct design reviews, the person or entity proposing the project shall notify the Secretary and provide design specifications, construction plans and procedures, and related materials at least 120 days prior to the commencement of construction. (3) Deposit and Use.--The Secretary shall deposit funds paid under this subsection into the Pipeline Safety Design Review Fund. Funds deposited under this section are authorized to be appropriated for the purposes set forth in this chapter. Fees authorized under this section shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations acts.".

Sec. 3. Special Permits. Section 60118(c) of title 49, United States Code, is further amended by revising paragraph (3) to read as follows: "(3) Fees.--(A) In General.--The Secretary shall

establish reasonable fees for processing waiver applications that are based on the costs of providing these activities. The fee may include a basic filing fee, as well as fees to recover the costs of technical studies or environmental analysis for special permit applications. The Secretary shall prescribe procedures to collect fees under this section. This authority is in addition to the authority provided in section 60301 of this title. (B) Establishment and Use.--There is established a Pipeline Safety Special Permit Fund in the Department of Treasury of the United States. Funds deposited under this section are authorized to be appropriated for the purposes set forth in this Chapter. Fees authorized under this section shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations acts.".

RESEARCH, DEVELOPMENT & TECHNOLOGY
BUDGET AUTHORITY
(In thousands of dollars)
EXHIBIT IV-1

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

		FY 2010 Enacted	FY 2012 Request	FY 2012 Applied	FY 2012 Development
A.	**Hazardous Materials Safety**	**$2,195**	**$2,230**	**$2,230**	**$0**
1.	Hazardous Materials	$1,699	$1,716	$1,716	$0
2.	Administrative Expenses	$496	$514	$514	$0
B.	**Pipeline Safety**	**$7,439**	**$7,885**	**$0**	**$7,885**
1.	Pipeline Safety	$6,885	$6,954	$0	$6,954
2.	Administrative Expenses	$554	$931	$0	$931
	TOTAL PHMSA	**$9,634**	**$10,115**	**$2,230**	**$7,885**

Exhibit IV-2
FY 2012 RD&T Budget Request by DOT Goal
($000)

Hazardous Materials Safety	**FY 2012 Request**	*Safety*	*Livable Comm.*	*State of Good Repair*	*Economic Comp.*	*Environmental Sustainability*
Research, Development & Technology	**$ 1,716**	**$ 1,716**				
Administrative Expenses	**514**	**514**				
Subtotal, Hazardous Materials Safety	**$2,230**	**$2,230**				
Pipeline Safety	**FY 2012 Request**	*Safety*	*Livable Comm.*	*State of Good Repair*	*Economic Comp.*	*Environmental Sustainability*
Research, Development & Technology	**$ 6,954**	**$ 3,184**		**$ 1,250**		**$ 2,520**
Damage Prevention (T)	1,272	732				540
Leak Detection (T)	554	144				410
Anomaly Detection & Characterization	554	284				270
Anomaly Detection & Characterization (T)	1,316	716				600
Anomaly Remediation & Repair	900			900		
Anomaly Remediation & Repair (T)	350			350		
Design, Materials & Welding	1,316	1,016				300
Alternative Fuels & Other	692	292				400
Administrative Expenses	**$ 931**	**$ 311**		**$ 310**		**$ 310**
Subtotal, Pipeline Safety	**$ 7,885**	**$ 3,495**		**$ 1,560**		**$ 2,830**
***Total* PHMSA**	**$ 10,115**	**$ 5,725**		**$ 1,560**		**$ 2,830**

RD&T PROGRAM: Hazardous Materials Safety
AMOUNT REQUESTED FOR FY 2012: $1,716,000

Objective: The transport of hazardous materials exposes the public to risks. We identify those risks -- *risk assessment* -- and find ways to minimize their potential impacts -- *risk management* – so that we can improve safety. These funds pay for the technical information, analyses, and research needed to manage the public risk associated with hazardous materials transportation without imposing undue burdens on industry.

