



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2010

**PIPELINE AND
HAZARDOUS MATERIALS
SAFETY ADMINISTRATION**

SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS

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PIPELINE AND HAZARDOUS MATERIALS SAFETY

ADMINISTRATION

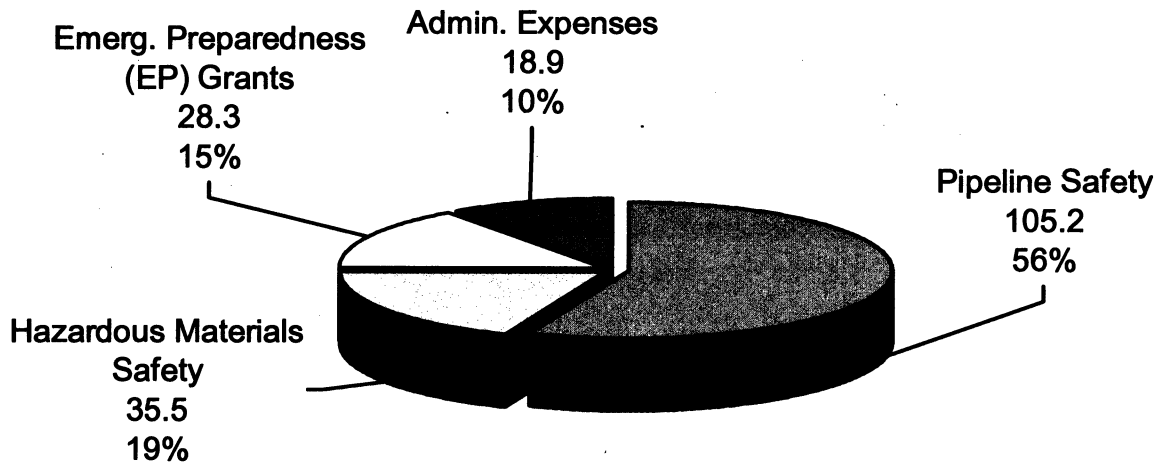
FY 2010 BUDGET SUBMISSION TO CONGRESS

OVERVIEW

Fiscal Year 2010 Budget Highlights

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is requesting a budget of \$188,025,000 for fiscal year 2010. This request represents an increase of \$15.286 million from the fiscal year 2009 appropriation. Of this amount, approximately \$5 million will be used to fund the annualized cost of 23 positions that were provided in the FY 2009 appropriation and other adjustments to provide current service levels. The remaining \$10 million would provide funding to add 18 Pipeline Inspection and Enforcement positions; increase the State Pipeline Safety Grants to help implement the new distribution integrity management program; and improve the Hazmat Information System and Hazmat Intelligence Portal.

Funding is requested by appropriation as follows (in \$ millions):



This fiscal year 2010 budget request helps implement both our Strategic Plan and the Department of Transportation's Strategic Plan to support PHMSA's oversight of safe, environmentally-sound, and reliable transportation of energy products and other hazardous materials which are vital to our national economy.

Strategic Plan and Budget Structure

PHMSA administers a strong and effective safety program, protecting the safety of both people and the environment. The PHMSA Strategic Plan (2007- 2011) drives our budget request as well as all of the actions of the agency— from building our capabilities; making the best use of information; driving down risks; and guiding decisions - we always strive to improve our over all performance.

Correspondingly, this budget directly aligns with the agency's Safety and Environmental Stewardship Strategic Goals and indirectly supports the agency's remaining goals of Reliability, Global Connectivity, and Preparedness and Response. The Strategic Plan provides the roadmap for the agency to position itself towards the future.

The Strategic Plan enhances our abilities to make the most out of information in order to diminish risk, make wise choices and improve performance. PHMSA will align its FY 2010 budget resources to focus and deploy safety strategies to reduce construction-related damage, increase financial and technical support for State partner oversight of pipelines, and build PHMSA's capability to target risk, particularly with operators whose poor performance threatens community safety.

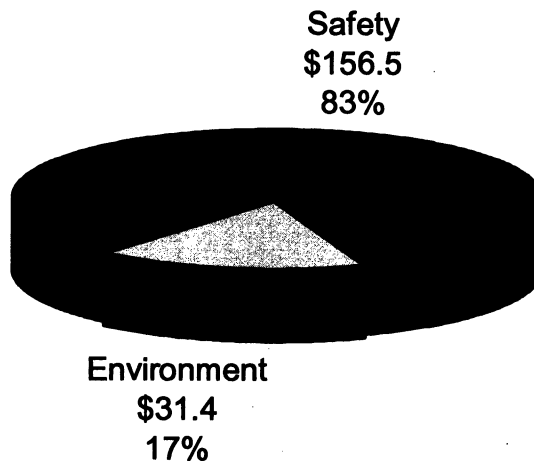
PHMSA's budget also aligns with the Department of Transportation's (DOT's) Strategic Goals: (1) **Safety** which is focused on enhancing public health and safety by working toward the elimination of transportation-related deaths and injuries and (2) **Environmental Stewardship** which is focused on promoting transportation solutions that enhance communities and protect the natural and built environment.

We also compare both our Strategic Goals and the Department of Transportation's Strategic Goals, our long term and annual outcomes and measures, and our budget (see chart on following page).

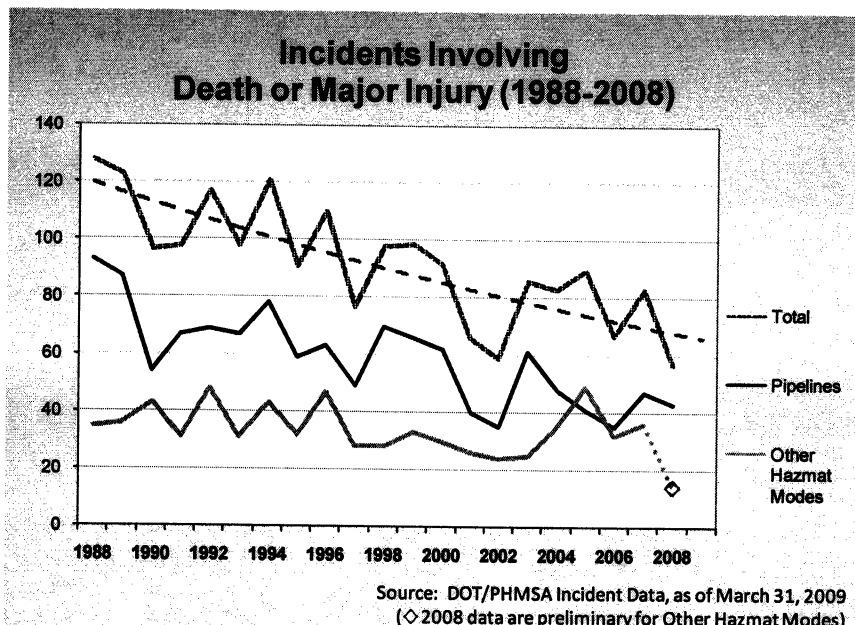
Alignment of the PHMSA Strategic Goals and Performance Measures to the DOT Goals

DOT Goals	PHMSA Strategic Goals	PHMSA Performance Measures
DOT Safety Goal: "Enhance public health and safety by working toward the elimination of transportation-related deaths and injuries."	PHMSA Safety Goal: "Reduce the risk of harm to people due to the transportation of hazardous materials by pipeline and other modes." [\$156.5M]	1: Reducing pipeline incidents involving death or major injury
		2: Reducing hazmat incidents involving death or major injury
		3: Reducing serious hazardous materials transportation incidents
DOT Environmental Stewardship Goal: "Promote transportation solutions that enhance communities and protect the natural and built environment."	PHMSA Environmental Goal: "Reduce the risk of harm to the environment due to the transportation of oil and hazardous substances by pipeline and other modes." [\$31.4M]	4: Reducing hazardous liquid pipeline spills in high consequence areas
DOT Reduce Congestion Goal: "Reduce congestion and other impediments to using the Nation's transportation system."	PHMSA Reliability Goal: "Help maintain and improve the reliability of systems that deliver energy products and other hazardous materials to support the U.S. economy and public safety."	PHMSA supports these goals indirectly through its Safety and Environmental efforts.
DOT Global Connectivity Goal: "Facilitate an international transportation system that promotes economic growth and development."	PHMSA Global Connectivity Goal: "Harmonize and standardize requirements for pipeline and hazardous materials transportation internationally, to facilitate efficient and safe transportation through ports of entry and the supply chain."	
DOT Security, Preparedness and Response Goal: "Balance transportation security requirements with the safety, mobility and economic needs of the Nation and be prepared to respond to emergencies that affect the viability of the transportation sector."	PHMSA Preparedness and Response Goal: "Reduce the consequences (harm to people, environment, and economic impacts) after a pipeline or hazmat failure has occurred."	

The pie chart below illustrates funding (in \$ millions) according to DOT's and PHMSA's Strategic Goal:



Illustrated in the chart below is a twenty-year timeline depicting incidents involving death or major injury from pipeline and hazmat incidents.



Over the past twenty years, we have successfully reduced the number of pipeline incidents involving death or injury by about 10% every 3 years, effectively cutting the risk by about half since the end of the 1980s. We achieved these gains with ambitious programs like integrity management and operator qualification, with a moderate increase in budget resources, and strong growth in State pipeline safety programs. New technologies add complexity to our safety reviews, and significant changes in the energy products moved across the United States. Construction of the proposed Alaska gas pipeline will present significant oversight challenges. As we prepare to implement integrity management for distribution pipeline systems, over-taxed state programs cannot absorb any more program increases without more federal support. All of these increased risks may challenge our ability to maintain safety.

PHMSA's Priorities

PHMSA's Safety goal is to reduce the risk of harm to people due to the transportation of hazardous materials by pipeline and other modes. Our goal for Environmental Stewardship is to reduce the risk of harm to the environment due to the transportation of oil and hazardous substances by pipeline and other modes. Through our two strong and effective safety programs – Hazardous Materials Safety and Pipeline Safety – PHMSA promotes the safe, clean, and reliable delivery of energy products that fuel the U.S. economy and transportation systems, in addition to the chemicals and other hazardous materials essential to our way of life.

Meeting PHMSA's Priorities

Safety and Environmental Stewardship

PHMSA will align its FY 2010 budget resources to focus and deploy safety strategies to reduce construction-related damage, increase financial and technical support for State partner oversight of pipelines, and build PHMSA's capability to target risk, particularly in operators whose poor performance threatens community safety.

PHMSA will undertake key safety initiatives identified in the Strategic Plan. PHMSA plans to—

- Expand application of integrity management to gas distribution systems—the largest segment of the U.S. pipeline network and the operations in which most pipeline-related deaths and injuries occur. PHMSA's State partners will require additional grant funding to meet increased inspection and enforcement responsibilities. Also, we expect to continue to make progress toward the 80% federal funding authorized in the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006.
- Strengthen nationwide campaign to prevent excavation damage to pipeline and underground facilities by supporting the Common Ground Alliance (CGA) and its efforts to support 8-1-1 One Call systems, regional CGAs, and development of recommended practices to improve all phases of the One Call process.
- Enhance use of risk-based inspection protocols with emphasis on poor performing operators and considering the likelihood and consequence of incidents as well as infrastructure criticality.
- Facilitate safe and efficient transportation of alternative fuels by identifying and leading cooperative research on technical requirements for transport.
- Work to better inform communities on preparing to live safely with and near energy pipelines.
- Enhance the capabilities and application of the intermodal enforcement database to better target poor performing companies for inspection and follow-up. This database will be used by enforcement personnel from PHMSA, FAA, FMCSA, FRA, DHS (USCG) as well as State and local officials to plan and undertake inspections of hazardous materials shippers, carriers, freight forwarders, packaging manufacturers, testing facilities and others engaged in hazardous materials safety functions.
- Further harmonize the Hazardous Materials Regulations with international standards by establishing and maintaining a global system of hazardous materials transportation regulations that will enhance the free and safe movement of hazardous materials.

- Partner with the regulated public to enhance compliance and promote safety by conducting outreach seminars and visiting public and private entities engaged in functions related to the transportation of hazardous materials.
- Continue to issue special permits and approvals to promote innovation, support new technologies, and enable U.S. industry to maintain its competitive edge in the global economy while maintaining a high level of safety.
- Address the ongoing problem of undeclared hazardous materials shipments, especially those transported via aircraft, through a number of focused initiatives, including analysis, outreach, enforcement and regulatory development.
- Ensure all standards are based on quantified risk as we take a systems approach to maximize safety benefits while minimizing burden and costs to the public.
- Maintain our relationships with the emergency response community to enhance first responder tactics, operations, policy and training.
- Expand on major risk areas involving the transportation of hazardous materials which include: fire aboard an aircraft, release of toxic-by-inhalation materials in bulk, and motor carrier crashes and rollovers involving flammable liquids in bulk.

Pursuing Organizational Excellence

Information Technology (IT) is a critical business component of PHMSA's strategy to reduce risk, provide transparency, and strengthen safety performance. In FY 2010 PHMSA will deliver solutions that "Provide On-Demand Access to Trusted Enterprise Information" to further strengthen both strategic and operational decision support. In addition, PHMSA will expand the data-mart services to include geographic information system (GIS) capabilities; improve the quality of PHMSA data through governance, process, and transparency; reduce redundancies and build repeatable solutions; provide staff with the necessary tools, service, and support; and enable the agency to conduct business and meet its mission and performance objectives more efficiently, effectively, and economically.

IT projects will continue to streamline internal processes, reduce paperwork burdens, integrate data, advance our technological infrastructure and allow the agency to conduct business more efficiently. Information management that improves the quality, integrity and governance of data to support risk management, along with an enterprise information portal providing a single point of access to software and IT priorities enable PHMSA to meet its program objectives.

The entire acquisition cycle will be reviewed and assessed to ensure the procurement unit is in conformity with Federal statutes, regulations and good business practices. Upon completion, PHMSA management will be assured that the acquisition function is being performed in accordance with applicable laws and government/DOT policies. In addition to changing and improving upon the ways that PHMSA spends government dollars and manages existing contracts we are also aware of the need for transparency to inform the public of its actions. All procurement data is uploaded into the appropriate

databases, and all data feeds into USASpending.Gov, the public source of Federal Government spending (contracts and grants/assistance) information. Not only is this office concerned with the timely upload of data, it is also concerned with data accuracy and has an initiative in place to ensure that the data presented to the public is accurate. FedBizOpps is utilized to not only solicit competition, but also to announce awards made, and make public any Justification for Other Than Full and Open Competition (JOFOC) documents for any sole-source procurements. We will also continue to ensure, whenever possible and as appropriate, that contracts are awarded as fixed-price to obtain the best possible value for tax-payer dollars.

Staffing and Funding Profile

Table 1 below displays PHMSA's total agency staffing and funding profile by Strategic Goal and Program for fiscal year 2008 through 2010.

(Dollars in thousands)	FY 2008 Actual	FY 2009 Enacted	FY 2010 Request	Change from FY 2009
Strategic Goal - Safety	\$130,720	\$146,497	\$156,567	\$10,070
Hazardous Materials Safety				
Operations	\$24,698	\$28,698	\$33,801	\$5,103
R&D	\$3,302	\$3,302	\$1,699	-\$1,603
Grants (Emergency Preparedness)	\$28,318	\$28,318	\$28,318	-
Total	\$56,318	\$60,318	\$63,818	\$3,500
Administrative Expenses –Operations/Total	\$16,537[^]	\$16,545[^]	\$15,664	-\$881
Pipeline Safety				
Operations	\$32,564	\$35,715	\$38,761	\$3,046
R&D	\$5,576	\$4,340	\$5,083	\$743
Grants	\$19,725	\$29,579	\$33,241	\$3,662
Total	\$57,865	\$69,634	\$77,085	\$7,451
Strategic Goal – Environment	\$23,556	\$26,242	\$31,458	\$5,216
Pipeline Safety				
Operations	\$16,022	\$17,495	\$19,064	\$1,569
R&D	\$2,608	\$1,444	\$1,802	\$358
Grants	\$3,333	\$5,718	\$7,288	\$1,570
Total	\$21,963	\$24,657	\$28,154	\$3,497
Administrative Expenses –Operations/Total	\$1,593[^]	\$1,585[^]	\$3,304	\$1,719
Hazardous Materials Safety (Inc. EP Grants)	\$56,318	\$60,318	\$63,818	\$3,500
Pipeline Safety	\$79,828	\$94,291	\$105,239	\$10,948
Administrative Expenses	\$18,130	\$18,130	\$18,968	\$838
AGENCY TOTAL	\$154,276	\$172,739	\$188,025	\$15,286
TOTAL FULL TIME EQUIVALENTS (Direct)	398.0	417.0	437.5	20.5

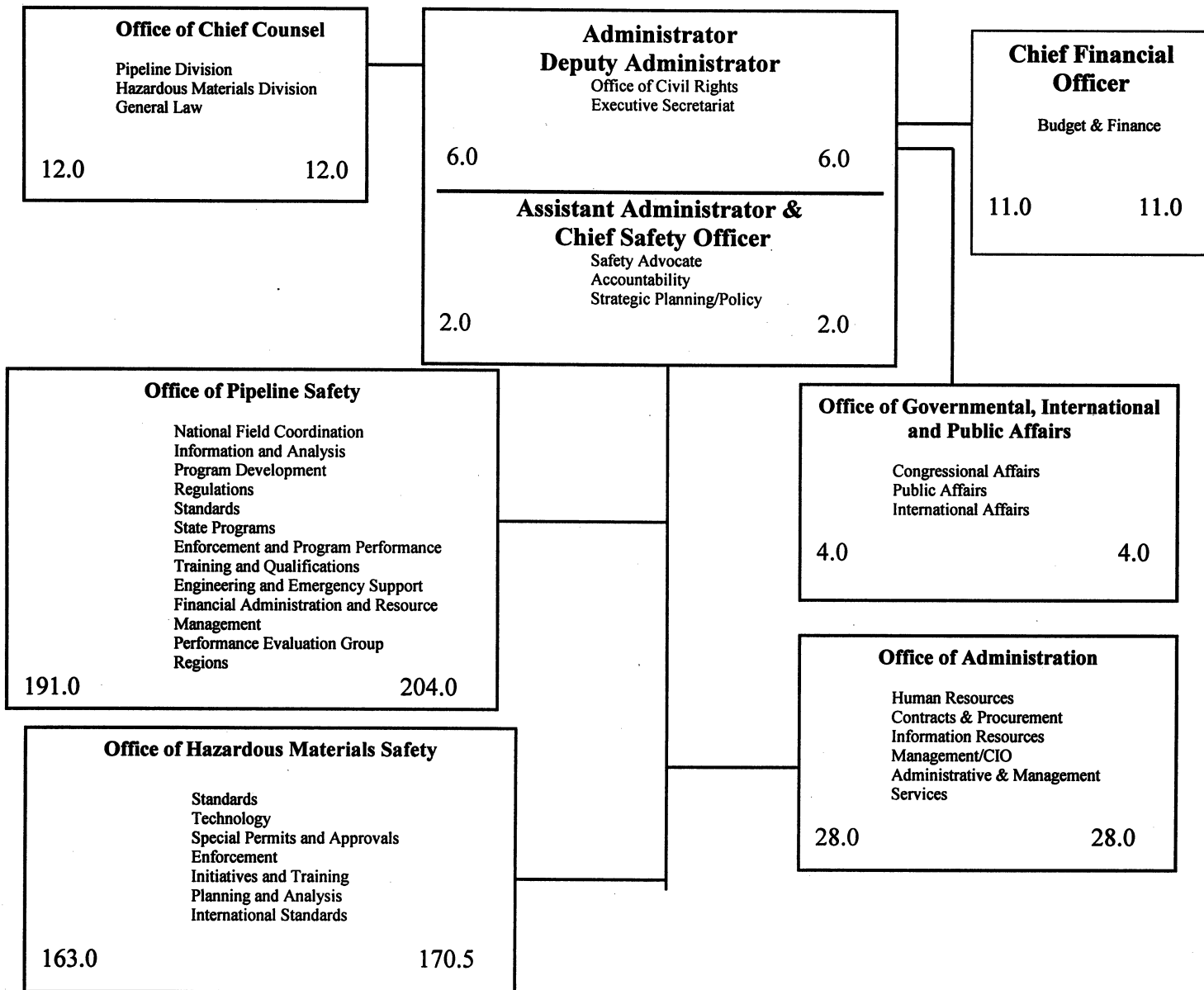
[[^] For presentation purposes FY 2008 & FY 2009 columns include Reduced Congestion, Global Connectivity, and Organizational Excellence data.]

