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United States General Accounting Office
Washington, DC 20548

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December 22, 2003

The Honorable John McCain
Chairman
The Honorable Ernest F. Hollings
Ranking Minority Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Don Young
Chairman
The Honorable James L. Oberstar
Ranking Minority Member
Committee on Transportation and Infrastructure
House of Representatives

Subject: *Department of Transportation, Research and Special Programs
Administration: Pipeline Safety: Pipeline Integrity Management in High
Consequence Areas (Gas Transmission Pipelines)*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Transportation (DOT), Research and Special Programs Administration, entitled "Pipeline Safety: Pipeline Integrity Management in High Consequence Areas (Gas Transmission Pipelines)" (RIN: 2137-AD54). We received the rule on December 4, 2003. It was published in the Federal Register as a final rule on December 15, 2003. 68 Fed. Reg. 69778.

The final rule requires operators to develop integrity management programs for gas transmission pipelines located where a leak or rupture could do the most harm, *i.e.*, could impact high-consequence areas. The rule requires gas transmission pipeline operators to perform ongoing assessments of pipeline integrity, to improve data collection, integration, and analysis, to repair and remediate the pipeline as necessary, and to implement preventive and mitigative actions.

We note the final rule has an announced effective date of January 14, 2004. The Congressional Review Act requires a 60-day delay in the effective date of a major rule from the date of publication in the Federal Register or receipt of the rule by Congress, whichever is later. 5 U.S.C. 801(a)(3)(A). The rule was published in the Federal Register on December 15, 2003, and was received by Congress on December 4, 2003. Therefore, the rule does not have the required 60-day delay in its

effective date. However, our Office has been advised by DOT that a correction to the effective date allowing the 60-day delay will be published shortly in the Federal Register.

Enclosed is our assessment of the DOT's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the DOT complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Michael Gryzkowiec, Managing Director, Physical Infrastructure. Mr. Gryzkowiec can be reached at (202) 512-2834.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Sherri Pappas
Senior Attorney, RSPA
Department of Transportation

ENCLOSURE

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF TRANSPORTATION,
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
ENTITLED
"PIPELINE SAFETY: PIPELINE INTEGRITY MANAGEMENT IN HIGH
CONSEQUENCE AREAS (GAS TRANSMISSION PIPELINES)"
(RIN: 2137-AD54)

(i) Cost-benefit analysis

DOT performed a cost-benefit analysis of the final rule and found that the benefits are about the same as the costs. Quantified benefits total \$4.7 billion over the 20 years analyzed. Costs over the same period are estimated to be \$4.7 billion.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

DOT has concluded that the final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

Because the final rule will impose an unfunded mandate, as defined in title II, of more than \$100 million in any one year, DOT has prepared the required analysis as part of its cost-benefit analysis to comply with the requirements of the Unfunded Mandates Reform Act of 1995.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

The final rule was issued using the notice and comment procedures found at 5 U.S.C. 553. On January 28, 2003, DOT published a Notice of Proposed Rulemaking in the Federal Register. 68 Fed. Reg. 4278. The comments received in response to the notice and those generated at public workshops and meetings are discussed in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains an information collection that is subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act. DOT

has submitted the required information to OMB including the estimated annual burden. Based on 275 companies with a loaded labor cost of \$60 per hour, DOT estimates that the initial time to perform all paperwork is 8,818,500 hours at a cost of \$529.1 million. The subsequent annual time to update the paperwork is 752,00 hours, costing \$45.1 million.

Statutory authorization for the rule

The final rule is promulgated under the authority found in the Pipeline Safety Improvement Act of 2002 and codified at 49 U.S.C. 60109.

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action under the order.

Executive Order No. 13132 (Federalism)

DOT has determined that the final rule does not have federalism implications under the order but DOT did conduct meetings with state safety pipeline regulators.