Description: PHMSA conducts engineering and scientific analyses into the causes and effects of hazmat incidents to determine the level of risk presented by different materials, package types, and mode characteristics. Such studies provide the analytical foundation for regulatory and outreach activities, multi-modal enforcement initiatives, and training curriculum development.

Outputs:

- Scientifically based updates to the Emergency Response Guidebook including the development of Acute Exposure Guideline Levels used to develop and refine isolation and protective action distances in "Table 1 - Initial Isolation and Protective Action Distances" in the Emergency Response Guidebook.
- Development of non-destructive inspection techniques to improve cylinder re-qualification.
- Tools to better understand safety and security risks.
- Studies supporting regulatory changes and providing the basis for adaptation of international standards.
- Evaluation of evolving technologies to transport hazardous materials.

RD&T Partners: Using an enterprise approach, PHH collaborates and coordinates with U.S. government agencies (Federal, state, and local), industry trade organizations to identify the right priorities, find the best researchers, assure good performance with quality products, and apply the findings to our programs.

FY 2012 Funding: $1,716,000

RD&T PROGRAM: Damage Prevention
AMOUNT REQUESTED FOR FY 2012: $1,272,000

Objective: Research in this area will develop new or improved tools and technology for reducing damage to pipelines that will prevent releases to the environment.

Description: Damage to pipe by excavation and outside force continues to be a leading cause of pipeline failure. Preventing or reducing such damage to pipelines would dramatically improve pipeline safety. Excavation damage is most often caused by contact with the pipe while digging around it. Much of the damage is caused by operators of backhoes, bulldozers, and even shovels who have failed to locate the pipe before digging.

Outputs:
- Subsurface mapping technology
- Pipe detection technology for Horizontal and Directional Drilling
- ROW monitoring technology

RD&T Partners: No federal partners, but private sector partners with the Common Ground Alliance, Pipeline Research Council International, Operations Technology Development, and the Northeast Gas Association.

FY 2012 Funding: $1,272,000

RD&T PROGRAM: Leak Detection
AMOUNT REQUESTED FOR FY 2012: $554,000

Objective: Research in this area will develop new or improved tools and technology solutions for reducing the volume of product released to the environment.

Description: Leak detection continues to present a challenge, especially small leaks. Ecological and drinking water resources can be impacted by small hazardous liquid pipeline leaks that are not quickly detected. Among the possibilities for improving leak detection are monitoring systems that can detect small releases, sensors for small leak detection, technologies for aerial surveillance for airborne chemicals, improvements in the cost and effectiveness of current leak detection systems, and satellite imaging.

Outputs:
- Aerial leak detection systems (i.e. fixed wing based)
- Ground based or hand held leak detection systems

RD&T Partners: NASA and the Department of the Interior's Bureau of Ocean Energy, Management, Regulation, and Enforcement and private sector partners with Pipeline Research Council International.

FY 2012 Funding: $554,000

RD&T PROGRAM: Anomaly Detection and Characterization
AMOUNT REQUESTED FOR FY 2012: $1,870,000

Objective: Research in this area will develop new or improved tools, technology and assessment processes for identifying and locating critical pipeline defects and to improve the capability to characterize the severity of such defects identified in pipeline systems.

Description: Detecting and characterizing anomalies in pipelines require solutions having people, process, and technology as part of a comprehensive program. The ability to detect must progress pass simple corrosion wall loss defects to complex anomalies having dents, gouges and corrosion characteristics. Research in this area will seek solutions for complex defects.

Outputs:
- Expanded use of Direct Assessment
- New & more powerful/comprehensive inspection technology
- Robotic inspection platforms for unconventional systems
- New models to characterize complex damage

RD&T Partners: The Department of the Interior's Bureau of Ocean Energy, Management, Regulation, and Enforcement and private sector partners with Operations Technology Development, the Northeast Gas Association and Pipeline Research Council International.