Conclusion

Our budget request for FY 2010 and our business case for Major Information Technology Investments (Exhibit 300s), which is available online at www.phmsa.dot.gov, will promote safer and more reliable delivery of energy products and hazardous materials. PHMSA programs have been developed with feedback from the public, industry stakeholders and other partners to promote the safest, most efficient, and most reliable transportation system for the vital products the Nation needs.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)

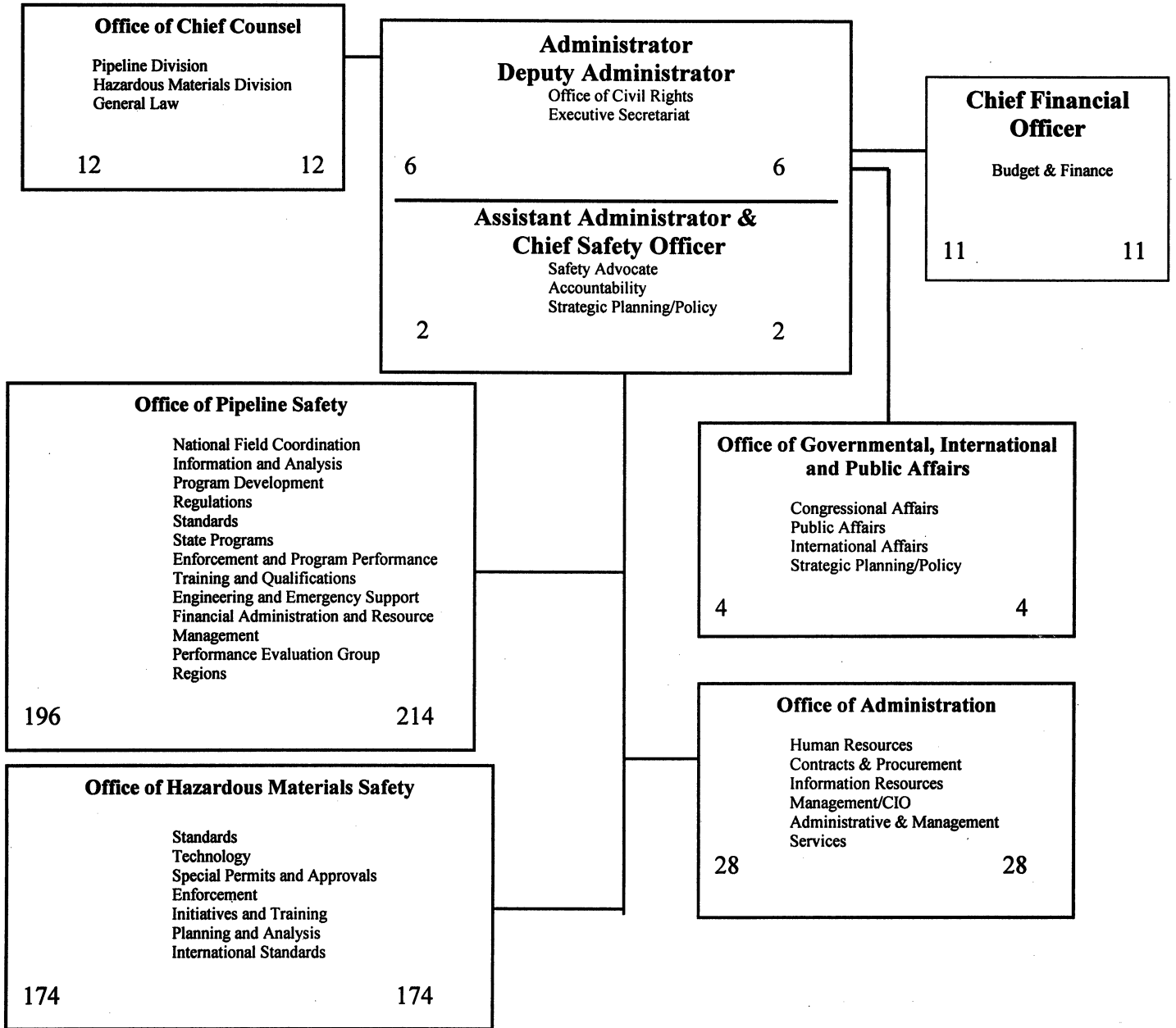
FTE's for FY 2009 and FY 2010



The numbers on the left represent FY 2009 Enacted FTE's which total 417.0 while the numbers on the right represent FY 2010 proposed FTE's which total 437.5.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)

FTP's for FY 2009 and FY 2010



The numbers on the left represent FY 2009 Enacted FTP's which total 433 while the numbers on the right represent FY 2010 proposed FTP's which total 451.

**Section II - Budget
Summary Tables**

EXHIBIT II-1

**COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
PIPELINE and HAZARDOUS MATERIAL SAFETY ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
(dollars in thousands)**

<u>APPROPRIATIONS:</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 REQUEST</u>
Hazardous Materials Safety	28,000	32,000	35,500
Administrative Expenses	18,130	18,130	18,968
Pipeline Safety	79,828	94,291	105,239
Emergency Preparedness Grants	<u>28,318</u>	<u>28,318</u>	<u>28,318</u>
TOTAL APPROPS + OB. LIM. + EXEMPT OBS	154,276	172,739	188,025

Exhibit II-2

**FY 2010 BUDGET REQUEST BY APPROPRIATION ACCOUNT
PIPELINE and HAZARDOUS MATERIAL SAFETY ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
(dollars in thousands)**

<u>APPROPRIATIONS:</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<u>ACTUAL</u>	<u>ENACTED</u>	<u>REQUEST</u>
<u>Hazardous Materials Safety</u>			
Hazardous materials safety	28,000	32,000	35,500
<i>FTE</i>	148.0	163.0	170.5
<u>Administrative Expenses</u>			
Administrative Expenses	18,130	18,130	18,968
<i>FTE</i>	57.0	63.0	63.0
From the General Fund	17,491	17,491	18,329
From the Pipeline Safety Fund	639	639	639
<u>Pipeline Safety</u>			
Operations	48,586	53,210	57,825
R&D	8,184	5,784	6,885
Grants	<u>23,058</u>	<u>35,297</u>	<u>40,529</u>
Total: Pipeline Safety	79,828	94,291	105,239
<i>Total Pipeline Safety FTE</i>	147.0	191.0	204.0
From the Pipeline Safety Fund	61,018	74,481	86,334
Pipeline Safety General Fund	0	1,000	0
From the TF Share of Pipeline Safety	18,810	18,810	18,905
<u>Emergency Preparedness Grants</u>			
Mandatory Authority	28,318	28,318	28,318
Discretionary Appropriations	27,166	28,130	28,130
	<u>188</u>	<u>188</u>	<u>188</u>
TOTAL APPROPS + OB. LIM. + EXEMPT OBS	154,276	172,739	188,025
TOTAL DIRECT FTE	352.0	417.0	437.5
Discretionary	126,146	144,609	159,895
Mandatory	28,130	28,130	28,130
<u>General Offsetting Receipts:</u>			
Pipeline Safety User Fees (new collections)	63,138	75,120	86,973
Emergency Prep. Fund (EP Grants)	13,397	15,000	27,107
HazMat Registration Program--Mandatory	<u>597</u>	<u>800</u>	<u>800</u>
Total	77,132	90,920	114,880

EXHIBIT II-3
FY 2010 BUDGET REQUEST BY ACCOUNT
PIPELINE and HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Budget Authority
(in thousands of dollars)

APPROPRIATION TITLE	Mandatory/ Discretionary	FY 2008 ACTUAL	FY 2009 ENACTED	FY 2010 REQUEST
Administrative Expenses	D	18,130	18,130	18,968
Hazardous Materials Safety	D	28,000	32,000	35,500
Emergency Preparedness Grants:		28,318	28,318	28,318
[Mandatory]	M	28,130	28,130	28,130
[Discretionary]	D	188	188	188
Pipeline Safety	D	61,018	74,481	86,334
Pipeline Safety General Fund	D		1,000	
Trust Fund Share of Pipeline Safety	D	<u>18,810</u>	<u>18,810</u>	<u>18,905</u>
Total, Budget Authority		154,276	172,739	188,025
[Mandatory]		28,130	28,130	28,130
[Discretionary]		126,146	144,609	159,895

Exhibit II-4
 Summary of Requested Funding Changes from Base
 HAZARDOUS MATERIALS SAFETY
 PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
 Appropriations, Obligation Limitations, and Exempt Obligations
 (\$000)

Baseline Changes

0.50%

OPERATIONS	FY 2009 Enacted	2009 FC&B By Program	2009 # FTE Per Program	2009 Contracts Expenses	Annualization of 2009 Pay Raises	2010 Pay Raises	GSA Rent	WCF/IT Increase/Decrease	Inflation/Deflation	Annualization of FY 2009 FTE	FY 2010 Adjusted Base	Program Increases/Decreases	FY 2010 Request
PERSONNEL RESOURCES (FTE)	163.0									7.5	170.5	0.0	170.5
Direct FTE	163.0												
FINANCIAL RESOURCES													
Salaries and Benefits	\$19,495			\$212	\$292					\$1,300	\$21,299	\$0	\$21,299
Travel	\$1,021								\$5		\$1,026	\$209	\$1,235
GSA Rent /	\$460					\$0			\$3		\$463	\$517	\$980
Communications, Rent & Utilities	\$258								\$1		\$259	\$0	\$259
Printing	\$82								\$0		\$82	\$0	\$82
Other Services:													
-WCF	\$559							\$337	\$0		\$896	\$404	\$1,300
-Other	\$152							\$1	\$1		\$153	\$0	\$153
Supplies	\$104								\$1		\$105	\$0	\$105
Training (Hazard Specific)	\$50								\$0		\$50	\$0	\$50
Administrative/Professional Support Services	\$450								\$2		\$452	\$0	\$452
Equipment	\$54								\$0		\$54	\$0	\$54
Admin Subtotal	\$22,685	\$22,685	163.0	\$212	\$292	\$0	\$0	\$337	\$13	\$1,300	\$24,839	\$1,130	\$25,969
PROGRAMS													
Contract Programs:													
Hazard Information System (HIMS)	\$1,438			\$1,438					\$7		\$1,445	\$500	\$1,945
Research and Analysis	\$412			\$412					\$11		\$423	\$0	\$423
Inspection and Enforcement	\$275			\$275					\$0		\$275	\$396	\$871
Rule-Making Support	\$500			\$500					\$17		\$517	\$0	\$517
Training and Outreach	\$1,044			\$1,044					\$5		\$1,049	\$141	\$1,190
Emergency Preparedness	\$450			\$450					\$2		\$452	\$413	\$865
Pandemic Influenza	\$2			\$2					\$0		\$2	\$0	\$2
Multimodal Hazmat Intelligence Portal	\$1,127			\$1,127					\$6		\$1,133	\$121	\$1,254
Subtotal	\$5,248	\$5,248		\$5,248					\$48		\$5,296	\$1,771	\$7,067
Hazard Registration System	\$765			\$765					\$2		\$767	\$2	\$765
Subtotal	\$6,013	\$6,013		\$6,013					\$50		\$6,063	\$1,769	\$7,832
Research and Development:													
Information Systems	\$507			\$507					\$0		\$507	(\$507)	\$0
Research and Analysis	\$699			\$699					\$0		\$699	\$1,050	\$1,749
Regulation and Compliance	\$596			\$596					\$0		\$596	(\$646)	(\$50)
Electronic Shipping Papers	\$1,500			\$1,500					\$0		\$1,500	(\$1,500)	\$0
Subtotal	\$3,302	\$3,302		\$3,302					\$0		\$3,302	(\$1,603)	\$1,699
Programs Subtotal	\$9,315	\$9,315		\$9,315	\$0	\$0	\$0	\$0	\$50	\$0	\$9,365	\$166	\$9,531
Total: Limitation	\$32,000	\$22,685		\$212	\$292	\$0	\$0	\$337	\$63	\$1,300	\$34,204	\$1,296	\$35,500
GRAND TOTAL	\$32,000	\$22,685		\$212	\$292	\$0	\$0	\$337	\$63	\$1,300	\$34,204	\$1,296	\$35,500

Exhibit II-4
Summary of Requested Funding Changes from Base

ADMINISTRATIVE EXPENSES

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Baseline Changes

0.50%

	FY 2009 Enacted	2009 PC&B By Program	2009 # FTE Per Program	2009 Contracts Expenses	Annualization of 2009 Pay Raises	GSA Rent	WCF/IT Increase/Decrease	Inflation/Deflation	Annualization of FY 2009 FTE	FY 2010 Adjusted Base	Program Increases/Decreases	FY 2010 Current Services
OPERATIONS												
PERSONNEL RESOURCES (FTE)	63.0								0.0	63.0	0.0	63.0
Direct FTE	63.0											
FINANCIAL RESOURCES												
Salaries and Benefits	\$7,118			\$83	\$107			\$0	\$0	\$7,308	\$646	\$7,954
Travel	\$52							\$2		\$54		\$54
Administrative Cost for New Employees	\$72							\$0		\$72	(\$72)	\$0
GSA Rent /	\$3,700							\$19		\$3,719	(\$519)	\$3,200
Communications, Rent & Utilities	\$315							\$2		\$317		\$317
Printing	\$28							\$2		\$30		\$30
Other Services:												
-WCF	\$2,907						\$158	\$0		\$3,065	(\$500)	\$2,565
-Other	\$2							\$0		\$2		\$2
Employee Development	\$167							\$4		\$171		\$171
Accounting/Delphi Services	\$208							\$0		\$208	\$0	\$208
Supplies	\$27							\$3		\$30		\$30
Equipment	\$60							\$2		\$62		\$62
Administrative Services	\$0							\$0		\$0	\$1,000	\$1,000
Admin Subtotal	\$14,656	\$14,656	63.0	\$83	\$107	\$0	\$158	\$34	\$0	\$15,038	\$555	\$15,593
PROGRAMS												
Contract Programs:												
Budget and Financial Management (BACS)	\$244			\$244				\$2		\$246	(\$76)	\$170
Civil Rights: Drug Program	\$5			\$5				\$0		\$5	(\$5)	\$0
Civil Rights: Intern Program	\$51			\$51				\$2		\$53	(\$23)	\$30
Real and Personal Property Management	\$15			\$15				\$1		\$16	(\$16)	\$0
Information Resources Management	\$814			\$814				\$4		\$818		\$818
PHMSA IT Disaster Program	\$0			\$0				\$0		\$0	\$0	\$0
Information Technology Infrastructure	\$2,239			\$2,239				\$11		\$2,250		\$2,250
President's E-Government Initiative	\$104			\$104				\$1		\$105		\$105
Pandemic Influenza	\$2			\$2				\$0		\$2	\$0	\$2
Programs Subtotal	\$3,474			\$3,474				\$21		\$3,495	(\$120)	\$3,375
Total: Limitation	\$18,130	\$14,656		\$83	\$107	\$0	\$158	\$55	\$0	\$18,533	\$435	\$18,968
GRAND TOTAL	\$18,130	\$14,656		\$83	\$107	\$0	\$158	\$55	\$0	\$18,533	\$435	\$18,968

*FY 2009 1 million transferred to Pipeline Safety for Information Grants to Communities

Exhibit II-4
Summary of Requested Funding Changes from Base
PIPELINE SAFETY
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)
Baseline Changes

0.50%

OPERATIONS	FY 2009 Enacted	2009 PC&B By Program	2009 # FTE Per Program	2009 Contracts Expenses	Annualization of 2009 Pay Raises	2010 Pay Raises	GSA Rent	WCF/IT Increase/Decrease	Inflation/Deflation	Annualization of FY 2009 FTE	FY 2010 Adjusted Base	Program Increase/Decrease	FY 2010 Request
PERSONNEL RESOURCES (FTE)													
Direct FTE	191.0												
FINANCIAL RESOURCES													
Salaries and Benefits	\$22,936				\$256	\$344				\$435	\$23,971	\$1,065	\$25,036
Travel	\$2,704								\$14	\$38	\$2,756	\$275	\$3,031
GSA Rent 1/	\$3,170						\$0		\$16	\$52	\$3,238	\$92	\$3,330
Communications, Rent & Utilities	\$1,165								\$6	\$52	\$1,223	\$10	\$1,233
Printing	\$82								\$0	\$0	\$82	\$0	\$82
Other Services:													
-WCF	\$2,618							\$405	\$0	\$0	\$3,023	\$96	\$3,119
-Other	\$49								\$2	\$40	\$91	\$0	\$91
Training	\$1,600								\$6	\$11	\$1,617	\$33	\$1,650
Accounting/Dep't Services	\$136								\$3	\$0	\$139	\$0	\$139
Supplies	\$55								\$0	\$0	\$55	\$60	\$115
Administrative/Professional Support Services	\$100								\$0	\$0	\$100	\$0	\$100
Equipment	\$955								\$5	\$104	\$1,064	\$220	\$1,284
Admin Subtotal	\$35,570	\$35,570	191.0	\$256	\$344	\$0	\$0	\$405	\$52	\$732	\$37,359	\$1,851	\$39,210
PROGRAMS													
Risk-Based Data Driven Solutions													
Multimodal Hazmat Intelligence Portal	\$400			\$400					\$2		\$402	\$0	\$402
Information and Analysis	\$1,721			\$1,721					\$9		\$1,730	\$0	\$1,730
Mapping and Information Systems	\$1,262			\$1,262					\$6		\$1,268	\$0	\$1,268
Subtotal	\$3,383			\$3,383					\$17		\$3,400	\$0	\$3,400
Integrity Management													
Pipeline Integrity Management	\$7,692			\$7,692					\$38		\$7,730	\$885	\$8,615
Permitting	\$726			\$726					\$4		\$730	\$0	\$730
Subtotal	\$8,418			\$8,418					\$42		\$8,460	\$885	\$9,345
Compliance, Inspection and Enforcement													
Compliance	\$316			\$316					\$2		\$318	\$0	\$318
State Pipeline Safety Grants	\$1,739			\$1,739					\$159		\$1,898	\$6,061	\$7,959
State One-Call Grants	\$1,043			\$1,043					\$5		\$1,048	\$0	\$1,048
Subtotal	\$33,098			\$33,098					\$166		\$33,264	\$6,061	\$39,325
Emergency Preparedness													
Emergency Notification	\$101			\$101					\$1		\$102	\$0	\$102
Implementing the Oil Pollution Act	\$1,000			\$1,000					\$5		\$1,005	\$0	\$1,005
Pandemic Influenza	\$4			\$4					\$4		\$8	\$0	\$8
Subtotal	\$1,105			\$1,105					\$6		\$1,111	\$0	\$1,111
Training, Competency Standards and Qualifications													
Training and Information Dissemination	\$1,474			\$1,474					\$7		\$1,481	\$0	\$1,481
Subtotal	\$1,474			\$1,474					\$7		\$1,481	\$0	\$1,481
Community Awareness and Protection													
Community Asst and Technical Services	\$2,844			\$2,844					\$15		\$2,859	\$0	\$2,859
Information Grants to Communities	\$1,000			\$1,000					\$0		\$1,000	(\$1,000)	\$0
State Damage Prevention Grants	\$1,515			\$1,515					\$7		\$1,522	\$0	\$1,522
Subtotal	\$5,359			\$5,359					\$22		\$5,381	(\$1,000)	\$4,381
Alternate Fuels	\$100			\$100					\$1		\$101	\$0	\$101
Research and Development													
Enhanced Operations, Control and Monitoring	\$1,255			\$1,255					\$10		\$1,265	\$354	\$1,619
Damage Prevention, and Leak Detection	\$3,323			\$3,323					\$22		\$3,345	\$354	\$3,699
Improved Material Performance	\$1,206			\$1,206					\$7		\$1,213	\$354	\$1,567
Subtotal, Research and Development	\$5,784			\$5,784					\$39		\$5,823	\$1,062	\$6,885
Programs Subtotal	\$58,721	\$0	\$0	\$57,721	\$0	\$0	\$0	\$0	\$300	\$0	\$59,021	\$7,008	\$66,029
Total Limitation	\$94,291	\$35,570		\$57,721	\$256	\$344	\$0	\$405	\$352	\$732	\$96,380	\$8,859	\$105,239
GRAND TOTAL	\$94,291	\$35,570		\$57,721	\$256	\$344	\$0	\$405	\$352	\$732	\$96,380	\$8,859	\$105,239

Exhibit II-4

Summary of Requested Funding Changes from Base

EMERGENCY PREPAREDNESS GRANTS

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Baseline Changes

0.00%

OPERATIONS	FY 2009 Enacted	2009 PC&B By Program	2009 # FTE Per Program	2009 Contracts Expenses	Annualization of 2009 Pay Rates	2010 Pay Rates	GSA Rent	WCF/IT Increase/Decrease	Inflation/Deflation	Annualization of FY 2009 FTE	FY 2010 Adjusted Base	Program Increased/Decreased	2010 PC&B Program Increase	2010 # FTE Per Program Increase	2010 Contract Expense Program Increase	FY 2010 Request	Note Non-Add	
																	0.0	0.0
PERSONNEL RESOURCES (FTE)																		
Direct FTE																		
FINANCIAL RESOURCES																		
Salaries and Benefits				\$0		\$0				\$0	\$0	\$0						\$0
Travel										\$0	\$0	\$0						\$0
Transportation										\$0	\$0	\$0						\$0
GSA Rent, If										\$0	\$0	\$0						\$0
Communications, Rent & Utilities										\$0	\$0	\$0						\$0
Printing										\$0	\$0	\$0						\$0
Other Services:										\$0	\$0	\$0						\$0
--WCF										\$0	\$0	\$0						\$0
--Other										\$0	\$0	\$0						\$0
Supplies										\$0	\$0	\$0						\$0
Equipment										\$0	\$0	\$0						\$0
Admin Subtotal	\$0	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mandatory Budget Authority:																		
Planning And Training Grants to States & LEPCs	\$21,800			\$21,800						\$0	\$21,800	\$0						\$21,800
Competitive Training Grants	\$4,000			\$4,000						\$0	\$4,000	\$0						\$4,000
Supplemental Public Sector Training Grants	\$1,000			\$1,000						\$0	\$1,000	\$0						\$1,000
Monitoring & Technical Assistance	\$150			\$150						\$0	\$150	\$0						\$150
PC&B and Administrative Support	\$555			\$555						\$0	\$555	\$0						\$555
Emergency Response Guidebook	\$625			\$625						\$0	\$625	\$0						\$625
Subtotal, Mandatory Budget Authority	\$28,130			\$28,130						\$0	\$28,130	\$0						\$28,130
Discretionary Budget Authority (Appropriates):																		
Training Curriculum Development (to FEMA)	\$188			\$188						\$0	\$188	\$0						\$188
Cash Data Improvements	\$0			\$0						\$0	\$0	\$0						\$0
CDL Improvement Prog	\$0			\$0						\$0	\$0	\$0						\$0
Programs Subtotal	\$28,318			\$28,318						\$0	\$28,318	\$0						\$28,318
Total: Limitation	\$28,318	\$0		\$28,318	\$0	\$0	\$0	\$0	\$0	\$0	\$28,318	\$0	\$0	\$0	\$0	\$0	\$0	\$28,318
GRAND TOTAL	\$28,318	\$0		\$28,318	\$0	\$0	\$0	\$0	\$0	\$0	\$28,318	\$0	\$0	\$0	\$0	\$0	\$0	\$28,318

EXHIBIT II-4A

**WORKING CAPITAL FUND
PIPELINE AND HAZARDOUS MATERIALS ADMINISTRATION
Appropriations, Obligation Limitations, Exempt Obligations and Reimbursable Obligations
(\$000)**

