



U.S. Department
of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

Administrator

1200 New Jersey Avenue, SE.
Washington, DC 20590

APR - 5 2010

The Honorable Daniel K. Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In the Senate's September 17, 2009 colloquy (S9535), the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) was asked to provide a report to Congressional Committees on Appropriations concerning PHMSA's program funds and State grants in its user fee funded pipeline safety programs. Specifically, PHMSA is asked to provide "a report that discloses the percentage of program funds and State grants that are dedicated to each of the following sectors: liquid pipelines, natural gas transmission pipelines, liquefied natural gas pipelines, and natural gas distribution pipelines." PHMSA appreciates the Congress's interest and is pleased to report, per your request, on each industry sector in the enclosed table.

The authorization levels for PHMSA's pipeline safety program and the State grants were set during the deliberations on the Pipeline Inspection, Protection, Enforcement and Safety Act (PIPES Act) of 2006 and agreed to by all parties. In June 2008, PHMSA reported to the Congress on its user fees and its recommendations on the user fee structure.

PHMSA takes its stewardship of the Pipeline Safety Trust Fund and Oil Spill Liability Trust Fund seriously. PHMSA is acutely aware of how its allocation of oversight costs impacts both State regulators and ultimately individual ratepayers. Our State partners are paying what PHMSA is unable to pay, primarily by assessing user fees to distribution operators. Assuming all State contributions to pipeline safety programs are derived from user fees, PHMSA estimates the States assessed user fees of \$22,505,976 for 2009. The continued effectiveness of PHMSA's pipeline safety program and implementation of PIPES Act mandates require investment in basic program activities, including support for State programs.

An identical letter has been sent to the Vice Chairman of the Senate Committee on Appropriations, and the Chairman and Ranking Member of the House Committee on Appropriations. If I can provide further information or assistance, please feel free to call me at 202-366-4433.

Regards,

Cynthia L. Quarterman

Enclosure



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1200 New Jersey Avenue, SE.
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The Honorable Thad Cochran
Vice Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Cochran:

In the Senate's September 17, 2009 colloquy (S9535), the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) was asked to provide a report to Congressional Committees on Appropriations concerning PHMSA's program funds and State grants in its user fee funded pipeline safety programs. Specifically, PHMSA is asked to provide "a report that discloses the percentage of program funds and State grants that are dedicated to each of the following sectors: liquid pipelines, natural gas transmission pipelines, liquefied natural gas pipelines, and natural gas distribution pipelines." PHMSA appreciates the Congress's interest and is pleased to report, per your request, on each industry sector in the enclosed table.

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The Honorable Patty Murray
United States Senate
Washington, DC 20510

Dear Senator Murray:

In the Senate's September 17, 2009 colloquy (S9535), the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) was asked to provide a report to Congressional Committees on Appropriations concerning PHMSA's program funds and State grants in its user fee funded pipeline safety programs. Specifically, PHMSA is asked to provide "a report that discloses the percentage of program funds and State grants that are dedicated to each of the following sectors: liquid pipelines, natural gas transmission pipelines, liquefied natural gas pipelines, and natural gas distribution pipelines." PHMSA appreciates the Congress's interest and is pleased to report, per your request, on each industry sector in the enclosed table.

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The Honorable Christopher S. Bond
United States Senate
Washington, DC 20510

Dear Senator Bond:

In the Senate's September 17, 2009 colloquy (S9535), the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) was asked to provide a report to Congressional Committees on Appropriations concerning PHMSA's program funds and State grants in its user fee funded pipeline safety programs. Specifically, PHMSA is asked to provide "a report that discloses the percentage of program funds and State grants that are dedicated to each of the following sectors: liquid pipelines, natural gas transmission pipelines, liquefied natural gas pipelines, and natural gas distribution pipelines." PHMSA appreciates the Congress's interest and is pleased to report per your request on each industry sector in the enclosed table.

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APR - 5 2010

The Honorable David R. Obey
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In the Senate's September 17, 2009 colloquy (S9535), the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) was asked to provide a report to Congressional Committees on Appropriations concerning PHMSA's program funds and State grants in its user fee funded pipeline safety programs. Specifically, PHMSA is asked to provide "a report that discloses the percentage of program funds and State grants that are dedicated to each of the following sectors: liquid pipelines, natural gas transmission pipelines, liquefied natural gas pipelines, and natural gas distribution pipelines." PHMSA appreciates the Congress's interest and is pleased to report, per your request, on each industry sector in the enclosed table.

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APR - 5 2010

The Honorable Jerry Lewis
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Lewis:

In the Senate's September 17, 2009 colloquy (S9535), the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) was asked to provide a report to Congressional Committees on Appropriations concerning PHMSA's program funds and State grants in its user fee funded pipeline safety programs. Specifically, PHMSA is asked to provide "a report that discloses the percentage of program funds and State grants that are dedicated to each of the following sectors: liquid pipelines, natural gas transmission pipelines, liquefied natural gas pipelines, and natural gas distribution pipelines." PHMSA appreciates the Congress's interest and is pleased to report, per your request, on each industry sector in the enclosed table.

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**Pipeline and Hazardous Materials Safety Administration (PHMSA)
Report to Congress on Pipeline Safety Program Funds and State Grants
March 2010**

INDUSTRY SECTOR	Program Budget		State Grants		User Fee Funding By Activities		2009 User Fee Billing	
	Program Funds	Percentage Estimate	Grant Funds	Percentage Estimate	Total Funds	Percentage Estimate	Program Funds	Percentage Estimate
• Hazardous Liquid ¹	\$34,361,355	52%	\$3,115,796	10%	\$37,477,151	39%	\$37,477,151	38.5%
• Natural Gas Transmission	\$17,131,538	26%	\$3,682,028	11.6%	\$20,813,567	21%	\$59,215,327	61%
• Liquefied Natural Gas	\$455,000	1%	\$139,000	0.4%	\$594,000	1%	\$455,000	0.5%
• Natural Gas Distribution	\$13,460,495	21%	\$24,802,266	78%	\$38,262,760	39%	—	—
TOTALS	\$65,408,388	100.00	\$31,739,090	100.00	\$97,147,478²	100.00	\$97,147,478	100.00

¹ Hazardous liquid funds include \$18,810,000 from the Oil Spill Liability Trust Fund.

² This amount includes the 2009 enacted appropriation plus 5% override as allowed by Section 7005 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) which sets forth the guidelines for the Secretary's discretion to assess user fees.