FY 2012 Funding: $1,870,000

RD&T PROGRAM: Anomaly Remediation and Repair
AMOUNT REQUESTED FOR FY 2012: $1,250,000

Objective: Research in this area will enhance repair materials, techniques or processes, repair tools and technology for quickly bringing pipeline systems back on line and serving the Nation.

Description: Reliable methods to repair damaged coatings and corrosion damage are paramount in bringing pipeline systems back on line and serving the Nation. Research in this area will address improving the repair process by bringing automation to market and by improving standards or best practices for operators and contractors. Composite materials are now more common for pipeline repairs and testing is needed to understand their integrity over the long-term and under complex loading.

Outputs:
- Automated repair technologies for in-service welding
- New best practices and standards for certifying workers and suitable repair materials
- Testing and modeling to understand the longer-term (10-20 years) integrity of composite repairs

RD&T Partners: The Department of the Interior's Bureau of Ocean Energy, Management, Regulation, and Enforcement and private sector partners with Operations Technology Development, the Northeast Gas Association and Pipeline Research Council International.

FY 2012 Funding: $1,250,000

RD&T PROGRAM: Design, Materials and Welding
AMOUNT REQUESTED FOR FY 2012: $1,316,000

Objective: Research in this area will improve the industry's ability to design and construct safe and long lasting pipelines using the most appropriate materials and welding procedures for the operating environment.

Description: Improved pipeline materials can safely increase throughput capacity so pipelines can operate at higher pressures. The welding of these systems will require automation and inspection capabilities that safely improve the efficiency of construction activities. Pipelines that operate in frontier areas such as Alaska and in the offshore continue to push material improvement for maximizing throughput. In addition, improvement of construction related quality issues, the reduction of special permits seen in recent construction projects and fostering quality management guidelines for reducing the likelihood of girth weld failures shortly after welding, during lowering-in, during hydrostatic testing, and in subsequent service are desired.

Outputs:
- Strain based and reliability based design standards
- New construction protocols for welding high strength steels and installation without damaging pipelines
- New technology that automates the welding processes and post inspection of high strength steel welds
- A comprehensive Quality Management System for pipeline construction activities

RD&T Partners: The Department of Commerce National Institute of Standards and Technology, the Department of the Interior's Bureau of Ocean Energy, Management, Regulation, and Enforcement and private sector partners with Pipeline Research Council International.

FY 2012 Funding: $1,316,000

RD&T PROGRAM: Alternative Fuels and Other
AMOUNT REQUESTED FOR FY 2012: $692,000

Objective: Research in this area will identify and remove technical issues preventing the safe transportation of alternative fuels in pipelines and for addressing other emerging technological or policy issues of a national scale.

Description: Removing integrity threats and driving new knowledge into industry best practices and consensus standards are key for enabling the safe pipeline transportation of alternative fuels. Assessing the impacts of CO2 on pipeline transportation are critical in supporting national climate change initiatives. Sometimes emerging issues for LNG, risk management and human factors require broad studies to understand how they impact the other pipeline safety research activities described in this document. General knowledge research and studies will be conducted as needed when these emerging issues materialize.

Outputs:
- Oxygen monitoring technology for ethanol pipelines to identify safe operating parameters when mitigating stress corrosion cracking threats
- Ethanol material compatibility assessments for non-metallic pipeline components
- Testing to understand internal corrosion inhibitor performance in biodiesel pipelines
- Characterize integrity threats for metallic and non-metallic biogas pipelines
- Mitigation of potential cracking from hydrogen pipeline service
- Develop safe operating procedures and best practices for CO2 pipelines

RD&T Partners: The Department of Commerce National Institute of Standards and Technology, the Department of Energy's Biomass Program, the Department of the Interior's Bureau of Ocean Energy, Management, Regulation, and Enforcement, the Environmental Protection Agency and private sector partners with Pipeline Research Council International.

FY 2012 Funding: $692,000