	<u>FY 2009 ENACTED</u>	<u>FY 2010 REQUEST</u>	<u>CHANGE</u>
DIRECT:			
Hazardous materials safety	559	1,300	741
Administrative Expenses	2,907	2,565	-342
Pipeline Safety	2,618	3,119	501
TOTAL	6,084	6,984	900

Exhibit II-5

DEPARTMENT OF TRANSPORTATION
 PIPELINE and HAZARDOUS MATERIAL SAFETY ADMINISTRATION

PERSONNEL RESOURCE -- SUMMARY
 TOTAL FULL TIME EQUIVALENTS (FTE's)

<u>DIRECT FUNDED, BY APPROPRIATION</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 REQUEST</u>
Hazardous Materials Safety	148.0	163.0	170.5
Administrative Expenses	57.0	63.0	63.0
Pipeline Safety	147.0	191.0	204.0
Subtotal: Direct Funded	352.0	417.0	437.5
 <u>ALLOCATIONS/REIMBURSEMENTS</u>			
Administrative Expenses:			
Other (Honors Attorneys)	8.0	11.0	11.0
btotal: Allocations/Reimbursements	8.0	11.0	11.0
TOTAL FTE	360.0	428.0	448.5

Exhibit II-6

PIPELINE and HAZARDOUS MATERIAL SAFETY ADMINISTRATION
 RESOURCE SUMMARY - STAFFING
 FULL-TIME PERMANENT POSITIONS

<u>DIRECT FUNDED, BY APPROPRIATION</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 REQUEST</u>
Hazardous Materials Safety	159	174	174
Administrative Expenses	63	63	63
Pipeline Safety	188	196	214
Subtotal, Direct Funded	410	433	451
 <u>ALLOCATIONS/REIMBURSEMENTS</u>			
Administrative Expenses			
Other (Honors Attorneys)	11	11	11
Subtotal, Allocations/Reimbursements	11	11	11
 TOTAL POSITIONS	 421	 444	 462

EXHIBIT II -7
FY 2010 BUDGET REQUEST BY ACCOUNT
PIPELINE and HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Outlays
(in thousands of dollars)

<u>APPROPRIATION TITLE</u>	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
Research and Special Programs	2,647	2,726	0
Administrative Expenses	17,181	16,016	18,700
Hazardous Materials Safety	24,869	32,562	34,380
Emergency Preparedness Grants:			
Mandatory	11,737	31,064	33,617
Discretionary	<u>188</u>	<u>188</u>	188
Emergency Preparedness Grants	11,925	31,252	33,805
Pipeline Safety	55,152	68,261	84,075
General Fund Share of Pipeline Safety		490	
Trust Fund Share of Pipeline Safety	<u>18,424</u>	<u>15,555</u>	<u>18,128</u>
Subtotal, Pipeline Safety	73,576	84,306	102,203
TOTAL OUTLAYS	130,198	166,862	189,088
Discretionary	118,461	135,798	155,471
Mandatory	11,737	31,064	33,617

DEPARTMENT OF TRANSPORTATION
 PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Research and Special Programs

PROGRAM AND FINANCING (in thousands of dollars)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Obligations by program activity			
0.91 Total direct program	168	539	0
9.01 Reimbursable program	0	0	0
10.00 Total obligations	<u>168</u>	<u>539</u>	<u>0</u>
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	635	539	0
22.00 New budget authority (gross)	0	0	0
22.10 Resources available from recoveries of prior year obligations	72	0	0
23.90 Total budgetary resources available for obligation	707	539	0
23.95 New obligations	168	-539	0
23.98 Unobligated balance expiring or withdrawn	-335	0	0
24.40 Unobligated balance available, end of year	<u>539</u>	<u>0</u>	<u>0</u>
Discretionary spending authority from offsetting collections:			
68.00 Offsetting collections (cash) (unexpired only)	0	0	0
68.10 Change in uncollected cust paymtns fm Fed sources (unexp)	0	0	0
68.90 Spending authority fm offsetting collections (total)	<u>0</u>	<u>0</u>	<u>0</u>
70.00 Total new budget authority (gross)	0	0	0
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Obligated balance: Appropriation	6,933	2,187	0
73.10 New obligations	168	539	0
73.20 Total outlays (gross)	-2,689	-2,726	0
73.40 Adjustments in expired accounts (net)	-1,147	0	0
73.45 Recoveries of prior year obligations	-72	0	0
74.00 Chg in Uncollected cust orders fm Fed Sources (unexpired)	0	0	0
74.10 Chg in Uncollected cust orders fm Fed Sources (expired)	-1,006	0	0
74.40 Obligated balance: Appropriation	<u>2,187</u>	<u>0</u>	<u>0</u>
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	137	0	0
86.93 Outlays from discretionary balances	2,552	2,726	0
87.00 Total outlays (gross)	<u>2,689</u>	<u>2,726</u>	<u>0</u>
Offsets:			
<i>Against gross budget authority and outlays</i>			
Offsetting collections (cash) from:			
88.00 Federal sources	42	0	0
88.95 Portion of offsetting collection credited to unexpired accounts	0	0	0
88.96 Portion of offsetting collection credited to expired accounts	0	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	-42	0	0
90.00 Outlays (net)	2,647	2,726	0
95.02 Unpaid Obligations, EOY	4,028		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Research and Special Programs

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 69-0104-0-1-407-0

	2008	2009	2010
Direct Obligations:	actual	estimate	estimate
25.3 Other purchases of goods & services			
from government accounts	168	539	0
99.0 Subtotal, direct obligations	168	539	0
99.9 Total obligations	168	539	0

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
10 YEAR HISTORY OF BUDGET AUTHORITY**

RESEARCH AND SPECIAL PROGRAMS

(in dollars)

ESTIMATES		APPROPRIATIONS	
1999	29,655,000	1999	30,646,000 1, 2, 3, 7/
2000	33,340,000 4/	2000	31,765,000 5 & 8/
2001	42,531,000 6/	2001	36,292,979 5 & 9/
2002	41,933,000 10/	2002	37,069,000 5 & 11/
2002 (Suppl.)	6,000,000	2002 (Suppl.)	2,500,000
2003	44,378,000 12/	2003	40,479,630 5 & 13/
2004	50,723,000	2004	45,729,490 5 & 14/
2005	52,936,000	2005	45,870,666 5 & 15/
2006	0	2006	0
2007	0	2007	0
2008	0	2008	0
2009	0	2009	0
2010	0		

- 1/ Includes \$574,000 from Pipeline Safety Fund.
- 2/ Reflects reductions of \$314,000 for TASC (Sec. 320) and \$42,000 for administrative and travel expenses, P.L. 106-51.
- 3/ Excludes \$282,000 in emergency Y2K funds.
- 4/ Includes \$645,000 from Pipeline Safety Fund and \$4,575,000 in new user fees.
- 5/ Includes \$645,000 from the Pipeline Safety Fund.
- 6/ Includes \$645,000 from Pipeline Safety Fund and \$4,722,000 in new user fees.
- 7/ Includes \$1,722,000 transfer from USAID Caribbean Emergency Disaster Relief Recovery Fund.
- 8/ Reflects reduction of \$296,000 for TASC (Sec. 319).
- 9/ Reflects 0.22% reduction of \$80,021 (Sec. 1403 of P.L. 106-554).
- 10/ Includes \$645,000 from the Pipeline Safety Fund and \$12,000,000 in new user fees.
- 11/ Reflects reductions of \$210,000 for TASC (Sec. 349 of P.L. 107-87 and Sec. 1106 of P.L. 107-117)
- 12/ Includes \$645,000 from the Pipeline Safety Fund and \$5,987,000 in new user fees.
- 13/ 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)
- 14/ 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)
- 15/ 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)

**Section III - Budget
Request By
Appropriation Account**

**Hazardous Materials
Safety**

HAZARDOUS MATERIALS SAFETY

For expenses necessary to discharge the hazardous materials safety functions of the Pipeline and Hazardous Materials Safety Administration, [\$32,000,000] \$35,500,000, of which [\$3,302,000] \$1,699,000 shall remain available until September 30, [2011] 2012: *Provided*, That up to[\$1,200,000] \$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: *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. (*Department of Transportation Appropriations Act, 2009.*)

Program and Performance Statement

The Pipeline and Hazardous Materials Safety Administration (PHMSA) has a responsibility for advancing the safe and secure transportation of hazardous materials. PHMSA's program is focused on five principal areas. First, PHMSA provides comprehensive regulations for the safe and secure transportation of hazardous materials. Second, through outreach, training and distribution of informational materials, PHMSA helps the hazardous materials community understand the regulations and how to comply with them. Third, PHMSA enforces the regulations to ensure compliance with safety and security standards by those subject to the regulations. Fourth, PHMSA assists the Nation's response community to plan for and respond to hazardous materials transportation emergencies. Finally, PHMSA builds on each of these principal areas to reduce overall transportation risk by 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-1

HAZARDOUS MATERIALS SAFETY

**APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(000's)**

	FY 2008	FY 2009	FY 2010	FY 09 to 10
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>	<u>Change</u>
Hazardous Materials Safety	28,000	32,000	35,500	3,500
FTE's				
Direct Funded	148.0	163.0	170.5	7.5
Reimbursable	0.0	0.0	0.0	-

EXHIBIT III-2

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

HAZARDOUS MATERIALS SAFETY

SUMMARY ANALYSIS OF CHANGE FROM FY 2009 TO FY 2010

Appropriations, Obligation Limitations and Exempt Obligations

<u>APPROPRIATION</u>	Dollars in thousands	FTE
HAZARDOUS MATERIALS SAFETY		
FY 2009 Enacted	32,000	163.0
FY 2010 Adjustments to Hazardous Materials Safety Base:		
Annualization of the 4.8% FY 2009 Pay Raise for 3 months	212	0.0
FY 2010 Pay Raise of 2.0% for 9 months	292	0.0
Working Capital Fund Increase	337	0.0
0.5% Inflation	63	0.0
Annualization of 15 FY 2009 positions	<u>1,300</u>	<u>7.5</u>
Subtotal, Adjustments to Hazardous Materials Safety Base	2,204	7.5
FY 2010 Program Increases and Decreases for Hazardous Materials Safety:		
Salaries and Benefits and Administrative Expenses		
1. Administrative Expenses - Net funding allocated to better align budget with actual cost of Working Capital fund and Rent.	921	0.0
2. Travel - This funding provides for inspection related travel costs which is needed to support the enforcement of Hazmat Safety regulations. Previously, the Hazmat Safety program had sustained substantial administrative cuts due to absorption of increases.	209	0.0
Contract Programs		
3. Hazmat Information Systems – The funding increase is the result of a recategorization of Research and Development Information Systems. The increase will be used to modernize the Hazardous Materials Information System (HMIS) - the Office of Hazardous Materials Safety's primary IT support and transactional system. Its technology platform is over nine years old is reaching the end of its useful life. Modernization enhancements to HMIS are planned to be incremental and modular to reduce the risk of disruptions in productivity.	500	0.0
4. Hazmat Intelligence Portal - Funding has been increased to completely fund the portal's operations and maintenance.	121	0.0
5. Training and Outreach - Funding has been increased to develop curriculum and deliver training and educational materials for enforcement and compliance.	141	0.0
6. Inspection and Enforcement - The funding increase is the result of a recategorization of Research and Development Regulatory Compliance. The increase will be used to continue to conduct package testing to ensure the integrity of hazardous materials packaging to include more expensive intermediate bulk containers. This testing program has uncovered a large number of packaging that do not meet our performance-based standards, including steel, plastic, and fiber drums of various sizes, and fiberboard boxes.	596	0.0
7. Emergency Preparedness - Funding has been increased to provide partial funding for an emergency responder hazmat fusion center through a cooperative agreement.	413	0.0
8. Hazmat Registration System- Funding has been decreased to address Hazmat priorities within the FY 2010 budget.	-2	0.0
Research and Development		
9. Information Systems - Funding has recategorized to Hazmat Information Systems (item 3 above).	-507	0.0
10. Research and Analysis - Consolidates R&D initiatives to conduct engineering analyses, studies, and technology assessments into the causes and effects of hazmat incidents to determine the level of risk presented by different materials, package types, and mode characteristics	1,050	0.0
11. Electronic Shipping Papers - Funding has been recategorized and consolidated with Research and Develop Research Analysis (item 10 above).	-1,500	0.0
12. Regulatory Compliance - Funding has recategorized to Inspection and Enforcement (item 6 above).	-646	0.0
Subtotal, Hazmat Safety Program Increases	1,296	0.0
HAZARDOUS MATERIALS SAFETY APPROPRIATION, TOTAL	35,500	170.5

DEPARTMENT OF TRANSPORTATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Hazardous Materials Safety

PROGRAM AND FINANCING (in thousands of dollars)

	FY 2008	FY 2009	FY 2010
	Actual	Estimate	Estimate
Obligations by program activity			
0.91 Total direct program	26,445	35,058	35,500
9.01 Reimbursable program	1,084	0	0
10.00 Total obligations	27,529	35,058	35,500
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	1,513	3,058	0
22.00 New budget authority (gross)	29,283	32,000	35,500
22.10 Resources available from recoveries of prior year obligations	85	0	0
23.90 Total budgetary resources available for obligation	30,881	35,058	35,500
23.95 New obligations	-27,529	-35,058	-35,500
23.98 Unobligated balance expiring or withdrawn	-294	0	0
24.40 Unobligated balance available, end of year	3,058	0	0
New budget authority (gross), detail			
Discretionary			
40.00 Appropriation (definite)	28,000	32,000	35,500
40.35 Appropriation permanently reduced	0	0	0
41.00 Transferred to other accounts xx-xxxx	0		
42.00 Transferred from other accounts xx-xxxx	111	0	0
43.00 Appropriation (total)	28,111	32,000	35,500
Discretionary spending authority from offsetting collections:			
58.00 Offsetting collections (cash) (unexpired only)	1,212	0	0
58.10 Change in uncollected cust paymtns fm Fed sources (unexp)	-40	0	0
58.90 Spending authority fm offsetting collections (total)	1,172	0	0
70.00 Total new budget authority (gross)	29,283	32,000	35,500
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Obligated balance: Appropriation	6,455	7,744	10,240
73.10 New obligations	27,529	35,058	35,500
73.20 Total outlays (gross)	-26,860	-32,562	-34,380
73.40 Adjustments in expired accounts (net)	-82	0	0
73.45 Recoveries of prior year obligations	-85	0	0
74.00 Chg in Uncollected cust orders fm Fed Sources (unexpired)	40	0	0
74.10 Chg in Uncollected cust orders fm Fed Sources (expired)	747	0	0
74.40 Obligated balance: Appropriation	7,744	10,240	11,360
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	21,458	21,760	24,140
86.93 Outlays from discretionary balances	5,402	10,802	10,240
87.00 Total outlays (gross)	26,860	32,562	34,380
Offsets:			
Against gross budget authority and outlays			
Offsetting collections (cash) from:			
88.40 Non-Federal sources	1,991	0	0
88.95 Portion of offsetting collection credited to unexpired accounts	-40	0	0
88.96 Portion of offsetting collection credited to expired accounts	-778	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	28,110	32,000	35,500
90.00 Outlays (net)	24,869	32,562	34,380
95.02 Unpaid Obligations, EOY	7,705		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Hazardous Materials Safety

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 69-0104-0-1-407

	FY 2008	FY 2009	FY 2010
Direct Obligations:	Actual	Estimate	Estimate
Personnel Compensation:			
11.1 Full-time permanent	16,150	19,950	18,726
11.3 Other than Full-time permanent	285	305	
11.5 Other personnel compensation	294	315	
11.9 Total personnel compensation	16,729	20,570	18,726
12.1 Civilian personnel benefits	3,507	4,622	2,753
23.1 GSA Rent			980
23.3 Communications, util, & misc. charges-WCF		559	1,300
25.1 Advisory & Assistance Service	867	1,083	3,134
25.2 Other services	4,050	6,013	6,376
25.3 Other purchases of goods & services from government accounts	735	1,436	1,346
31.0 Equipment	556	775	885
99.0 Direct obligations	26,444	35,058	35,500
99.0 Reimbursable obligations	1,084	0	0
99.9 Total new obligations	27,528	35,058	35,500

EMPLOYMENT SUMMARY

Direct:			
1001 Civilian full-time equivalent employment	148.0	163.0	170.5

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

10 YEAR HISTORY OF BUDGET AUTHORITY

HAZARDOUS MATERIALS SAFETY
(in dollars)

ESTIMATES	APPROPRIATIONS
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	

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

Detailed Justification for Hazardous Materials Safety

Hazardous Materials Safety	FY 2010 Request: \$35,500,000
<p>Overview:</p> <p>In FY 2010, PHMSA requests a total of \$35,500,000 for Hazardous Materials Safety. Of this amount, \$25,969,000 is for Salary, Benefits and other administrative expenses, which is the program activity supporting PHMSA’s hazardous materials safety program activities, as well as Hazardous Materials Safety’s management and administrating operating activities related to staff and programs. The remaining balance, \$9,531,000 is for Contract Programs and Research and Development initiatives.</p> <p>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 hazardous materials by air, rail, vessel, and highway. Our oversight extends to the entire hazardous materials transportation system – beginning with determining the risks posed by the many types of hazardous materials moved in domestic and international commerce to packaging and handling criteria commensurate with those risks and the communication of risks to transport workers and emergency responders. The Agency’s primary goal is to prevent serious hazardous materials incidents and to reduce the consequences of those that do occur.</p>	
<p>FY 2009 Base:</p> <p>Includes funding for personnel compensation and benefits and administrative expenses which includes: travel; training; supplies and equipment; administrative support services; rent; contracts; and the Department’s Working Capital Fund (WCF).</p> <p>Contract Programs include:</p> <p><i>Hazardous Materials Information System (HMIS)</i> – a web-based transactional system that is an essential and integral tool for daily operations, workflow and document management.</p> <p><i>Multimodal Hazardous Materials Intelligence Portal (HIP)</i> – a data portal that integrates inspection, incident, regulation, penalty, and other data collected by PHMSA, FRA, FAA, FMCSA, the U.S. Coast Guard (USCG) and other sources. Integrated data allows PHMSA and its partner agencies to develop comprehensive, risk-based strategies to identify emerging safety issues and to target policy decisions, rulemakings, enforcement actions, and outreach activities to address those safety issues.</p> <p><i>Research and Analysis</i> - provides the technical, quantitative, and economic foundation to establish safety standards and to evaluate and approve special permit and approval applications, including those dealing with new technologies that may present challenges to risk reduction initiatives.</p>	

Inspection and Enforcement - provides administrative support for enforcement case preparation and processing at each of PHMSA's five regional offices. We also use these funds to improve safety by testing the performance of hazardous materials packages.

Domestic and International Standards Support – provides for publication in the Federal Register for public review of all proposed and final program actions; the annual publication of Title 49 of the Code of Federal Regulations, Parts 100-180; and travel, translation, and support of the agency's representation of the U.S. in international standards activities.

Training and Outreach – provides for developing and delivering training and educational materials to enhance industry compliance; help emergency service officials safely and effectively prepare for and respond to emergencies, and help state law enforcement officials execute their responsibilities. This also funds our Hazardous Materials Information Center, which provides nationwide toll-free telephone service (1-800-467-4922) weekdays from 9:00 a.m. to 5:00 p.m. (Eastern Time) to assist shippers, carriers, packaging manufacturers, enforcement personnel, and others to understand the requirements in the HMR and apply those requirements to specific circumstances and situations. It also serves as the statutorily mandated toll-free number for transporters of hazardous materials and others to report possible violations of the HMR or violations of any order or regulation issued under Federal hazardous materials transportation law.

Emergency Preparedness – helps fund the U.S. Coast Guard's National Response Center (NRC) which is available 24/7 to receive reports of hazardous materials incidents. PHMSA follows up by reviewing the telephonic reports with HMIS written reports, and takes enforcement action as needed. Data collected through the incident reporting system is also used to identify and assess possible safety problems and to target agency resources to address identified problems. Funding is also used for cooperative agreements with emergency response organizations to learn from and enhance mitigation techniques for hazardous materials transportation incidents.

Registration Program - PHMSA registers and maintains a database of certain shippers and carriers of hazardous materials, and collects the fees to fund the Hazardous Materials Emergency Preparedness grants programs, described separately in the Emergency Preparedness Grants section of the budget.

Research and Development maintains research and development capability to identify inherent risks in transportation — risk assessment — and find ways to minimize their potential impacts — risk management. We use these funds to improve safety by studying and evaluating emerging issues and technologies with a view toward enhancing and maintaining public safety.

Anticipated FY 2009 Accomplishments:

In 2009, we are on track to meet our performance target of reducing serious hazardous materials incidents. We will continue to enhance our performance measures to better define and focus our efforts to the highest risk areas in all modes of transport.

In 2009 we will:

- Focus on reducing risks from undeclared hazardous materials; bulk shipments of hazardous materials, including bulk loading and unloading operations; batteries and energy devices; and certain cylinders.
- Enhance our enforcement capabilities through training; continued implementation of our Systems Integrity Safety Program to work with stakeholders to perform comprehensive assessments, inspections and reviews to identify, engage and correct problems and systems; and conducting root cause investigations.
- Enhance enforcement of the nation's hazardous materials regulations by providing access to the HIP for state law enforcement through a pilot program.
- Represent the U.S. in international forums to promote safe transportation of hazardous materials through international standards.
- Improve our transactional system for the legislatively mandated Special Permits program.
- Develop new standards to improve safety and reduce compliance burdens.
- Partner with labor groups and associations to provide hazmat training and leverage public contact opportunities and information distribution using social media networks.

FY 2010 Budget Request:

Hazardous Materials Safety FY 2010 request is \$35,500,000, which is \$3.5 million above the FY 2009 budget. Specifically, the requested amount will be used to fund the annualized cost of 15 positions authorized in FY2009 (7.5 FTE) and aid Hazmat Safety in reaching its authorized level. These increases are necessary to fill vacancies in training and outreach, research and analysis, and technology branches. Filling these positions is important to be able to maintain our operations. For example, to ensure the expedited processing of Special Permits and approvals.

This funding will also provide for inspection-related travel costs necessary to support the enforcement of Hazmat Safety regulations. Previously, the Hazmat Safety program had sustained substantial administrative cuts due to absorption of mandatory increases.

Funding will be used to provide specialized staff training on hazardous materials specific, data and risk analyses, regulatory development, and packaging and testing. This will ensure a consistent level of competency is maintained by the agency given more that 30% our experts are retirement eligible.

Performance Goal Supported:

- Safety - Number of serious hazardous materials transportation incidents.

Justification/ Relationship to Performance Goal:

The FY 2010 request will have far reaching performance impacts, PHMSA will continue to promote a safer and more reliable delivery of hazardous materials; and promote a safe, efficient, and reliable transportation system for the vital products the Nation needs.

Explanation of Funding Changes

FY 2009 to FY 2010 base change: \$3,500,000
<p>Overview:</p> <p>Hazardous Materials Safety's FY 2010 budget request includes a number of base adjustments necessary to sustain its workforce and current operations. Explanations of these changes are listed below.</p>
<p>Annualization of FY 2009 Comparability Pay Increase (\$212,000)</p> <p>This total represents the annualization of FY 2009 pay raise and positions.</p>
<p>FY 2010 Comparability Pay Increase (\$292,000)</p> <p>This total represents the proposed pay raise effective January 2010.</p>
<p>Rent Increase (\$517,000)</p> <p>This total represents the proposed contribution increase in costs for Hazmat's share of PHMSA-wide Rent provided through GSA.</p>
<p>Working Capital Fund Increase (\$741,000)</p> <p>This total represents the proposed contribution increase in costs for DOT-wide services provided through Working Capital Fund.</p>
<p>Annualization of 15 FY 2009 Positions (\$1,300,000)</p> <p>This total represents the proposed increase for personnel compensation and benefits and administrative expenses associated with the addition of 15 positions in FY 2009 (7.5 FTE in each FY 2009 and FY 2010)</p>
<p>Internal Base Changes (\$438,000)</p> <p>This total includes various changes related to Hazardous Materials Safety programs. This figure represents the net of those changes due to an increase in FY 2010 funding.</p> <p>In addition, research and development funding for package testing and information systems has been reallocated to contract programs. This reallocation occurred to properly assign funds based on the state of the project.</p>

PERFORMANCE OVERVIEW – HAZARDOUS MATERIALS SAFETY

Annual Performance Results and Targets

The Pipeline and Hazardous Materials Safety Administration Hazardous Materials Safety program 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:

Strategic Goal/Performance Goal: Safety

Number of Serious Hazardous Materials transportation incidents	2005	2006	2007	2008	2009	2010
Target	503	470	466	462	458	452
Actual	528	495(r)	485(r)	399p	420p	

(r) – revised; p - projected

Supplemental Measure:

Number of Hazardous Materials Incidents involving Death or Major Injury	2005	2006	2007	2008	2009	2010
Target	N/A	N/A	N/A	N/A	36	36
Actual	53	34	37	N/A		

ADMINISTRATIVE EXPENSES

[(Pipeline Safety Fund)]

For necessary [operational] *administrative* expenses of the Pipeline and Hazardous Materials Safety Administration, [\$19,130,000] *\$18,968,000*, 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 in section 60130 of title 49, United States Code: *Provided further*, That grants described under the previous proviso shall be awarded within 120 days of enactment of this Act]. (*Department of Transportation Appropriations Act, 2009.*)

Program and Performance Statement

Administrative Expenses- This account funds the support activities of the Pipeline and Hazardous Materials Safety Administration (PHMSA). These activities are necessary to enable PHMSA's hazardous materials safety and pipeline safety programs to meet their mandates. These support organizations include the Administrator, Deputy Administrator, Assistant Administrator/Chief Safety Officer, Chief Counsel, Chief Financial Officer, Governmental, International and Public Affairs, Associate Administrator for Administration, Information Technology Services, Administrative Services, Budget and Finance, Contracts and Procurement, Human Resources and Civil Rights.

EXHIBIT III-1

ADMINISTRATIVE EXPENSES

**APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(000's)**

	FY 2008	FY 2009	FY 2010	FY 09 to 10
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>	<u>Change</u>
Administrative Expenses	18,130	18,130	18,968	838
FTE's				
Direct Funded	57.0	63.0	63.0	-
Reimbursable	8.0	11.0	11.0	-

EXHIBIT III-2

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

ADMINISTRATIVE EXPENSES

SUMMARY ANALYSIS OF CHANGE FROM FY 2009 TO FY 2010

Appropriations, Obligation Limitations and Exempt Obligations

<u>APPROPRIATION</u>	Dollars in <u>thousands</u>	<u>FTE</u>
ADMINISTRATIVE EXPENSES		
FY 2009 Enacted	18,130	63.0
FY 2010 Adjustments to Operations Base:		
Annualization of the 4.8% FY 2009 Pay Raise for 3 months	83	0.0
FY 2010 Pay Raise of 2.0% for 9 months	107	0.0
Working Capital Fund Increase	158	0.0
0.5% Inflation	<u>55</u>	0.0
Subtotal, Adjustments to Operations Base	403	0.0
FY 2010 Program Increases and Decreases for Operations:		
1. Program Efficiencies - Funding has been reallocated to better align budget with actual costs in administrative areas including WCF and Rent.	-1,211	0.0
2. Salaries & Benefits - This increase includes \$435K for the Pay Raise.	646	0.0
3. Administrative/Professional Support Services - This increase is necessary for contract support. These services include administrative support, classification and staffing of additional inspectors, procurement analytical support for contract close-out, editorial support for PHMSA policies, and technical support for electronic record keeping.	1,000	0.0
Subtotal, Administrative Expenses Program Increases/Decreases	<u>435</u>	<u>0.0</u>
ADMINISTRATIVE EXPENSES APPROPRIATION, TOTAL	18,968	63.0

DEPARTMENT OF TRANSPORTATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Administrative Expenses

PROGRAM AND FINANCING (in thousands of dollars)

	FY 2008	FY 2009	FY 2010
	Actual	Estimate	Estimate
Obligations by program activity			
0.91 Total direct program	17,789	18,130	18,968
9.01 Reimbursable program	318	0	0
10.00 Total obligations	18,107	18,130	18,968
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	0	0	0
22.00 New budget authority (gross)	18,448	18,130	18,968
22.10 Resources available from recoveries of prior year obligations	0	0	0
23.30	522		
23.90 Total budgetary resources available for obligation	18,970	18,130	18,968
23.95 New obligations	-18,107	-18,130	-18,968
23.98 Unobligated balance expiring or withdrawn	-863	0	0
24.40 Unobligated balance available, end of year	0	0	0
New budget authority (gross), detail			
Discretionary			
40.00 Appropriation (definite)	17,491	17,491	18,329
40.35 Appropriation permanently reduced	0	0	0
41.00 Transferred to other accounts 69-5172	0	-1,000	
42.00 Transferred from other accounts 69-5172	639	639	639
43.00 Appropriation (total)	18,130	18,130	18,968
Discretionary spending authority from offsetting collections:			
58.00 Offsetting collections (cash) (unexpired only)	441	0	0
58.10 Change in uncollected cust paymtns fm Fed sources (unexp)	-523	0	0
58.90 Spending authority fm offsetting collections (total)	318	0	0
70.00 Total new budget authority (gross)	18,448	18,130	18,968
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Obligated balance: Appropriation	3,075	3,688	5,802
73.10 New obligations	18,107	18,130	18,968
73.20 Total outlays (gross)	-17,865	-16,016	-18,700
73.40 Adjustments in expired accounts (net)	36	0	0
73.45 Recoveries of prior year obligations	0	0	0
74.00 Chg in Uncollected cust orders fm Fed Sources (unexpired)	523	0	0
74.10 Chg in Uncollected cust orders fm Fed Sources (expired)	212	0	0
74.40 Obligated balance: Appropriation	3,688	5,802	6,070
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	15,676	12,328	12,898
86.93 Outlays from discretionary balances	2,188	3,688	5,802
87.00 Total outlays (gross)	17,865	16,016	18,700
Offsets:			
<i>Against gross budget authority and outlays</i>			
Offsetting collections (cash) from:			
88.00 Federal sources	684	0	0
88.95 Portion of offsetting collection credited to unexpired accounts	-523	0	0
88.96 Portion of offsetting collection credited to expired accounts	-243	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	18,130	18,130	18,968
90.00 Outlays (net)	17,181	16,016	18,700
95.02 Unpaid Obligations, EOY	3,578		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Administrative Expenses

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 69-1400-0-1-407

	FY 2008	FY 2009	FY 2010
	Actual	Estimate	Estimate
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	6,319	6,442	6,485
11.9 Total personnel compensation	6,319	6,442	6,485
12.1 Civilian personnel benefits	1,510	676	795
23.1 GSA Rent	2,034	3,700	3,200
23.3 Communications, util, & misc-WCF	1,749	2,970	2,565
25.1 Advisory & Assistance Service	844	910	1,287
25.2 Other services	3,440	1,460	903
25.3 Other purchases of goods & services from government accounts	1,000	1,301	3,064
31.0 Equipment	893	671	669
99.0 Subtotal, direct obligations	<u>17,789</u>	<u>18,130</u>	<u>18,968</u>
22.5 Subtotal, Reimbursable obligations	318		
99.9 Total new obligations	18,107	18,130	18,968

EMPLOYMENT SUMMARY

Direct :			
1001 Civilian full-time equivalent employment	57.0	63.0	63.0
Reimbursable:			
2001 Civilian full-time equivalent employment	8	11	11

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
10 YEAR HISTORY OF BUDGET AUTHORITY**

ADMINISTRATIVE EXPENSES

(in dollars)

ESTIMATES		APPROPRIATIONS	
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		

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.

Detailed Justification for Administrative Expenses Account

Administrative Expenses	FY 2010 Request: \$18,968,000
Overview:	
<p>In FY 2010, PHMSA requests a total of \$18,968,000 for the Administrative Expenses account. Of this amount, \$15,593,000 is for Salary, Benefits and other administrative expenses supporting PHMSA's hazardous materials safety and pipeline safety program activities. The remaining balance, \$3,375,000 is for Contract Programs including Information Resource Management and Infrastructure.</p>	
<p>The success of PHMSA's safety programs depends on the performance of support organizations that empower the program offices to meet their safety mandate. The organizations represented under this account include the Administrator and Deputy Administrator's office, the Assistant Administrator/ Chief Safety Officer, Chief Financial Officer, Chief Counsel, Governmental, International and Public Affairs and the Associate Administrator for Administration.</p>	
<p>These organizations fulfill PHMSA's strategic goals in a number of ways. They directly support the Pipeline Safety Program and the Hazardous Materials Contracts Program providing functions imperative to safety and environmental stewardship. They also fulfill the priorities directed by this Administration, specifically procurement reform and increased transparency.</p>	
<p>Over 1.2 million daily shipments of hazardous materials in the United States and 64% of the nation's energy transported by pipelines depend on the critical roles performed under this account.</p>	
<u>SAFETY</u>	
1. The Administrator and Deputy Administrator	
<p><i>FY 2009 Base:</i> This office provides executive direction and leadership to all organizational elements of PHMSA's response to pipeline and hazardous materials incidents as a result of natural disasters or other failures, regulatory, research and other programs. The Administrator and Deputy Administrator provide direction to the national programs in the transportation of hazardous materials in commerce and transportation of natural and other gas, petroleum and other hazardous liquids by pipeline. In this capacity, they issue all final rules, decisions on appeals and reconsideration decisions.</p>	
2. The Assistant Administrator/Chief Safety Officer (CSO)	
<p><i>FY 2009 Base:</i> This office provides oversight to, and interagency coordination of, the Agency's safety programs, policies and initiatives. The CSO serves as the principle safety advocate and contact for external safety organizations such as the National Transportation Safety Board (NTSB). A constant focus each year for the CSO is to continue working with safety programs to both develop better risk models and manage the emergency preparedness, continuity of operations, safety and transportation security and emergency</p>	

response roles within the Agency.

Anticipated FY 2009 Accomplishments:

- The Hazardous Materials Emergency Preparedness (HMEP) grant program review for Hazmat, which manages \$28 million dollars in grant money
- Program improvement for the Pipeline Safety state grants, a \$28 to \$30 million-dollar program

3. Chief Counsel

FY 2009 Base: As the principal legal officer of PHMSA, the Chief Counsel conducts all enforcement hearings, prepares recommendations and orders, handles enforcement litigation and coordinates enforcement actions with other federal and State agencies to maintain and enforce safety standards. This office performs all legal work to enable two major government safety programs to meet their public safety and environmental mandates and to comply with administration policies of fiscal stewardship, transparency and increased ethical awareness. Support includes representing the agency against discrimination claims, training employees in myriad ethics topics, providing support in developing critical rulemakings, providing advice on privacy, freedom of information act, fiscal law and procurement issues, advising on the use of and preparing legal instruments (MOUs, Partnership, Cooperative, and Interagency Agreements, providing support to emergency preparedness and response efforts related to various hurricanes and government-wide exercises and development of continuity of operations plans as well as providing all legal work necessary for internal operations.

Anticipated FY 2009 Accomplishments:

2009 Enforcement Activities

- Hazmat Enforcement Activities
 - Settle 200 administrative cases
- Pipeline Enforcement Activities
 - Assist the regions in issuing approximately 60-70 Notices of Probable Violations
 - Prepare approximately 60 Final Orders for issuance, including the assessment of an estimated \$2-4 million in civil penalties
 - Elimination of the Office of Pipeline's backlog of enforcement cases that have been pending for three years or more

2009 Rulemaking Projects

Significant Projects in Pipeline

- Gas Maximum Allowable Operating Pressure (MAOP)
- Distribution Integrity Management
- Control Rule Management
- Low-stress pipelines
- PA-11 plastic pipe

- Safety orders and special permits
- One-rule (electronic reporting requirements)

Pipeline Rules

Safety orders and special permits

One-rule (electronic reporting requirements)

Hazmat Rules

HM-208F (Registration)	Final rule scheduled for summer of 2009
HM-231 (Packaging)	Final rule scheduled for October 2009
HM-231A (Air packaging)	NPRM scheduled for summer of 2009
HM-232E (Rail routing)	Appeal of Final rule published November 26, 2008
HM-232F (Security plans)	NPRM published September 9, 2008; final rule scheduled for September 2009
HM-238 (Safe havens)	Next action TBD
HM-246 (PIH tank cars)	Final rule published January 13, 2009
HM-247 (Loading/unloading)	Next action TBD
PHM-7 (Enforcement authority)	NPRM published October 2, 2008; final rule scheduled for May 2010
HM-206F (ER phone numbers)	Final rule scheduled for summer of 2009
HM-213C (Cargo tanks)	NPRM scheduled for December 2009
HM-215J (Batteries/Harmonization)	Final rule issued December 30, 2008, published January 14, 2009
HM-218F (Miscellaneous)	NPRM scheduled for January 2010
HM-233A (Special permits)	NPRM scheduled for summer of 2009
HM-234 (Cylinders)	NPRM scheduled for December 2009
HM-241 (ASME Code)	ANPRM scheduled for summer of 2009
HM-244B (Editorial corrections)	Final rule scheduled for September 2009
HM-250 (IAEA harmonization)	NPRM scheduled for July 2009

2009 New Initiatives

- Electronic reading room compliance
- DOT-mandated supplemental ethics training for the acquisition and grants personnel community
- HMEP Grant program guidance
- Enhanced Enforcement Procedures Enforcement Manual
- Drafting of Hazmat reauthorization
- Developing a Supplemental Safety and Environmental Projects policy
- System Integrity Safety Program development and implementation (Helped agency develop a legally sound program to engage repeat violators to achieve compliance)
- BP Alaska – Government’s coordinated litigation against BP Alaska
- Work with CEQ to finalize and implement DOT’s NEPA Policy;
- Combustible liquids (to address International Vessel Operators Hazardous Materials Association (VOHMA) and the Dangerous Goods Advisory Council (DGAC) petitions) – currently developing options for addressing the issues raised in the petitions; most likely strategy will be to publish Advance Notice of

Proposed Rule Making (ANPRM) in the summer of 2009

- Nurse tanks (to address anticipated petition from The Fertilizer Institute TFI) – anticipate NPRM in the fall of 2009
- Mandate compliance with the International Civil Aviation Organization Technical Instructions for the Safe Transport of Dangerous Goods by Air (ICAO TI) – anticipate ANRPM or NPRM in the summer of 2009; strategy TBD with FAA
- Special provisions – review of special provisions to identify those that should be converted into regulatory provisions
- Reverse logistics – consider providing exceptions for return hazmat shipments
- Part 174 review – with FRA, review Part 174 to update and clarify requirements and eliminate outdated, redundant, or unnecessary provisions
- Lithium batteries – complete cost/benefit assessment of regulatory alternative for enhancing safe transportation of lithium batteries
- International harmonization (HM-215K) – consider revised strategy for addressing international harmonization issues to ensure that significant rulemaking issues are surfaced early in the process and the cost-benefit implications are fully considered
- Lithium Batteries (HM-215K) – Issuing a NPRM by December 31, 2009 to address HM in air transportation as required by NTSB

4. Office of Governmental, International, and Public Affairs

FY 2009 Base: This office provides an understanding of the activities, policies and strategies of PHMSA's programs and builds support for PHMSA with the public, Congress, the media, industry stakeholders and with other agencies and other countries. When an incident occurs, this office is swift to respond to the community and works with the response teams to provide the most accurate information to the public.

In 2008, this office played a key role in responding to two emergencies, a natural disaster and a major pipeline incident, and supported the impacted communities with effective transparent communication of information, as well as facilitated increased emergency preparedness for the future.

During Hurricane Ike, a major gas pipeline that runs from the Gulf of Mexico up to New York City ruptured and ignited a fire in Appomattox Co., VA, leaving a 50-foot crater behind. It injured five people and destroyed two homes. Representatives from this office traveled with the PHMSA inspectors to the scene, met with officials and attended multiple meetings with the community, focusing on recovery and future emergency preparedness measures.

In addition, in Tampa Florida, a 16-year-old boy drilled into a section of a 30-mile-long anhydrous ammonia pipeline at a point where it crosses the Alafia River. Heavy winds blew the contaminated air toward the northwest, prompting Hillsborough County Fire Rescue to evacuate about 300 people, close schools, shut down roads and call in experts to seal off the pipe. This office implemented a crisis communication plan to manage the incident and worked all year in restoring the public's confidence in PHMSA's pipeline safety program. This office also arranged for the Agency to sponsor a roundtable on emergency response to anhydrous ammonia, winning broad support from the community.

Anticipated FY 2009 Accomplishments:

- Providing information and communication to the U.S. House of Representatives, U.S. Senate, the Department and the public, about the re-authorization of The Hazardous Materials Transportation Act (HMTA) as well as developing and implementing outreach for the Public Workshop on the future of Hazmat.
- Organized and managed a delegation of Congressional staff to Jacksonville, Florida to observe a port inspection for Hazardous Materials.
- Strengthening the nationwide campaign to prevent excavation damage to pipeline and underground facilities by Governmental, International and Public Affairs in support of the Common Ground Alliance (CGA).
- Preparing information and communication about the re-authorization of The Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006, due for re-authorization in 2010.
- Providing information to Congress, their staff and key committee staff and the media on an on-going basis regarding incident response to significant pipeline failures.
- Responding to requests from congressional staff, key committee staff (includes authorizing and appropriations staff) on an ongoing basis.

5. Chief Financial Officer and Associate Administrator for Administration

FY 2009 Base: The Associate Administrator for Administration plans, develops, coordinates, implements and administers a comprehensive program of activities to satisfy administrative management needs within the Agency, providing reliability and increasing the performance of our safety programs. The Information Resources Management Office/Chief Information Officer (CIO), Budget & Finance, Contracts & Procurement, Human Resources, Office and Administrative & Management Services all report to this office.

Managing these offices, as well as executing the duties of a CFO, requires both an operational and strategic strength. This office is responsible for providing critical information technology (IT) services and support, initiating budget requests, managing the budget, hiring inspectors and other key personnel, providing the space, facilities, government vehicles and other needs for inspectors in the field and managing the multi-million dollar procurement process supporting numerous contract and grant programs for both the Hazmat and Pipeline programs.

Anticipated FY 2009 Accomplishments:

- Design and begin implementing an Information Management (providing the right information to the right persons at the right time) framework to support PHMSA's decision support and risk management objectives.
- Assist Hazmat in implementing and continuing maturing the Multi-Modal Hazmat Intelligence Portal (HIP). HIP is a vital component of PHMSA's risk reduction strategy. It provides one-stop access to hazmat data across DOT and from other Federal agencies enabling PHMSA to direct its limited resources toward companies and events posing the greatest safety risk.
- Provide support to establish a Pipeline Data Mart that facilitates collaborative data-sharing both internally and with State partners. The data-mart will provide central access to incident/accident, annual report, compliance history

and other data for all operators.

- Implement a strategy that enables shippers and carriers to access HIP for viewing their profile (e.g., number of special permits, approvals, compliance history, registration information), to apply for services electronically (e.g., renew or apply for special permits and approvals), and to help improve the quality of the data by alerting PHMSA to errors in the data.
- Conduct an analysis of current IT Operations (i.e., service desk, maintenance agreements, licenses, etc.) to identify opportunities to drive down costs for services. The target goal is to reduce costs by 10%.
- Conduct a disaster recovery assessment to ensure contingency plan measures are adequate to protect and preserve PHMSA's vital data and information during crisis events, both natural and man-made.
- Design and begin implementing a data quality plan and program for PHMSA data systems.
- Continue providing effective, efficient, and economical IT services and support to enable PHMSA staff to execute mission services.
- Strengthen the investment management governance framework to prioritize, monitor and approve IT projects.
- Implement the Directives Management and Records Management system on internal policies, directives, procedures and records management.
- Integrate outcome-focused performance measures into the budget request.
- Integrate all program support costs into PHMSA's performance goals.
- Capture and report program cost data.
- Sponsor supervisory training for new supervisors in the program offices.
- Develop and implement action plan to address results of Federal Human Capital Survey, which relates to PHMSA Safety Culture survey findings, and will support the agency's move to a stronger performance culture with strong leaders.
- Support agency efforts to fill newly authorized inspection and enforcement positions.

6. Office of Civil Rights

FY 2009 Base: This office administers and ensures implementation of civil rights and equal employment opportunity (EEO) precepts and initiatives in PHMSA for the federal government.

Anticipated FY 2009 Accomplishments:

- Monitors the implementation of personnel management actions
- Provides advice and suggestions to managers and supervisors in order to help promote and maintain a harmonious work environment free of harassment and discrimination
- Advise managers and supervisors on the human element to help maximize effort, promote efficiency, eliminate conflict
- Manage a system for employees to seek relief from employment situations resulting from unlawful discrimination
- Conduct programs and activities which highlight the accomplishments of members of all different segments of the workforce
- Develop programs to help maximize the participation of all members of our workforce

ENVIRONMENTAL STEWARDSHIP

1. Supplemental Safety and Environmental Projects (SSEPs)

FY 2009 Base: In 2008, the Office of Chief Counsel helped develop a new enforcement initiative known as the “Supplemental Safety and Environmental Projects” (SSEPs). Modeled after a similar EPA effort, the SSEPs program allows pipeline operators who face potential civil penalties to propose, in exchange for a partial mitigation of the penalties, to undertake supplemental projects that would provide safety benefits or environmental protections that would otherwise not be achievable through regular enforcement.

Anticipated FY 2009 Accomplishments: The publication and issuance of the proposed Supplemental Safety and Environmental Projects (SSEP) policy

2. New Field Office in Anchorage, Alaska

FY 2009 Base: Increased resources for the monitoring of the Northern Slope of Alaska for environmental protection, plus the new Alaska Gas Pipeline Project led PHMSA to relocate and enlarge its Alaska field office. This increase of presence and personnel in Alaska boosts our commitment to environmental stewardship, and is an excellent illustration of how PHMSA’s Associate Administrator for Administration/CFO enables PHMSA to meet its goals. This office initiated a plan to co-locate several agencies sharing a common mission into a joint office building to improve communications, transparency and partnership for our safety and environmental missions in Anchorage. This is the first of several proposed locations slated for changes based on the increase in safety inspectors nationwide.

Anticipated FY 2009 Accomplishments: Complete Multi-Agency consolidation in Alaska

3. Administrative support for the increases in Inspection and Enforcement Personnel (I&E)

FY 2009 Base: In its FY 2009 appropriation, PHMSA received half-year funding for eight new I&E positions. With this funding, PHMSA’s Associate Administrator for Administration/CFO and the Office of Pipeline Safety will continue to make progress toward hiring pipeline inspection and enforcement personnel for fiscal year 2009 in accordance with the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006. PHMSA will add eight positions starting its next quarterly report.

Anticipated FY 2009 Accomplishments: The Associate Administrator for Administration/CFO will continue to lead efforts to expand field offices nationwide to accommodate the increase in I&E positions. This office plans to work with the General Services Administration (GSA) to expand offices in Trenton, NJ, Houston, TX and Kansas City, MO.

PHMSA'S PRIORITIES

FY 2009 Base:

- Department of Transportation (DOT) Livable Communities. Another focus for the Chief Safety Officer (CSO) will be in shaping the DOT strategic plan as it pertains to safety and leading the *measurements team* for the DOT Livable Communities working group.
- Increased Transparency & Procurement Reform (Ending, Waste, Fraud and Abuse)

The Office of Contracts and Procurement provides acquisition and grant support for all PHMSA. This office has implemented various programs and initiatives aimed at promoting procurement reform and increasing transparency.

In 2008, over 86% of all contracting dollars were competed, and this office is actively seeking to further increase competition with e-Buy, SmartBuy and Federal Business Opportunities (FedBizOpps). Also, larger dollar (over \$100,000) procurements are announced to the public through DOT's Procurement Forecast Website to assure maximum opportunity for small businesses.

In 2009, this office will begin reviewing all service contracts to ensure that personal services are not being procured and that inherently governmental functions are not being assigned to service contractors.

This office is increasing oversight of current programs to end wasteful government spending and has many initiatives in place to ensure accountability among all those involved in the spending of federal dollars. This office is currently auditing Purchase Card holders as part of the PHMSA Purchase Card Management Plan's internal controls processes. In addition, a COTR Training Program ensures that COTRs are adequately performing their assigned duties to monitor contractor performance preventing fraud. This office is also working hard on closing out completed contracts and orders to ensure cost recovery and fraud are identified as soon as possible.

In addition to changing and improving upon the ways that PHMSA spends government dollars and manages existing contracts, this office is also aware of the need for transparency to inform the public of its actions. All procurement data is uploaded into the appropriated databases, and all data feeds into USASpending.Gov, the public source of Federal Government spending (contracts and grants/assistance) information. Not only is this office concerned with the timely upload of data, it is also concerned with data accuracy and has an initiative in place to ensure that the data presented to the public is accurate. FedBizOpps is utilized to not only solicit competition, but also to announce awards made, and make public any Justification for Other Than Full and Open Competition (JOFOC) documents for any sole-source procurements.

Anticipated FY 2009 Accomplishments:

- Transparency - Improve transparency by: (a) requiring all proposed

delivery orders to be synopsisized at www.FedBizOpps.gov and (b) posting all justifications for non-competitive procurement (JOFOC) at www.FedBizOpps.gov and on the PHMSA web site for public review

- Grants Program Review - Complete the review of the HMEP grants program and develop policies and implement procedures for assistance with oversight and accountability for all PHMSA assistance programs
- Pipeline Safety Grants - Provided contracting support on behalf of the new PHMSA Office of Pipeline Safety grants program known as Technical Assistance Grants (TAG)
- Pipeline Safety Technical Support –Award of a contract in 2009 (June) for technical support services in support of: creating and disseminating integrity management knowledge, cross border and international issues and frontier region assessments, and technical support emergencies.
- Pipeline Regulatory Support –Provide contracting support on behalf of the pipeline program to propose regulations to ensure safe, reliable, and environmentally sound operations of the nation’s pipeline infrastructure

FY 2010 Budget Request:

Administrative Expenses FY 2010 request is 18.9 million, which is 0.8 million or 4% above the FY 2009 Enacted Level. This level of funding will contribute to the annualization of the 2009 pay raise for the first three months of FY 2010 and budgeted 2% pay raise for the remainder of FY 2010.

This budget request for the Administrative Expenses account directly aligns with the agency’s Safety and Environmental Stewardship Strategic Goals, as outlined in the Overview section above.

The budget request for FY 2010 will enable delivery of more services to improve the performance and reliability of our safety programs. A few examples of this include:

In 2010, the Office of the Chief Safety Officer (OCSO) will lead PHMSA participation in three National Level Preparedness Exercises; assessment of Continuity of Operations Program plans and facilities, execution of the action plan with the Transportation Security Administration; and policy coordination involving pipeline and hazardous materials transportation with other organizational elements of the Department of Homeland Security.

Information Technology is a critical business component of PHMSA’s strategy to reduce risk, provide transparency, and strengthen safety performance. In FY10 PHMSA will remain vigilant on its Information Management commitment by delivering solutions that “Provide On-Demand Access to Trusted Enterprise Information” to further strengthen both strategic and operational decision support. In addition, PHMSA will expand the data-mart services to include geographic information system (GIS) capabilities; improve the quality of PHMSA data through governance, process, and transparency; reduce redundancies and build repeatable solutions; provide staff with the necessary tools, service, and support; and enable the agency to conduct business and meet its mission and performance objectives more efficiently, effectively, and economically.

1. Major information technology (IT) projects that will continue to streamline internal processes, reduce paperwork burdens, integrate data, advance our technological infrastructure and allow the agency to conduct business more efficiently. Information management that improves the quality, integrity and governance of data to support risk management, along with an enterprise information portal providing a single point of access to software and information technology priorities enable PHMSA to meet its program objectives.
2. Procurement Management Review (PMR). The entire acquisition cycle will be reviewed and assessed to ensure the procurement unit is in conformity with Federal statutes, regulations and good business practices. Upon completion, PHMSA management will be assured that the acquisition function is being performed in accordance with applicable laws and government/DOT policies.
3. Enforcement, rulemaking and new initiatives activity conducted by Chief Counsel such as implementing the PHMSA Order for the National Environmental Policy Act.
4. Chief Counsel's realignment initiative matching attorney's work assignments with their source of funding.
5. Completing the relocation process of the Joint Pipeline Office in Anchorage, Alaska through efforts of both the Associate Administrator for Administration/CFO and the Office of Pipeline Safety.
6. Improving outreach and opportunities to hire and retain personnel in order to reduce the vacancy rate and decrease time to hire, including more hiring at developmental levels

In 2010, the Office of the Chief Safety Officer (OCSO) will lead PHMSA participation in three National Level Preparedness Exercises; assessment of Continuity of Operations Program plans and facilities, execution of the action plan with the Transportation Security Administration; and policy coordination involving pipeline and hazardous materials transportation with other organizational elements of the Department of Homeland Security.

Additionally, the OCSO will coordinate with PHMSA Pipeline and Hazardous Materials Safety Program Offices in program evaluation activities described in the PHMSA Strategic Plan.

Performance Goals Supported:

- **Safety**
- **Environmental Stewardship**

Justification/ Relationship to Performance Goal:

The Administrative Expenses Account is a business enabler providing core services to align and enable the safety program offices of Pipeline and Hazardous Materials to meet their program objectives effectively, efficiently and economically. The organizations represented under this account include the Administrator and Deputy Administrator's office, the Assistant Administrator/ Chief Safety Officer, Chief Counsel, Governmental, International and Public Affairs and the Associate Administrator for Administration/CFO.

This budget request for the Administrative Services account directly aligns with the agency's Safety and Environmental Stewardship Strategic Goals as outlined in the Overview section above.

PHMSA's strategic goals of safety, environmental stewardship and other priorities set by the Administration are directly fulfilled by a number of functions and services provided in this account, including:

1. Executive direction and leadership to all organizational elements of PHMSA and evaluation of performance by the Administrator and Deputy Administrator
2. Oversight to, and interagency coordination of, the Agency's safety programs, policies and initiatives by the Chief Safety Officer, who also serves as the principle safety advocate and contact for external safety organizations
3. Conducting enforcement hearings, preparing recommendations and orders, handling enforcement litigation and coordinating enforcement actions by the Chief Counsel
4. Providing an understanding of the activities, policies and strategies of PHMSA's programs and building support for PHMSA with the public, Congress, the media, industry stakeholders and with other agencies and other countries by the Office of Governmental, International, and Public Affairs

Additional support, which consist of five core services provided by the Associate Administrator for Administration/CFO, are:

1. Information Technology- Data services supporting risk-based safety models and all IT services utilized Agency-wide
2. Human Capital Management- Human capital strategic and workforce planning, recruiting and hiring and leadership succession planning
3. Administration Services- Facilities management, real estate and real property management, space design and construction support, asset management and directives and records management
4. Acquisition/Contracts & Procurement- Contract negotiation, award and administration, competitive sourcing and grants, cooperative agreements and other transaction agreements
5. Budget & Finance- Budget justification and execution, forecasting trends and analysis and management/financial internal controls

Explanation of Funding Changes

	FY 2009 to FY 2010 base change: \$838,000
Overview:	
<p>Administrative Expenses' FY 2010 budget request includes a number of base adjustments necessary to sustain its workforce and current operations. Explanations of these changes are listed below.</p>	
Annualization of FY 2009 Comparability Pay Increase (\$83,000)	
<p>This total represents the annualization of FY 2009 pay raise and positions.</p>	
FY 2010 Comparability Pay Increase (\$107,000)	
<p>This total represents the proposed pay raise effective January 2010.</p>	
Rent Adjustment (-\$519,000)	
<p>This total represents the proposed adjustment to Administrative Expenses' share of PHMSA-wide Rent to better align budget with actual cost.</p>	
Working Capital Fund Adjustment (-\$500,000)	
<p>This total represents the proposed adjustment to Administrative Expenses' share of DOT-wide services provided through Working Capital Fund to better align budget with actual cost.</p>	
Internal Base Change (\$1,667,000)	
<p>This total includes various changes related to Administrative Expenses programs. This figure represents the net of those changes due to increases in FY 2010 funding.</p> <p>This funding has been reallocated to align budget with actual cost in administrative areas and payroll. This includes \$435K additional funding for the FY 2009 Pay Raise.</p>	

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OIL SPILL LIABILITY TRUST 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, [\$93,291,000] \$105,239,000, of which [\$18,810,000] \$18,905,000 shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2011] 2012; and of which [\$74,481,000] \$86,334,000 shall be derived from the Pipeline Safety Fund, of which [\$40,081,000] \$47,332,000 shall remain available until September 30, [2011: *Provided*, That not less than \$1,043,000 of the funds provided under this heading shall be for the one-call State grant program] 2012. (*Department of Transportation Appropriations Act, 2009.*)

Program and Performance Statement

The Pipeline and Hazardous Materials Safety Administration (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 program, and emergency planning for response to accidents.

EXHIBIT III-1

PIPELINE SAFETY

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(000's)

	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Enacted</u>	<u>FY 2010</u> <u>Request</u>	<u>FY 09 to 10</u> <u>Change</u>
Operations	48,586	53,210	57,825	4,615
Research and Development	8,184	5,784	6,885	1,101
Grants	<u>23,058</u>	<u>35,297</u>	<u>40,529</u>	<u>5,232</u>
Total, Pipeline Safety	79,828	94,291	105,239	10,948
FTE's				
Direct Funded	147.0	191.0	204.0	13.0
Reimbursable	0.0	0.0	0.0	

EXHIBIT III-2

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

PIPELINE SAFETY

SUMMARY ANALYSIS OF CHANGE FROM FY 2009 TO FY 2010

Appropriations, Obligation Limitations and Exempt Obligations

<u>APPROPRIATION</u>	Dollars in <u>thousands</u>	<u>FTE</u>
PIPELINE SAFETY		
FY 2009 Enacted	94,291	191.0
FY 2010 Adjustments to Pipeline Safety Base:		
Annualization of the 4.8% FY 2009 Pay Raise for 3 months	256	0.0
FY 2010 Pay Raise of 2.0% for 9 months	344	0.0
Annualization of FY 2009 FTE	732	4.0
Working Capital Fund Increase	405	0.0
0.5% Inflation	<u>352</u>	<u>0.0</u>
Subtotal, Adjustments to Pipeline Safety Base	2,089	4.0
FY 2010 Program Increases for Pipeline Safety:		
1. State Pipeline Safety Grants - Funding provided to increase federal funding to States from the current 60% to 70% to help reduce the burden on states that have taken on more statutory requirements and to progress toward the 80% average federal match authorized in the PIPES Act.	6,061	0.0
2. Salaries & Benefits - Funding provided for 9 new FTE (18 new positions) for Inspection/ Enforcement to meet the challenges of Pipeline Safety overseeing a network of more than 2.5 million miles of interstate and intrastate pipelines. Pipeline Safety will continue to improve the ability to investigate safety issues – not just incidents, but the first indication of safety concerns.	1,301	9.0
3. Research & Development - Funded provided for conducting research to support regulatory and enforcement activities and to provide the technical and analytical foundation necessary for planning, evaluating, and implementing the Pipeline Safety Program.	1,062	0.0
4. Integrity Management - Funding provided for engineering support for census standards development, economic analysis, and other related resources for oversight.	885	0.0
5. Administrative Expenses - Funding provided for the administrative cost for additional Inspection/Enforcement staff.	786	0.0
6. Salaries & Benefits - Funding reduced to represent annual cost of 2 attorneys Pipeline Safety will no longer pay due to the realignment of duties.	-236	0.0
7. Information Grants to Communities - Funding not provided in FY 2010.	-1,000	0.0
Subtotal, Pipeline Safety Program Increases/Decreases	<u>8,859</u>	<u>0.0</u>
PIPELINE SAFETY APPROPRIATION, TOTAL	105,239	204.0

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 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
01.00 Balance, start of year	24,597	28,587	29,226
01.90 Adjustment to reconcile to unavailable beginning balance	0	0	0
<hr/>			
01.99 Revised Balance, start of year	24,597	28,587	29,226
Receipts:			
02.60 Pipeline safety user fees (offsetting governmental receipts)	63,138	76,120	87,973
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04.00 Total: Balances and collections	87,735	104,707	117,199
Appropriations:			
05.00 Pipeline safety	(61,657)	(75,481)	(87,334)
06.10 Unobligated balance returned to receipts	2,509	0	0
<hr/>			
07.99 Balance, end of year	28,587	29,226	29,865

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Pipeline Safety

PROGRAM AND FINANCING (in thousands of dollars)

	FY 2008	FY 2009	FY 2010
	Actual	Enacted	Estimate
Obligations by program activity			
0.91 Total direct program	91,505	106,585	105,239
9.01 Reimbursable program	26	0	0
10.00 Total obligations	<u>91,531</u>	<u>106,585</u>	<u>105,239</u>
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	23,882	12,294	0
22.00 New budget authority (gross)	80,424	94,291	105,239
22.10 Resources available from recoveries of prior year obligations	0	0	0
23.90 Total budgetary resources available for obligation	104,306	106,585	105,239
23.95 New obligations	-91,531	-106,585	-105,239
23.98 Unobligated balance expiring or withdrawn	-482	0	0
24.40 Unobligated balance available, end of year	<u>12,294</u>	<u>0</u>	<u>0</u>
New budget authority (gross), detail			
Discretionary			
24.41 Special and trust fund receipts returned to schedule N	2,509	0	0
40.20 Appropriation (special fund)	61,657	76,120	86,973
40.35 Appropriation permanently reduced	0	0	0
41.00 Transferred to other accounts 69-1400	-639	-639	-639
43.00 Appropriation (total)	<u>61,018</u>	<u>75,481</u>	<u>86,334</u>
Discretionary spending authority from offsetting collections:			
68.00 Offsetting collections (cash) (unexpired only)	18,991	18,810	18,905
68.10 Change in uncollected cust paymts fm Fed sources (unexp)	415	0	0
68.90 Spending authority fm offsetting collections (total)	<u>19,406</u>	<u>18,810</u>	<u>18,905</u>
70.00 Total new budget authority (gross)	<u>80,424</u>	<u>94,291</u>	<u>105,239</u>
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Obligated balance: Appropriation	21,317	37,891	56,914
73.10 New obligations	91,531	106,585	105,239
73.20 Total outlays (gross)	-74,181	-87,562	-102,980
73.40 Adjustments in expired accounts (net)	-363	0	0
73.45 Recoveries of prior year obligations	0	0	0
74.00 Chg in Uncollected cust orders fm Fed Sources (unexpired)	-415	0	0
74.10 Chg in Uncollected cust orders fm Fed Sources (expired)	3	0	0
74.40 Obligated balance: Appropriation	<u>37,891</u>	<u>56,914</u>	<u>59,173</u>
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	39,101	55,796	61,209
86.93 Outlays from discretionary balances	35,080	31,766	41,771
87.00 Total outlays (gross)	<u>74,181</u>	<u>87,562</u>	<u>102,980</u>
Offsets:			
<i>Against gross budget authority and outlays</i>			
Offsetting collections (cash) from:			
88.00 Federal sources	19,029	18,810	18,905
88.95 Portion of offsetting collection credited to unexpired accounts	415	0	0
88.96 Portion of offsetting collection credited to expired accounts	-39	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	61,018	75,481	86,334
90.00 Outlays (net)	55,152	68,752	84,075
95.02 Unpaid Obligations, EOY	46,687		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Pipeline Safety

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 69-5172-0-2-407

	FY 2008	FY 2009	FY 2010
Direct Obligations:	Actual	Estimate	Estimate
Personnel Compensation:			
11.1 Full-time permanent	14,645	18,009	19,925
11.9 Total personnel compensation	<u>14,645</u>	<u>18,009</u>	<u>19,925</u>
12.1 Civilian personnel benefits	4,201	4,927	5,075
21.0 Travel and transportation of persons	2,230	3,026	1,037
23.1 GSA Rent	2,784	3,170	3,330
23.3 Communications, util, & misc. charges-WCF	3,375	2,590	3,119
25.1 Advisory & Assistance Service	10,748	16,640	17,725
25.2 Other services	2,247	4,146	1,651
25.3 Other purchases of goods & services from government accounts	3,891	7,690	4,085
25.5 Research and development contracts	12,758	5,784	8,045
31.0 Equipment	963	1,033	718
41.0 Grants	33,663	39,570	40,529
99.0 Subtotal, direct obligations	<u>91,505</u>	<u>106,585</u>	<u>105,239</u>
99.0 Reimbursable obligations	26		
99.9 Total new obligations	91,531	106,585	105,239

EMPLOYMENT SUMMARY

Direct :			
1001 Civilian full-time equivalent employment	147.0	191.0	204.0

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
10 YEAR HISTORY OF BUDGET AUTHORITY**

**PIPELINE SAFETY
(in dollars)**

ESTIMATES	APPROPRIATIONS
1999 32,163,000	1999 30,158,000 1, 2 & 3/
2000 33,939,000	2000 31,202,000 4/
2001 42,874,000	2001 39,468,977 5/
2002 46,286,000	2002 50,187,000 6/
2003 56,385,000	2003 55,837,595 7/
2004 48,336,000	2004 52,678,851 8/
2005 51,073,000	2005 54,040,262 9/
2006 54,165,000	2006 57,429,900 10/
2007 56,925,000	2007 60,065,297 11/
2008 55,770,000	2008 61,018,000
2009 74,481,000	2009 75,481,000 12/
2010 86,334,000	

- 1/ Reflects reductions of \$210,000 for TASC (Sec. 320) and \$32,000 for administrative and travel expenses, P.L. 106-51.
- 2/ Excludes \$150,000 in emergency Y2K funds.
- 3/ Includes \$1,400,000 pipeline safety reserve.
- 4/ Reflects reduction of \$198,000 for TASC (Sec. 319).
- 5/ Reflects 0.22% reduction of \$87,023 (Sec. 1403 of P.L. 106-554).
- 6/ 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).
- 7/ 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)
- 8/ 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)
- 9/ 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)
- 10/ Reflects reduction of \$580,100 for a 1.0% across-the-board cut (Sec. 3801 of Division B of P.L. 109-148)
- 11/ Reflects the funding levels provided by a full-year continuing resolution.
- 12/ Reflects the inclusion of \$1M in General Funds for Information Grants to Communities

Detailed Justification for Pipeline Safety

Pipeline Safety	FY 2010 Request: \$105,239,000
Overview:	
<p>In FY 2010, PHMSA requests a total of \$105,239,000 for Pipeline Safety. Of this amount, \$39,210,000 is for Salary, Benefits and other administrative expenses, which is the program activity supporting PHMSA's pipeline safety program activities, as well as Pipeline Safety's management and administrating operating activities related to staff and programs. The remaining balance, \$66,029,000 is for Contract Programs, Research and Development initiatives, and Grants.</p>	
<p>In partnership with state pipeline agencies, PHMSA oversees the safe, environmentally-sound, and reliable transportation of hazardous liquids and natural gas through a buried network of 2.5 million miles of pipelines, serving over 69 million residential and commercial customers. Pipelines transport and supply over 64% of the fuel used to heat, cool and operate American homes, cars and businesses, including most of the energy that powers other transportation modes.</p>	
<p>Pipeline Safety aims to reduce the number of serious pipeline incidents (those involving death or injury) to no more than 36, and the number of hazardous liquid pipeline spills in high consequence areas to no more than 48. We will continue to enhance our performance measures to better define and focus our efforts to the highest risk.</p>	
<p>The PHMSA pipeline safety program would like to accomplish the following priorities to support its performance:</p>	
<ul style="list-style-type: none">• Collect, analyze, and disseminate data more efficiently<ul style="list-style-type: none">◦ <i>New Performance Evaluation and Accident Investigation Focus</i>• Use data to define risk, costs, and benefits• Align limited resources to highest risks first• Complete all outstanding mandates, and address all recommendations• Deliver on the regulatory agenda• Promote new, more reliable technology by pursuing collaborative R&D agenda• Drive quality improvements in new construction – increased inspection – National workshop• Boost efforts on underground damage prevention efforts – focus on the States• Increase focus on corrosion – new study and workshop on internal corrosion• Strengthen State Partners – financially through enhanced Training, Qualifications and Oversight• Help prepare communities to live safely among pipelines – Emergency Responders, new fuels, land use, etc.• Continue to engage with all stakeholders	

Our budget includes funding for Pipeline Safety personnel compensation and benefits and administrative expenses which includes: travel, training, supplies and equipment, information technology, rent, contracts, the Department's Working Capital Fund, Research and Development (R&D) and Grant Programs. Below is a description of FY 2009 base funding, anticipated FY 2009 accomplishments, and FY 2010 Budget Request for each budgeted pipeline safety program area.

SAFETY and ENVIRONMENTAL STEWARDSHIP

Program Area Descriptions–

1. Risk-Based, Data-Driven Solutions

FY 2009 Base: This funding supports a strong foundation of risk-based information for safety decision making and allocation of resources. It allows PHMSA to address the National Transportation and the Department's Inspector General recommendations that PHMSA improve its collection and use of natural gas incident data and hazardous liquid accident data to perform more sound analysis and evaluation of pipeline operator performance.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- Complete risk models for all pipeline types, review of failure investigations, and analysis of closed safety related condition reports
- Improve risk assessments through new pipeline profiles, new failure investigation forms and improved asset information collection strategies
- Improve organizational oversight through Oversight Process Report and Executive Status Reports
- Develop Gas Distribution integrity management implementation tools.
- Publish a Notice of Proposed Rulemaking entitled "Pipeline Safety: Updates to Pipeline and Liquefied Natural Gas Reporting Requirements (LNG)." The goal of this rulemaking is to improve both the data and the analysis PHMSA relies on to make critical, safety-related decisions, and will facilitate PHMSA's allocation of inspection and other resources based on a more accurate accounting of risk.
- Publish a Notice of Proposed Rulemaking (NPRM) to establish a requirement for electronic reporting of all PHMSA required incident and accident reports, operator annual reports, and safety related condition reports. The proposed rulemaking would create new incident and annual reports for LNG plant or facility operators, establish a volumetric basis for natural gas incident reporting, seek improved information on natural gas transmission and hazardous liquid pipeline operator annual reports, and require operators to register in a National Registry of Pipeline and LNG Operators, providing current contact information and broad information about company assets. This NPRM will further our ability to track changes in operator assets, improve our ability to track compliance, and with electronic reporting, improve data timeliness and quality.

- Complete recommendations and procedures to migrate the National Pipeline Mapping System to a linear reference system model, allowing PHMSA to perform historical tracking on pipelines. The user will be able to click on a pipeline on a map and see who operated it over a specified number of years, the associated inspection records, and incidents or accidents which occurred.

FY 2010 Budget Request: PHMSA is requesting \$3.4 million to continue Administration priorities, such as improved data quality and collection, incident reporting including accident cause and consequences, and maintaining the integration of the National Pipeline Mapping System with geospatial capability and improved state-by-state pipeline inventory. This will help communities understand where pipelines are located, who owns and operates them, and what other information is available for community planning. PHMSA expects to have data on more than 836 operators in the NPMS, totaling more than 503,979 miles of pipe. This funding will also be used to support PHMSA's multimodal hazmat intelligence portal and will support the requirement for electronic reporting of all PHMSA required incident and accident reports, operator annual reports, and safety related condition reports.

2. Integrity Management

FY 2009 Base: This funding is devoted to substantial inspection resources to ensure safety, prevent dangerous overuse of aging infrastructure, and take appropriate actions to protect communities.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- PHMSA expects to close three National Transportation Safety Board recommendations, two Office of Inspector General recommendations, and one Government Accountability Office recommendation.
- Publish a Final Rule entitled "Pipeline Safety: Integrity Management Program for Gas Distribution Pipelines." This rule would amend the Federal Pipeline Safety Regulations to require operators of gas distribution pipelines to develop and implement integrity management programs.
- Continue inspecting hazardous liquid and natural gas transmission operators, ensuring they aggressively inspect and repair their pipelines, including PHMSA utilizing expert contract assistance for construction and repair. This expert knowledge is essential for investigating unusual accidents, ensuring correct performance of remedial work, and observing new construction, all of which are extremely labor intensive and involve highly technical activities.
- Continue to prioritize inspections of new construction of Special Permit high pressure pipelines.
- Provide basic and advanced training to federal and State inspectors, particularly supporting gas transmission and distribution integrity management, and continue increasing the use of distance learning technologies.
- Continue improving guidance for performing guided wave inspections of casings addressing concerns of pipelines which can not use in-line inspection technology,

pressure testing, or direct assessment.

- Develop frequently asked questions (FAQs), training, and websites in support of the Distribution Integrity Management Program and state pipeline safety programs.
- Continue to explore opportunities to capture better quality and meaningful data to allow more efficient and focused inspections based on relative risk.
- Provide funding to the Common Ground Alliance (CGA) and its efforts to support 811, regional CGAs and development of recommended practices to improve all phases of the One Call process.
- Develop enforcement policies and procedures that apply through the entire enforcement process that defines roles, responsibilities and steps to ensure tough, fair, and consistent application of enforcement actions.
- Continue with strong and active enforcement that resulted in a record \$8.8 million proposed penalties in calendar year 2008.
- Complete the correction of electronic enforcement records and data back to the year 2000 to lay the groundwork for developing meaningful enforcement performance metrics.

FY 2010 Budget Request: PHMSA is requesting \$9.3 million to continue Administration priorities. A funding increase of \$2.0 million for Salaries and Benefits and other Administrative Expenses for 18 additional inspection and enforcement positions (9 FTEs) to continue to improve our ability to investigate safety issues – not just incidents, but the first indication of safety concerns. The additional positions will meet the PIPES Act of 2006 target of 135 for FY 2010. It is a priority for us to put more resources into investigations, preparing all our inspection and enforcement staff to understand the concept of root cause of pipeline failures and revamping our inspection and enforcement efforts to be even more effective. Several of these positions will be utilized to review pipeline design proposals, develop Special Permits, and coordinate with other federal agencies and State agencies in their development of environmental impact statements.

In addition, a funding increase of \$885K will be used for engineering in support of consensus standards development, economic analysis, and other related resources for oversight.

PHMSA uses integrity management as the primary strategy for integrating protection of infrastructure and people, placing the responsibility on operators to systematically identify and assess risks on their systems, develop and implement plans and procedures to control risks, deploy attention and resources against the greatest risks (worst risk first), and evaluate the effectiveness of risk control over time. PHMSA will continue its critical oversight to ensure the adequacy of operators' integrity management programs, as well as their compliance with safety regulations. PHMSA will also continue its work with the Department of Homeland Security's Transportation Security Administration to address all of the mandates of the 9/11 Commission Act, including security inspection of the top 100 critical pipeline facilities.

- PHMSA expects to close nine National Transportation Safety Board recommendations, one Office of Inspector General recommendation, and two

Government Accountability Office recommendations.

- Distribution Integrity Management Program (DIMP) – With the final DIMP rule, PHMSA expects to expand its integrity management program protections to people living in urban and suburban areas along the Nation’s 1.9 million miles of distribution pipelines, where up to 75% of the Human consequences from all pipeline failures occur.
- With implementation of the DIMP regulation, PHMSA will for the first time require operators to install excess flow valves in newly constructed, single family dwellings per the 2006 PIPES Act requirement. Excess flow valves can prevent explosions in certain cases.
- Control Room Management – PHMSA expects to regulate, with some exclusions, 2,702 system operators under this new rule.
- PHMSA projects that its pipeline safety inspectors will perform 1000 inspection and enforcement functions to help improve system safety.
- PHMSA expects to amend its regulations for the safe use of plastic (Polyamide-11) pipelines in hazardous materials transportation.
- Maximum Allowable Operating Pressure (MAOP) – PHMSA expects to ease supply constraints by permitting four operators to increase pipeline operating pressure enough to boost capacity by as much as 10 percent.

3. Compliance, Inspection and Enforcement

FY 2009 Base: This funding provides grants to support State pipeline safety grants’ program, State one call grants, and effective statewide damage prevention programs that address all nine elements outlined in the PIPES Act. Currently, our most important safety strategy is reducing construction related damage in distribution systems. Three-fourths of all human consequences from pipeline failures occur in these State-regulated distribution systems with 60 percent of these failures caused by excavation damage.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- Support an average 60% of State program costs and continue the progress toward the 80 percent average federal funding match authorized in the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006 (PIPES Act).
- Enhance the PHMSA state program evaluation process to include integrity management and other PIPES Act requirements.
- ***FY 2010 Budget Request:*** PHMSA is requesting \$39.3 million, an increase of \$6.0 million or 18% over FY 2009. This funding increase will support an average 70% of state program costs and will continue progress toward funding up to 80% of States costs for their pipeline safety programs as authorized in the PIPES Act. The increased funding is important for improving state damage prevention programs and for the implementation of the Distribution Integrity Management rule since gas distribution lines are almost exclusively under State jurisdiction.

4. Emergency Preparedness

FY 2009 Base: This funding is to make sure PHMSA has the resources to respond rapidly to natural disasters, increased demand, aging infrastructure, pressure reduction and integrity management pipeline repairs so that the transportation of our Nation's energy supply is not interrupted by capacity restrictions. PHMSA also uses this funding to support critical communications through the U.S. Coast Guard's National Response Center (NRC)—the single federal reporting facility for oil, hazardous chemical, radiological, and pipeline incidents. Of the \$1.1 million of funding, \$530,000 has been committed to date.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- Partner with the National Association of State Fire Marshals to expand "Pipeline Emergencies 101," an existing awareness training program for first responders, and include new content for addressing ethanol challenges. Additionally, deliver the following: Train-the-trainer, a course preparing experienced emergency response training instructors to deliver the Pipeline Emergencies curriculum to other emergency responders, training manuals, and online training.
- Conduct field and table-top exercises to strengthen operator readiness to respond to oil spills from pipelines, conduct assessments and remediation of pipeline conditions which led to spills, review and approve as needed operator spill response plans, and provide maintenance of access to information on the location of unusually sensitive areas.

FY 2010 Budget Request: PHMSA's FY 2010 budget request is \$1.1 million. This funding will allow PHMSA to continue Administration priorities, such as monitoring spills and clean-up efforts, supporting improved communications and tools to train emergency responders, and maintaining access to information on the location of environmentally sensitive areas including drinking water and other ecological resource areas. PHMSA expects to conduct and participate in up to 4 field and tabletop exercises to strengthen readiness response and respond to online queries from the National Response Center for approximately 1500 pipeline incidents. PHMSA will also continue its support to the National Association of State Fire Marshals.

5. Training, Competency Standards and Qualifications

FY 2009 Base: This funding is used to contract for experts to train approximately 400 State and 100 federal inspectors who routinely monitor the Nation's 3,000 pipeline operators and 2.5 million miles of pipelines. PHMSA also uses the funding to support the agency's response to approximately 7,000 requests annually for copies of pipeline safety regulations, guidance documents, manuals, diskettes, videos, and other materials.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- Provide 88 training sessions for Federal and State inspectors to include web-based courses, webinars and concentrated classes in root cause/incident investigation.
- Participate in construction activities, field tests, and installation of pipe and its components.
- Establish the PHMSA Plastic Pipe *Ad Hoc* Committee (PPAHC) to address plastic pipe and related appurtenance issues.
- Expand staffing level to provide increased training resources to prepare Federal and state personnel to perform inspection and enforcement oversight functions, including system-specific risk assessments.

FY 2010 Budget Request: The FY 2010 budget request is \$1.5 million and will allow PHMSA to maintain priorities, such as communications and training tools to address Federal and state inspectors' needs to oversee implementation of distribution integrity management programs, as well as their needs in oversight of alternative fuels and other new or emerging technologies. PHMSA expects to conduct 26 State-hosted seminars, providing information on current and future regulatory updates to comply with minimum safety regulations and 30 classes for 500 Federal and state inspectors to make sure they are trained and qualified to conduct pipeline safety inspection and enforcement functions.

6. Community Awareness and Protection

FY 2009 Base: This funding is used to support the CATS program, a regional program designed to meet the growing demand for enhanced stakeholder communications, to support damage prevention efforts, and to help facilitate permitting processes related to pipeline safety.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- Complete the development of the Damage Prevention Assistance Program (DPAP) guide to assist states in improving their damage prevention programs.
- Complete the Pipeline and Informed Planning Alliance (PIPA) Final Report and its recommended practices. These practices when used improve communications between developers, municipal planners and pipeline operators, and provide a toolkit for municipal planners to evaluate new development along pipeline rights-of-way.
- Develop a communication plan for educating all stakeholders on the need for improved planning practices along pipeline rights-of-ways.
- Select and fund the CY 2009 State Damage Prevention Grants, and issue a solicitation for CY 2010 State Damage Prevention Grants.
- Publish a Federal Register notice of the evaluation criteria for the Technical

Assistance Grants, aka Information Grants to Communities. Also, issue a solicitation and select and fund these grants.

- Recruit communities to apply for one of three demonstration grants under the Technical Assistance Grants Program.
- Provide coordination of Community Assistance and Technical Services (CATS) and their outreach efforts related to public awareness and damage prevention.
- Work with numerous standards development organizations to revise and update recommended practices.

FY 2010 Budget Request: The FY 2010 budget request is \$4.4 million and will allow PHMSA to continue Administration priorities, such as development of practices to improve communications between developers, municipal planners and pipeline operators, and provide a toolkit for municipal planners to evaluate new development along pipeline rights-of-way. Additionally, PHMSA expects to make damage prevention grant awards of up to \$100,000 per grant to up to 15 states.

7. Alternative Fuels

FY 2009 Base: To maintain the level of safety and reliability PHMSA will continue funding scientific material studies on the short and long term effects of using the pipeline infrastructure to transport new alternative fuels. These studies must include maintaining and monitoring the system to include the production facilities, transmission and distribution systems along with pumping and storage.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- Grant new research awards from a solicitation issued in late FY 2008. These research awards will address a variety of pipeline integrity issues with ethanol, biodiesel, biogas and hydrogen.
- Participate on panels and boards to coordinate Federal strategy, including most notably assisting the DOT Deputy Secretary in his capacity as a member of the Biomass Research and Development Board, a multi-federal agency effort.
- Meet frequently with the Environmental Protection Agency and the Departments of Agriculture and Energy to coordinate efforts and share and disseminate information.

FY 2010 Budget Request: PHMSA is requesting \$101K to continue efforts to assess risks posed by the transport of new fuels and energy sources such as ethanol and hydrogen in pipelines. PHMSA expects to grant new research awards to address pipeline integrity issues with ethanol, biodiesel, biogas and hydrogen; participate on panels and boards to coordinate Federal strategy; and work with the Environmental Protection Agency and the Departments of Agriculture and Energy to coordinate efforts and share and disseminate information.

8. Research and Development (R&D)

FY 2009 Base: PHMSA focuses on conducting research to support regulatory and enforcement activities and to provide the technical and analytical foundation necessary for planning, evaluating, and implementing the pipeline safety program. PHMSA's pipeline safety's R&D efforts intend to address gaps in technology, standards, and or general knowledge in support of pending Distribution Integrity Management Regulations, CO2, and Alaska Gas expansion.

Anticipated FY 2009 Accomplishments:

PHMSA expects to:

- Fund \$3 million in new research addressing a variety of pipeline integrity issues with ethanol, biodiesel, biogas and hydrogen. The physical properties of biofuels and alternative fuels are in significant review by PHMSA on how they affect the integrity of pipeline steels and multiple other pipeline components.
- Conduct our fourth structured RD&T Project Peer Reviews for compliance with Office of Management and Budget's "Final Information Quality Bulletin for Peer Review" of influential scientific information.
- Conduct the next Government/Industry Pipeline RD&T Forum to further address technical gaps and challenges for our Nation's hazardous liquid and natural gas pipelines.
- Participate in the Small Business Innovation Research program by sponsoring topics for innovative safety and reliability. This participation aims to develop innovative nondestructive evaluation technology to measure the severity of pipeline damage.
- Issue a Request for Proposals to address research gaps identified in the RD&T Forum.

FY 2010 Budget Request: PHMSA is requesting \$6.9 million to allow PHMSA to focus on conducting research to support regulatory and enforcement activities and to provide the technical and analytical foundation necessary for planning, evaluating, and implementing the pipeline safety program. PHMSA is sponsoring research and development projects focused on providing near-term solutions that will increase the safety, cleanliness, and reliability of the Nation's pipeline system.

Pipeline Safety's R&D efforts intend to address gaps in technology, standards, and or general knowledge in support of pending Alaska Gas expansion, Distribution Integrity Management Regulations, and transport of CO2 by pipelines.

- **Alaska Gas Expansion:** With the renewed focus on energy resources available to the lower 48 states from Alaska's Arctic regions several areas are of concern. Three of the higher priority items involve high strength steels. The top three are: effects of welding thinner walls, Quality Control issues related to newer automated welding tools with misalignment tolerances and cold weather effects on the science

of fracture mechanics. Other Alaska Gas Expansion issues include the effects of pipe buried in permafrost.

- Distribution Integrity Management: The Distribution Integrity Management Regulations will be implemented in the near future. The R&D Program is anticipating that similar collaborated issues will need to be addressed like the gaps identified by PHMSA's Partners with the implementation of the Transmission Integrity Management Program. PHMSA anticipates coordination with industry partners, standards development organizations, and other Federal and state agencies will be required. The PHMSA Pipeline Safety R&D Program will focus distribution system related research and development efforts to address short term solutions necessary to reduce or eliminate specific gaps.
- Carbon Dioxide (CO₂) pipelines: Over the past decades, innovations have played a crucial role in moving advanced emission control technologies from concept to commercial reality. CO₂, the 19th largest commodity chemical in the United States, is routinely separated and captured as a by-product from industrial processes such as synthetic ammonia production, H₂ production, and limestone calcinations. After the technological barriers and financial issues are removed for the sequestration process of CO₂ gas, pipelines are expected to transport CO₂. To maintain the record of pipeline safety for CO₂, PHMSA expects to lead a collaborative research effort with other Federal Agencies and industry partners through expanded R&D initiatives on meeting pending gaps and challenges.

Summary of FY 2010 Budget Request:

PHMSA is requesting \$105,239,000 for Pipeline Safety in FY 2010, which is \$11.9 million or 12.8% above the FY 2009 Level. PHMSA aims to continue implementation of the pipeline safety agenda enacted by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006 (PIPES Act), Public Law 109-468—reducing the funding burden on our state partners, improving our inspections and investigations of incidents, investing in targeted R&D, and improving the ability of emergency responders to protect communities. We expect to continue the long-term trend in reducing the number of serious pipeline incidents involving death or injury and reverse the upward trend in hazardous liquid spills in high consequence areas.

Additionally, PHMSA will be able to continue increased funding for pipeline safety State programs as authorized by the PIPES Act of 2006, to fund up to 80% of States' costs as they work to implement increased mandates. The funding will allow PHMSA to fund approximately 70% of state pipeline safety program costs. We will work with our State partners and others to extend the integrity management program to gas distribution pipeline systems where 80% of the most serious safety incidents occur.

With the requested funding, PHMSA expects to add 18 additional inspection and enforcement positions (9 FTEs) to continue to improve our ability to investigate safety issues – not just incidents, but the first indication of safety concerns. The additional positions will meet the PIPES Act of 2006 target of 135 for FY 2010.

Performance Goals Supported:

- Safety – Number of serious pipeline incidents (involving death or injury).
- Environmental Stewardship – Number of hazardous liquid pipeline spills in high consequence areas.

Justification/ Relationship to Performance Goal:

In FY 2010 PHMSA will continue to oversee the safety and environmental protection of pipelines through analysis of data, damage prevention, inspections, education and training, enforcement of regulations and standard research and development, grants for States' pipeline safety program, and emergency planning for response to accidents.

Over the past twenty years, we have successfully reduced the number of pipeline incidents involving death or injury by about 10% every 3 years, effectively cutting the risk by about half since the end of the 1980s. We achieved these gains with ambitious programs like integrity management and operator qualification, with a moderate increase in budget resources, and strong growth in State pipeline safety programs. We are now facing a pipeline construction boom, and new technologies add complexity to our safety reviews, and significant changes in the energy products moved across the United States.

Construction of the proposed Alaska gas pipeline will present significant oversight challenges. As we prepare to implement integrity management for distribution pipeline systems, over-taxed state programs cannot absorb any more program increases without more federal support. All of these increased risks may challenge our ability to maintain safety.

The PHMSA budget for pipeline safety is aimed at continuing to advance safety and reduce risk as exposure and complexity increases. This is the essence of the PIPES Act of 2006 that we are implementing—reducing the burden on our state partners, improving our inspections and investigations of incidents, investing in targeted R&D, and improving the ability of emergency responders to protect communities. At this budget level, we would expect to continue the long-term trend in reducing the number of incidents involving death or injury, while continuing to reduce the risk of low-probability high-consequence incidents that occur more infrequently but can have catastrophic consequences.

Explanation of Funding Changes for Salaries and Expenses

	FY 2009 to FY 2010 base change: \$10,948,000
Overview:	
<p>The PHMSA Pipeline Safety FY 2010 budget request includes a number of base adjustments necessary to sustain its workforce and current operations. Explanations of these changes are listed below.</p>	
Annualization of FY 2009 Comparability Pay Increase (\$256,000)	
<p>This total represents the annualization of FY 2009 pay raise and positions.</p>	
FY 2010 Comparability Pay Increase (\$344,000)	
<p>This total represents the proposed pay raise effective January 2010.</p>	
Rent Adjustment (\$92,000)	
<p>This total represents the proposed adjustment to Pipeline Safety's share of PHMSA wide rent to better align budget with actual cost.</p>	
Working Capital Fund Adjustment (\$501,000)	
<p>This total represents the proposed adjustment to Pipeline Safety's share of DOT-wide services provided through Working Capital Fund to better align budget with actual cost.</p>	
Annualization of 8 FY 2009 Positions (\$732,000)	
<p>This total represents the proposed increase for personnel compensation and benefits and administrative expenses associated with the addition of 8 positions in FY 2009 (4 FTE in each FY 2009 and FY 2010).</p>	
Internal Base Changes (\$9,023,000)	
<p>This total includes various changes related to PHMSA Pipeline Safety programs. This figure represents the net of those changes due to an increase in FY 2010 funding.</p>	

PERFORMANCE OVERVIEW – Pipeline Safety

Annual Performance Results and Targets

The Pipeline and Hazardous Materials Safety Administration (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:

Strategic Goal/Performance Goal: Safety

Number of serious incidents for natural gas hazardous liquid pipelines	2005	2006	2007	2008	2009	2010
Target	N/A	43	42	40	38	36
Actual	41	35	47	43	42*	

* Projected

Our analyses of the data reveal the following:

- (1) Failures in gas distribution pipelines continue as a primary source of significant incidents. The gas transmission industry and the hazardous liquid pipeline industries contribute 10-15% of the significant incidents.
- (2) Analyses of significant hazardous liquid accidents reveal incorrect operations to be a major contributor. PHMSA expects to revise and even bolster its Operator Qualification inspection program to reduce accidents due to incorrect operations, focusing our efforts on refined petroleum products and highly volatile liquids pipelines.
- (3) Third-party damage causes pipelines to fail abruptly, thereby resulting in deaths and injuries. PHMSA is increasing its focus on third party damage prevention through support to initiatives such as “Call Before You Dig” and the “811” Campaign.
- (4) The proposed distribution integrity management regulation is expected to decrease serious incidents within six months to one year after it is enacted.

Strategic Goal/Performance Goal: Environment

Number of hazardous liquid pipeline spills in high consequence areas	2005	2006	2007	2008	2009	2010
Target	N/A	52	51	50	49	48
Actual	55	46	50	65	55*	

* Projected

PHMSA has analyzed its data and has arrived at the following conclusions:

- 1) The 2008-numerical target was missed because we had more spills from small diameter pipelines which in most cases cannot be inspected internally by diagnostic tools.
- 2) The spills were mostly small and did not have the opportunity to degrade the environment.

- 3) Our analysis identified the locations where small spills predominantly originate. PHMSA is developing solutions to prevent small spills through more focused inspections.

Program and Performance Statement

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. The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for the review, approval and testing of these plans, and for ensuring that the public and the environment are provided with an adequate level of protection from such spills. PHMSA does this through data analysis, spill monitoring, pipeline mapping, environmental indexing, and advanced technologies to detect and prevent leaks.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

OIL SPILL LIABILITY TRUST FUND

FUNDS ALLOCATION

	FY 2008	FY 2009	FY 2010
	<u>Enacted</u>	<u>Enacted</u>	<u>Request</u>
Salary & Benefits and Administrative Expenses	\$1,219,000	\$2,100,000	\$1,852,000
Risk-Based Data Driven Solutions			
Information and Analysis	750,000	980,000	\$980,000
Mapping and Information Systems	275,000	631,000	\$631,000
Haz Mat Intermodal Portal	0	0	\$0
Subtotal	1,025,000	1,611,000	1,611,000
Integrity Management			
Pipeline Integrity Management	3,509,000	3,950,000	3,950,000
Permitting	710,000	726,000	726,000
Subtotal	4,219,000	4,676,000	4,676,000
Compliance Inspection & Enforcement			
Compliance	100,000	206,000	206,000
State Pipeline Base Grants	2,380,590	4,995,000	4,995,000
State One-call Grants	0	0	0
Subtotal	2,480,590	5,201,000	5,201,000
Emergency Preparedness			
Emergency Notification	0	0	0
Implementing the Oil Pollution Act	2,213,000	662,000	1,005,000
Subtotal	2,213,000	662,000	1,005,000
Training, Competency Standards & Quals			
Training and Information Dissemination	513,000	890,000	890,000
Emergency Response Grants	0	0	0
Subtotal	513,000	890,000	890,000
Community Awareness & Protection			
Community Assist & Tech Services	1,288,240	1,485,000	1,485,000
State Damage Prevention Grants	0	0	0
Subtotal	1,288,240	1,485,000	1,485,000
Research & Development			
Enhanced Ops	545,000	555,000	555,000
Damage Prevention	927,170	1,080,000	1,080,000
Improved Material Perf	420,000	550,000	550,000
Tech Development Grants	0	0	0
Subtotal	1,892,170	2,185,000	2,185,000
Total Trust Fund Share	14,850,000	18,810,000	18,905,000

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Trust Fund Share of Pipeline Safety

PROGRAM AND FINANCING (in thousands of dollars)

	FY 2008	FY 2009	FY 2010
	Actual	Estimate	Estimate
Obligations by program activity			
0.91 Total direct program	18,810	18,810	18,905
9.01 Reimbursable program	0	0	0
10.00 Total obligations (Object Class 94.0)	<u>18,810</u>	<u>18,810</u>	<u>18,905</u>
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	0	0	0
22.00 New budget authority (gross)	18,810	18,810	18,905
22.10 Resources available from recoveries of prior year obligations	0	0	0
23.90 Total budgetary resources available for obligation	18,810	18,810	18,905
23.95 New obligations	-18,810	-18,810	-18,905
24.40 Unobligated balance available, end of year	<u>0</u>	<u>0</u>	<u>0</u>
New budget authority (gross), detail			
Discretionary			
40.26 Appropriation (definite)	18,810	18,810	18,905
40.35 Appropriation permanently reduced	0	0	0
41.00 Transferred to other accounts xx-xxxx	0		
42.00 Transferred from other accounts xx-xxxx	0	0	0
43.00 Appropriation (total)	<u>18,810</u>	<u>18,810</u>	<u>18,905</u>
70.00 Total new budget authority (gross)	18,810	18,810	18,905
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Obligated balance: Appropriation	8,383	8,769	12,023
73.10 New obligations	18,810	18,810	18,905
73.20 Total outlays (gross)	-18,424	-15,556	-18,129
74.40 Obligated balance: Appropriation	<u>8,769</u>	<u>12,023</u>	<u>12,799</u>
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	18,424	9,217	9,263
86.93 Outlays from discretionary balances	0	6,339	8,865
87.00 Total outlays (gross)	<u>18,424</u>	<u>15,556</u>	<u>18,129</u>
Net budget authority and outlays			
89.00 Budget authority (net)	18,810	18,810	18,905
90.00 Outlays (net)	18,424	15,556	18,129
95.02 Unpaid Obligations, EOY	0		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Trust Fund Share of Pipeline Safety

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 69-8121-0-7-407

	FY 2008	FY 2009	FY 2010
	Actual	Estimate	Estimate
Direct Obligations:			
94.0 Financial Transfers	<u>18,810</u>	<u>18,810</u>	<u>18,905</u>
99.9 Total obligations*	18,810	18,810	18,905

* These funds are obligated through and expenditure transfer to the Pipeline Safety appropriation.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

10 YEAR HISTORY OF BUDGET AUTHORITY

**TRUST FUND SHARE OF PIPELINE SAFETY
(Oil Spill Liability Trust Fund)
(in dollars)**

ESTIMATES	APPROPRIATIONS
1999 3,300,000	1999 4,248,000
2000 4,248,000	2000 5,479,000
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	

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 Explanation for Oil Spill Liability Trust Fund

Overview:

The following categories describe recent PHMSA activities that directly relate to preventing and mitigating the effects of oil spills into water and environmentally sensitive areas:

Salary & Benefits and Administrative Expenses: PHMSA Headquarters and regional staff and related administrative costs directly related to addressing environmental policy, regulatory development, inspections, including accident investigations and pipeline construction, and exercises for hazardous liquid pipelines.

Risk-Based Data Driven Solutions:

Information and Analysis - Contract support for incident reporting, data collection and analysis activities and software support for hazardous liquid pipelines. Activities related to identifying accident cause and consequences, and evaluating and acting on environmental impacts, particularly those related to protecting drinking water resources. Projects include support for IT consolidation and routine regulatory activities, including economic and paperwork reduction analysis.

Mapping and Information Systems - Collecting and digitizing more accurate liquid pipeline location information as it becomes available, to be used in conjunction with data on population, drinking water intakes, and terrain needed to set priorities for prevention and response actions and maintenance of national pipeline mapping system.

Integrity Management:

Pipeline Integrity Management - Contract support for systematically identifying hazardous liquid risks and comparing relative likelihood and consequences, and reviewing liquid operators' integrity management plans. This includes field engineering and technical support for monitoring hazardous liquid pipeline spills and remediation. Services of qualified and unbiased Subject Matter Experts (SME's) for pipeline incident evaluations, to determine the root cause and contributing factors; and for pipeline inspections, to verify that pipeline construction and repair practices comply with project specifications and requirements.

Compliance Inspection & Enforcement:

Pipeline Safety Grants - Funding for State pipeline safety agencies program activities for oversight of intrastate hazardous liquid pipelines and some interstate pipelines, including operation and maintenance, construction and repairs and damage prevention.

Emergency Preparedness:

Implementing the Oil Pollution Act – Providing field and tabletop exercises 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.

Training, Competency Standards & Qualifications:

Training & Information Dissemination - Classes and seminars for Federal and State inspectors to address hazardous liquid risks and system integrity. Computer based training to update safety evaluations of hazardous liquid pipeline systems.

Community Awareness and Protection:

Community Assistance and Technical Services - Contract support to facilitate clear communication among all pipeline stakeholders including educating first responders, enhanced communications to support IMP and damage prevention awareness.

Research & Development:

Damage Prevention and Leak Detection - Research focusing on improved monitoring for encroachment, unauthorized excavation and pipeline damage to hazardous liquid pipelines; developing new technologies to reveal defects in unpiggable pipelines; 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).

Enhanced Operations, Controls & Monitoring - Research to improve an operator's ability to identify and eliminate pipeline defects: better corrosion detection technology and direct assessment techniques on hazardous liquid lines before a release occurs.

Improved Material Performance - Research focusing on improved pipeline materials to better withstand construction-related damage, corrosion and cracking; better welding techniques; and improved models for corrosion assessment and pipe strength for better identification of pipeline segments having a higher risk of failure.

**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, [2010] *2011*:

Provided, That not more than \$28,318,000 shall be made available for obligation in fiscal year [2009] *2010* from amounts made available by 49 U.S.C. 5116(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 her designee. (*Department of Transportation Appropriations Act, 2009.*)

Program and Performance Statement

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, development of a training curriculum for emergency responders, and technical assistance to States, political subdivisions, and Indian tribes; publication and distribution of the Emergency Response guidebook; and costs for staff to administer the program.

EXHIBIT III-1

EMERGENCY PREPAREDNESS GRANTS

**APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(000's)**

	<u>FY 2008 Actual</u>	<u>FY 2009 Enacted</u>	<u>FY 2010 Request</u>	<u>FY 09 to 10 Change</u>
Grants	23,113	21,800	21,800	0
Technical Assistance	0	150	150	0
Administrative Expenses	428	555	555	0
Curriculum Development	0	188	188	0
ER Guidebook	1,125	625	625	0
Supplemental Training Grants	1,000	1,000	1,000	0
Competitive Training Grants	<u>1,500</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Total, Emergency Preparedness	27,166	28,318	28,318	0

EXHIBIT III-2

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

EMERGENCY PREPAREDNESS GRANTS

SUMMARY ANALYSIS OF CHANGE FROM FY 2009 TO FY 2010

Appropriations, Obligation Limitations and Exempt Obligations

APPROPRIATION

	Dollars in <u>thousands</u>	<u>FTE</u>
EMERGENCY PREPAREDNESS GRANTS		
FY 2009 Enacted	28,318	0.0
FY 2010 Adjustments to Emergency Grants Base:		
Subtotal, Emergency Preparedness Grants	<u>0</u>	<u>0.0</u>
EMERGENCY PREPAREDNESS GRANTS, TOTAL	28,318	0.0

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 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
01.99 Balance, start of year	25,219	15,426	2,108
Adjustments			
01.99 Revised balance, start of year	25,219	15,426	2,108
Receipts:			
02.20 Emergency preparedness fund (offsetting proprietary receipts)	13,398	15,000	27,102
04.00 Total: Balances and collections	38,617	30,426	29,210
Appropriations:			
05.00 Emergency preparedness grants	(27,166)	(28,318)	(28,318)
Adjustments	3,975	0	0
07.99 Balance, end of year	15,426	2,108	892

DEPARTMENT OF TRANSPORTATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Emergency Preparedness Grants

PROGRAM AND FINANCING (in thousands of dollars)

	FY 2008	FY 2009	FY 2010
	Actual	Estimate	Estimate
Obligations by program activity			
0.01 Grants	21,113	23,800	23,800
0.02 Technical Assistance	0	150	150
0.03 Administrative expenses	428	555	555
0.04 Curriculum development (appropriated BA)	0	188	188
0.05 ER guidebook	625	2,125	2,125
0.06 Supplemental training grants	5,000	1,000	1,000
0.07 Grants and Cooperative Agreements	0	500	500
10.00 Total obligations	27,166	28,318	28,318
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	0	0	0
22.00 New budget authority (gross)	27,169	28,318	28,318
22.10 Resources available from recoveries of prior year obligations	3,975	0	0
23.90 Total budgetary resources available for obligation	31,144	28,318	28,318
23.95 New obligations	-27,166	-28,318	-28,318
23.98 Unobligated balance expiring or withdrawn	-3,978	0	0
24.40 Unobligated balance available, end of year	0	0	0
New budget authority (gross), detail			
Discretionary			
40.20 Appropriation (special fund)	188	188	188
40.37 Appropriation temporarily reduced	0	0	0
43.00 Appropriation (total discretionary)	188	188	188
Mandatory			
60.20 Appropriation (special fund)	13,397	28,130	28,130
60.28 Appropriation (previously unavailable)	13,580		
60.45 Portion reduced from obligations (-)	0	0	0
62.50 Appropriation (total mandatory)	26,978	28,130	28,130
Discretionary spending authority from offsetting collections:			
68.00 Offsetting collections (cash) (unexpired only)	3	0	0
68.10 Change in uncollected cust paymts fm Fed sources (unexp)	0	0	0
68.90 Spending authority fm offsetting collections (total)	3	0	0
70.00 Total new budget authority (gross)	27,169	28,318	28,318
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Obligated balance: Appropriation	22,534	33,987	31,053
73.10 New obligations	27,166	28,318	28,318
73.20 Total outlays (gross)	-11,737	-31,252	-33,805
73.45 Recoveries of prior year obligations	-3,975	0	0
74.40 Obligated balance: Appropriation	33,987	31,053	25,566
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	0	10,290	10,290
Outlays from new discretionary balances	0	188	188
86.93 Outlays from mandatory balances	11,737	20,774	23,327
87.00 Total outlays (gross)	11,737	31,252	33,805
Offsets:			
Against gross budget authority and outlays			
Offsetting collections (cash) from:			
88.00 Federal sources	3	0	0
88.95 Portion of offsetting collection credited to unexpired accounts	0	0	0
88.96 Portion of offsetting collection credited to expired accounts	0	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	27,166	28,318	28,318
90.00 Outlays (net)	11,734	31,252	33,805
95.02 Unpaid Obligations, EOY	33,987		

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Emergency Preparedness Grants

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 69-5282-0-2-407

	FY 2008	FY 2009	FY 2010
Direct Obligations:	Actual	Estimate	Estimate
Personnel Compensation:			
41.0 Grants, subsidies, and contributions	27,166	26,800	26,800
99.5 Below reporting threshold	0	1,518	1,518
	<hr/>		
99.9 Total new obligations	27,166	28,318	28,318

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
10 YEAR HISTORY OF BUDGET AUTHORITY**

EMERGENCY PREPAREDNESS GRANTS

		(Discretionary) (in dollars)		
ESTIMATES			APPROPRIATIONS	
1999	200,000		1999	200,000
2000	200,000		2000	200,000
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			

- 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.

EMERGENCY PREPAREDNESS GRANTS (Appropriation Limitation)
(in dollars)

ESTIMATES		APPROPRIATIONS	
1999	0	1999	11,200,000
2000	0	2000	200,000
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		

- 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

Detailed Justification for Emergency Preparedness Grants

Emergency Preparedness Grants	FY 2010 Request: \$28,318,000
<p>Overview:</p> <p>In FY 2010, PHMSA requests a total of \$28,318,000 for Emergency Preparedness Grants. Of this amount, \$26,800,000 is for planning and training grants to state, territories and tribes, competitive training grants and supplemental private sector grants. The remaining balance, \$1,518,000, is composed of: \$625,000 for the publication of the Emergency Guide Book, \$555,000 for personnel compensation and administrative expenses, \$188,000 for curriculum guidance and \$150,000 for technical assistance to states.</p> <p>The Hazardous Materials Emergency Preparedness (HMEP) grant 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.</p> <p>Office of Hazardous Materials Safety awards about 70 grants each year to States, Territories and tribes through the Hazardous Materials Emergency Preparedness (HMEP) grant program.</p>	
<p>FY 2009 Base:</p> <p>Includes funding for personnel compensation and benefits; grant programs; publication and distribution of the Emergency Response Guidebook; technical assistance to states; curriculum guidance; and administrative expenses.</p> <p><i>Grants Programs:</i></p> <p style="padding-left: 40px;"><i>Planning and Training Grants to States, Territories and Tribes</i> – Training grants are to be used for training public sector employees to respond safely and efficiently to accidents and incidents involving the transportation of hazardous materials. Planning grants used for developing, improving, and implementing emergency plans under Title III; conducting commodity flow studies; and determining the need for regional hazardous material response.</p> <p style="padding-left: 40px;"><i>Supplemental Public Sector Training Grants</i> – This funding goes to build capacity and the availability of hazardous materials training instructors to conduct training programs and enhance the knowledge base for local responders. To achieve this PHMSA provides grants to the International Association of Fire Fighters (IAFF) to conduct “Train the Trainer” training sessions throughout the nation.</p>	

Hazardous Materials Instructor Training Grants - provides funding to non-profit hazmat organizations to train hazmat instructors and to develop training and outreach tools to enhance and expand the hazardous materials training reach.

Emergency Response Guidebook - Approximately every four years, PHMSA publishes an updated version of the Emergency Response Guidebook (ERG). The ERG was developed by DOT 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. This book is also widely used by the transportation industry.

Oversight and Technical Assistance – Federal hazardous materials law requires the Department to provide technical assistance to a State, political subdivision of a State, or Indian tribe for carrying out emergency response training and planning for an accident or incident involving hazardous material.

Training Curriculum Development - Federal hazardous materials transportation law requires the Secretary of Transportation to develop and periodically update a curriculum to train public sector emergency response and preparedness teams.

Personnel Compensation and Benefits and Administrative Support - This funding will be used for: 1) salaries of three Federal employees; 2) staff travel and other administrative expenses necessary to assist States, territories and Indian tribes to prepare grant applications, evaluate applications under our new competitive grant program, and resolve problems during program implementation; and 3) information systems service to administer the grants programs.

Anticipated FY 2009 Accomplishments:

In FY 2009, our goal is to provide technical assistance in helping States and local communities update and develop at least 4,000 Emergency Plans. Our goal is help train, in part, 293,000 hazardous materials responders. Through our competitive training program, PHMSA will provide up to \$4 million in funding to non-profit hazmat employee organizations. In 2009, these competitive grants were made to the International Brotherhood of Teamsters, the George Meany Labor College representing a consortium of nine railroad employee organizations and the International Association of Machinist and Aerospace workings to train a wide range of hazmat employees.

In addition, PHMSA is conducting a program evaluation of the grants program to assure that the program is being carried out to further the statutory intent. The evaluation is aimed at identifying any major weaknesses in program design or execution that might limit its effectiveness, and evaluating the adequacy of internal controls.

FY 2010 Budget Request:

PHMSA is requesting \$28,318,000, which is the same level as the FY 2009 Enacted Budget.

Performance Goal Supported:

- Reduce number of serious hazardous materials transportation incidents.

Justification/ Relationship to Performance Goal:

Safety:

The Emergency Preparedness Grants program will continue to support and prepare communities to minimize the deaths, injuries, property damage and economic disruptions from hazardous materials transportation incidents.

Explanation of Funding Changes

Emergency Preparedness Grants	FY 2009 to FY 2010 base change: \$0
Overview: PHMSA is requesting \$28,318,000, which is the same level as the FY 2009 Enacted Budget.	
Internal Base Changes (\$0) No base changes requested for FY 2010	

Section IV
Performance Budget

FY 2010 BUDGET REQUEST BY STRATEGIC GOAL AND PERFORMANCE GOAL
PIPELINE and HAZARDOUS MATERIALS SAFETY ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
(dollars in thousands)

STRATEGIC& PERFORMANCE GOALS by PERFORMANCE MEASURE	FY 2008 ENACTED	FY 2009 ENACTED	FY 2010 REQUEST
1. SAFETY			
A. Reduce transportation related deaths and injuries (final outcome)	65,529	68,983	70,627
<i>FTE associated with this Performance Goal</i>	<i>168.8</i>	<i>184.5</i>	<i>199.2</i>
Number of serious Hazardous Materials transportation incidents			
B. Reduce transportation related deaths and injuries (final outcome)	58,899	72,191	85,940
<i>FTE associated with this Performance Goal</i>	<i>112.7</i>	<i>145.5</i>	<i>161.1</i>
Number of pipeline incidents involving death or major injury			
SAFETY SUBTOTAL	124,428	141,174	156,567
SAFETY FTE SUBTOTAL	281.5	330.0	360.3
2. REDUCED CONGESTION			
A. Reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways	1,991	712	0
<i>FTE associated with this Performance Goal</i>	<i>2.9</i>	<i>3.0</i>	<i>0.0</i>
Pipeline system capacity lost due to incidents, corrective action orders and other issues			
3. GLOBAL CONNECTIVITY			
B. Harmonized and standardized regulatory and facilitation requirements in the international arena	418	389	0
<i>FTE associated with this Performance Goal</i>	<i>3.6</i>	<i>3.5</i>	<i>0.0</i>
Percent of hazmat proposals in which the U.S. prevails in international organizations			
GLOBAL CONNECTIVITY SUBTOTAL	418	389	0
GLOBAL CONNECTIVITY FTE SUBTOTAL	3.6	3.5	0.0

EXHIBIT IV

FY 2010 BUDGET REQUEST BY STRATEGIC OBJECTIVE AND PERFORMANCE GOAL
PIPELINE and HAZARDOUS MATERIALS SAFETY ADMINISTRATION
 Appropriations, Obligation Limitations & Exempt Obligations
 (dollars in thousands)

STRATEGIC& PERFORMANCE GOALS by PERFORMANCE MEASURE	FY 2008 ENACTED	FY 2009 ENACTED	FY 2010 REQUEST
4. ENVIRONMENT			
A. Reduce pollution and other adverse environmental effects from transportation and transportation facilities	23,416	26,242	31,458
<i>FTE associated with this Performance Goal</i>	<i>55.5</i>	<i>72.0</i>	<i>77.2</i>
Number of hazardous liquid pipeline spills in high consequence areas			
6. ORGANIZATIONAL EXCELLENCE			
B. President's Management Agenda	4,022	4,222	0
<i>FTE associated with this Performance Goal</i>	<i>8.5</i>	<i>8.5</i>	<i>0.0</i>
ORGANIZATIONAL EXCELLENCE SUBTOTAL	4,022	4,222	0
ORGANIZATIONAL EXCELLENCE FTE SUBTOTAL	8.5	8.5	0.0
TOTAL APPROPS + OB. LIM. + EXEMPT OBS	154,276	172,739	188,025
TOTAL DIRECT FTE	352.0	417.0	437.5

**CROSSWALK BETWEEN THE PERFORMANCE BUDGET and THE TRADITIONAL
BUDGET**

for FY 2008

(dollars in thousands)

DOT Strategic Goals	PHMSA Performance Goals	Hazmat Safety Appropriation	Administrative Expenses	Pipeline Safety Appropriation	EP Grants Appropriation	TOTAL PHMSA
Safety	1A Reduce transportation related deaths and injuries (final outcome)	27,776	9,436		28,318	65,530
	1B Reduce transportation related deaths and injuries (final outcome)		2,949	55,949		58,898
Reduced Congestion	2A Reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways		75	1,916		1,991
Global Connectivity	3A Harmonize and standardize regulatory and facilitation requirements in the international area.	224	194			418
Environment	4A Reduce pollution and other adverse environmental effects from transportation and transportation facilities		1,453	21,963		23,416
Security	5B Effective response to emergencies affecting the transportation sector				0	0
Organizational Excellence	6B Implement the President's Management Agenda		4,022			4,022
TOTALS		28,000	18,130	79,828	28,318	154,276
FTE		148.0	57.0	147.0	0	352.0

CROSSWALK BETWEEN THE PERFORMANCE BUDGET and THE TRADITIONAL BUDGET

for FY 2009

(dollars in thousands)

DOT Strategic Goals	PHMSA Performance Goals	Hazmat Safety Appropriation	Administrative Expenses	Pipeline Safety Appropriation	EP Grants Appropriation	TOTAL PHMSA
Safety	1A Reduce transportation related deaths and injuries (final outcome)	31,776	8,889		28,318	68,983
	1B Reduce transportation related deaths and injuries (final outcome)		3,204	68,987		72,191
Reduced Congestion	2A Reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways		65	647		712
Global Connectivity	3A Expand business opportunities for all businesses in the transportation sector, especially women-owned and disadvantaged businesses	0	0			0
	3B Harmonize and standardize regulatory and facilitation requirements in the international area.	224	165			389
Environment	4A Reduce pollution and other adverse environmental effects from transportation and transportation facilities		1,585	24,657		26,242
Security	5B Effective response to emergencies affecting the transportation sector	0			0	0
Organizational Excellence	6B Implement the President's Management Agenda		4,222			4,222
TOTALS		32,000	18,130	94,291	28,318	172,739
FTE		170.5	71.5	204.0	0	446.0

**CROSSWALK BETWEEN THE PERFORMANCE BUDGET and THE TRADITIONAL
BUDGET**

for FY 2010

(dollars in thousands)

DOT Strategic Goals	PHMSA Performance Goals	Hazmat Safety Appropriation	Administrative Expenses	Pipeline Safety Appropriation	EP Grants Appropriation	TOTAL PHMSA
Safety	1A Reduce transportation related deaths and injuries (final outcome) <i>number of serious hazardous materials transportation incidents</i>	\$35,500	\$6,809		\$28,318	\$70,627
	1B Reduce transportation related deaths and injuries (final outcome) <i>number of pipeline incidents involving death or major injury</i>		\$8,855	\$77,085		\$85,940
Environment	4A Reduce pollution and other adverse environmental effects from transportation and transportation facilities <i>number of hazardous liquid pipeline spills in high consequence areas</i>		\$3,304	\$28,154		\$31,458
TOTALS		\$35,500	\$18,968	\$105,239	\$28,318	\$188,025
FTE		170.5	63.0	204.0	0	437.5

Safety

1. SAFETY PERFORMANCE GOALS

A. "Reduction in transportation-related deaths and injuries"

This funding request contributes to the DOT safety strategic goal and one of its Performance Goals: "Reduce deaths, injuries, property damage and economic disruptions from hazardous materials transportation incidents (**final outcome**).” Because the number of deaths, injuries, property damage and economic disruptions due to hazardous materials in transport is small, and thus subject to significant statistical variations inherent in small numbers, a much better measure of success for this Performance Goal, and one leading indicator of future problems, is the “number of serious hazardous materials incidents” occurring in transportation, an **intermediate outcome** Performance Goal.

Number of serious hazardous materials transportation incidents:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CY Target:	503	470	466	462	458	452
CY Actual:	528	495	485(r)	399p*	420p*	

*Projected, based on data through October 2008.

*Revised ®

This request would allow DOT to continue its efforts to: 1) explore and implement innovative solutions to identify and address emerging risks from hazardous materials in transportation; 2) maintain the integrity of the hazardous materials transportation system by enhancing enforcement and outreach activities by coordinating efforts and expanding our leadership role among DOT agencies; 3) work cooperatively with the emergency response community to enhance their ability to respond safely, efficiently and rapidly to hazmat transportation incidents; 4) improve responsiveness to our customers by reducing agency handling time on requests for interpretations and petitions for rulemaking and by exceeding the 180-day Congressional deadline for approving or denying requests for new package designs and special permits; and 5) enhance information technologies to better assess risks, increase transparency, and improve workforce productivity.

The resources requested to achieve this goal are:

STRATEGIC & PERFORMANCE GOALS by PERFORMANCE MEASURE	FY 2008 ENACTED	FY 2009 ENACTED	FY 2010 REQUEST
1. SAFETY			
A. Reduce transportation related deaths and injuries (final outcome)	65,529	68,983	70,627
<i>FTE associated with this Performance Goal</i>	<i>168.8</i>	<i>184.5</i>	<i>199.2</i>
Number of serious Hazardous Materials transportation incidents			

Detailed Justification by DOT Strategic Goal (e.g., SAFETY)

Performance Goal: Number of Serious Hazardous Materials Transportation Incidents

Supplementary Goal: Hazmat incidents involving death or major injury

ANTICIPATED FY 2009 ACCOMPLISHMENTS

In 2009, we are on track to meet our CY performance target of reducing serious hazardous materials incidents. We will continue to enhance our performance measures to better define and focus our efforts to the highest risk areas in all modes of transport. One preliminary measure we are monitoring is a subset of our serious incidents measurement – hazardous materials incidents involving deaths or major injuries. We are developing a new basis of performance measurement that will be a risk -based index for measuring the safety performance of all modes of transportation.

- We will continue to enhance the capabilities and application of the intermodal enforcement database to better target poor performing companies for inspection and follow-up. This database will be used by enforcement personnel from PHMSA, FAA, FMCSA, FRA and DHS (USCG), as well as State and local officials to plan and undertake inspections of hazardous materials shippers, carriers, freight forwarders, packaging manufacturers, testing facilities and others engaged in hazardous materials safety functions. The database supplies enforcement personnel with information that enhance their ability to conduct inspections, identify non-compliance issues and to promote safety. This results in more effective use of enforcement resources and enhanced compliance and safety.
- We plan to further harmonize the Hazardous Materials Regulations with international standards. Virtually all hazardous materials imported to or exported from the United States are transported in accordance with international regulations and the Hazardous Materials Regulations. The objective of the Administration's hazardous materials safety program is to establish and maintain a global system of hazardous materials transportation regulations that will enhance the free and safe movement of hazardous materials. We expect to exceed our goal of 50% of hazmat proposals in which the U.S. prevails in international organizations in 2009 by 10 to 20%.
- We plan to continue to partner with the regulated public to enhance compliance and promote safety. We will continue to conduct outreach seminars and visit public and private entities engaged in functions related to the transportation of hazardous materials to enhance compliance and safety. We will develop and update educational materials and improve distribution to reach a higher percent of our target audience. We will be able to respond even more quickly to stakeholder requests for assistance in understanding and complying with the regulations by through the Hazardous Materials Information Center.

- We will continue to issue special permits and approvals to promote innovation, support new technologies and enable U.S. industry to maintain its competitive edge in the global economy while maintaining a high level of safety. We expect to exceed our goal that 60% of Special Permits being issued within 120 day of receipt by 5%.
- We will address the ongoing problem of undeclared hazardous materials shipments, especially those transported via aircraft, through a number of focused initiatives, including outreach, enforcement and regulatory development. We have also highlighted this issue with the recipients of our new Hazardous Materials Instructor Training grants to non-profit hazardous materials employee organizations. They are working to incorporate awareness of the risks posed by undeclared hazardous materials shipments and methods to discover them into their training programs.
- We will continue to ensure all standards are based on quantified risk as we take a systems approach to maximize safety benefits while minimizing burden and costs to the public. We will address the safety issues of transporting hazardous materials by air, including unique risks posed by batteries and power-generating devices, and developing enhanced packaging requirements for all types of hazardous materials transported by aircraft. We will also address risks related to the bulk transportation of hazardous materials, including bulk loading and unloading operations. We will enhance DOT enforcement programs by finalizing procedures for implementing the expanded enforcement authority mandated by statute. We will harmonize our standards with recently adopted international safety standards, to the extent consistent with our safety goals. We will provide relief as warranted in response to industry petitions and requests for special permits.
- We will maintain our relationships with the emergency response community so they can collect and analyze hazardous materials incident data to enhance first responder tactics, operations, policy and training.

FY 2010 PERFORMANCE BUDGET/IMPACTS

For FY 2010, we will continue to concentrate on major risk areas involving the transportation of hazardous materials which include: fire aboard an aircraft, release of toxic-by-inhalation materials in bulk and motor carrier crashes and rollovers involving flammable liquids in bulk. The first two of these are considered low-probability high-consequence risks, while the third is the more common occurrence of the three; although it is still a small percentage of all motor carrier crashes.

Hazardous materials fire aboard aircraft: PHMSA has pursued a comprehensive strategy to address the transportation risks presented by materials that can cause fire aboard aircraft such as lithium batteries, battery powered products, other energy devices and undeclared hazardous materials. We will continue this strategy and will to work with our partners in the Federal Aviation Administration, National Transportation Safety Board, the Consumer Product Safety Commission, battery manufacturers, airlines, airline employee organizations, testing laboratories and the emergency response and law enforcement communities to share and disseminate information about risks and developments and to promote improvements in industry standards, best practices and hazardous materials package performance.

Toxic-by-inhalation (TIH) materials in bulk: PHMSA will carry on its work with the Federal Railroad Administration, the Transportation Security Administration and rail shippers and carriers to enhance the safety and security of rail shipments of TIH materials.

Motor carrier crashes and rollovers involving flammable liquids: PHMSA will continue to work with the Federal Motor Carrier Safety Administration (FMCSA), the National Highway Transportation Safety Administration (NHTSA) and industry organizations such as the National Tank Truck Carriers (NTTC) Association and American Trucking Associations to implement a multi-faceted safety action plan that includes development of driver training aids, outreach efforts and efforts to promote the use of technologies that reduce the likelihood of collisions and rollovers (e.g., electronic stability control systems, lane departure warning systems, etc.).

EMERGENCY PREPAREDNESS GRANTS

ANTICIPATED FY 2009 ACCOMPLISHMENTS

The Agency's primary goal is to prevent serious hazardous materials incidents and to reduce the consequences of those that do occur. The HMEP grants program focuses resources on preparing and training for hazardous materials transportation incidents and training hazardous materials employees.

In FY 2009, our goal is to provide technical assistance in helping States and local communities update and develop at least 4,000 Emergency Plans. Our goal is help train, in part, 293,000 hazardous materials responders. Through our competitive training program, PHMSA will provide up to \$4 million in funding to non-profit hazmat employee organizations for train-the-trainer programs. In 2009, these competitive grants were made to the International Brotherhood of Teamsters, the George Meany Labor College representing a consortium of nine railroad employee organizations and the International Association of Machinist and Aerospace Workers to train instructors for a wide range of hazmat employees. We expect more than 500 instructors will be trained in 2009 and these instructors will already begin to train employees in motor carrier, rail and airline industries.

In addition, PHMSA is conducting a program evaluation of the grants program to assure that the program is being carried out to further the statutory intent. The evaluation is aimed at identifying any major weaknesses in program design or execution that might limit its effectiveness and evaluating the adequacy of internal controls.

FY 2010 PERFORMANCE BUDGET/IMPACTS

In FY 2010, PHMSA will work with grantees and other stakeholders to restructure the grant program. This will include revisiting the application process, information required in applicants' plans, the grant allocation formula, the process for reimbursement, internal controls for financial management, evaluation of state programs, program documentation, and how PHMSA is organized for administering the program.

The on-going program evaluation will assist in redefining goals and program effectiveness measures.

PERFORMANCE OVERVIEW – Pipeline Safety

Annual Performance Results and Targets

The Pipeline and Hazardous Materials Safety Administration (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:

Strategic Goal/Performance Goal: Safety

Number of serious incidents for natural gas and hazardous liquid pipelines	2005	2006	2007	2008	2009	2010
Target	N/A	43	42	40	38	36
Actual	41	35	47	43	42*	

* Projected

Our analyses of the data reveal the following:

- (1) Failures in gas distribution pipelines continue as a primary source of significant incidents. The gas transmission industry and the hazardous liquid pipeline industries contribute 10-15% of the significant incidents.
- (2) Analyses of significant hazardous liquid accidents reveal incorrect operations to be a major contributor. Incorrect operations are an inflationary factor. PHMSA expects to revise and even bolster our Operator Qualification inspection program to reduce accidents due to incorrect operations, focusing our efforts on refined petroleum products and highly volatile liquids pipelines.
- (3) Third-party damage causes pipelines to fail abruptly, thereby resulting in deaths and injuries. PHMSA is increasing its focus on third party damage prevention through support to initiatives such as "Call Before You Dig" and the "811" Campaign.
- (4) The proposed distribution integrity management regulation is expected to decrease serious incidents within six months to one year after it is enacted.

Detailed Justification by DOT Strategic Goal (SAFETY)

Performance Goal: Reduce transportation related deaths and injuries (final outcome)

This funding request contributes to the DOT safety strategic goal to “Enhance public health and safety by working toward the elimination of transportation-related deaths and injuries.” From a safety perspective, one of the most basic questions the public expects us to be able to answer is: *How safe is pipeline transportation, and is it getting safer over time?* We measure this outcome over time by tracking serious pipeline incidents—failures that result in death or injury requiring hospitalization.

DOT Performance Goal:

Number of pipeline incidents involving death or major injury						
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CY Target:	N/A	43	42	40	38	36
CY Actual:	41	35	47	43	42*	

* Projected

The resources requested to achieve this goal are:

STRATEGIC& PERFORMANCE GOALS by PERFORMANCE MEASURE	FY 2008 ENACTED	FY 2009 ENACTED	FY 2010 REQUEST
B. Reduce transportation related deaths and injuries (final outcome)	58,899	72,191	85,940
<i>FTE associated with this Performance Goal</i>	<i>112.7</i>	<i>145.5</i>	<i>161.1</i>
Number of pipeline incidents involving death or major injury			

PHMSA expects to achieve its ambitious targets by raising the bar on safety—setting higher standards, strengthening our partnerships with States, and leveraging technology. We anticipate substantial progress in the following areas:

1. Risk-Based, Data-Driven Solutions

- **Maximum Allowable Operating Pressure (MAOP)** – PHMSA expects to ease supply constraints by permitting four operators to increase pipeline operating pressure enough to boost capacity by as much as 10 percent.
- **National Pipeline Mapping System (NPMS)** – Through the NPMS, PHMSA expects to help communities understand where pipelines are located, who owns and operates them, and what other information is available for community planning. PHMSA expects to have data on at least 836 operators in the NPMS, totaling more than 503,979 miles of pipe.

2. Integrity Management

- PHMSA expects to close nine National Transportation Safety Board recommendations, one Office of Inspector General recommendation, and two Government Accountability Office recommendations.
- **Distribution Integrity Management Program (DIMP)** – With the final DIMP rule, PHMSA expects to expand its integrity management program protections to people living in urban and suburban areas along the Nation’s 1.9 million miles of distribution pipelines, where up to 75% of the Human consequences from all pipeline failures occur.
- **Control Room Management** – PHMSA expects to regulate, with some exclusions, 2,702 system operators under this new rule.
- PHMSA projects that its pipeline safety inspectors will perform 1000 inspection and enforcement functions to help improve system safety.
- PHMSA expects to amend its regulations for the safe use of plastic (Polyamide-11) pipelines in hazardous materials transportation.

3. Compliance, Inspection and Enforcement – PHMSA expects to award its State partners an average 60% of pipe safety program costs to help reduce the funding burden from taking on more statutory requirements and to get closer to the goal of reimbursing the states up to 80% of their program costs.

4. Emergency Preparedness – PHMSA expects to:

- Conduct and participate in up to 4 field and tabletop exercises to strengthen readiness response.
- Respond to online queries from the National Response Center for approximately 1500 pipeline incidents.

5. Training, Competency Standards and Qualifications – PHMSA expects to:

- Conduct 26 State-hosted seminars, providing information on current and future regulatory updates to comply with minimum safety regulations

- Conduct 30 classes for 500 Federal and state inspectors to make sure they are trained and qualified to conduct pipeline safety inspection and enforcement functions.
 - Conduct six team training workshops for 191 pipeline safety employees.
 - Conduct an Internal Corrosion Workshop and a New Pipeline Construction Workshop, targeting audiences of up to 250 stakeholders.
6. Community Awareness and Protection
- PHMSA expects to continue Administration priorities, such as development of practices to improve communications between developers, municipal planners and pipeline operators, and provide a toolkit for municipal planners to evaluate new development along pipeline right-of-way. Additionally, PHMSA expects to make damage prevention grant awards up to \$100,000 per grant to up to 15 states. PHMSA will also continue its CATS program of technical assistance and outreach.
 - PHMSA expects to make damage prevention grant awards of up to \$100,000 per grant to up to 15 states.
7. Alternative Fuels research and development – PHMSA anticipates making multiple awards totaling \$3,000,000 for individual and consolidated research projects that address issues related to the transportation of alternative fuels in pipelines.

FY 2010 PERFORMANCE BUDGET REQUEST/ IMPACTS

PHMSA's FY 2010 request of \$105,239,000 would enable PHMSA to continue to:

- 1) implement its important integrity management program (IMP) safety protocols;
- 2) provide funding to States that have assumed pipeline safety responsibilities;
- 3) encourage States to have effective damage prevention programs since outside force damage is the leading cause of release incidents and often occurs in populated areas;
- 4) ensure adequate inspection and enforcement capabilities; 5) maintain current research funding to continue improvements in corrosion and leak detection technology;
- 6) promote community awareness and understanding of pipeline safety activities; and
- 7) help States, county and local governments prepare for pipeline emergencies.

Over the past twenty years, PHMSA has successfully reduced the number of pipeline incidents involving death or injury by about 10% every 3 years, effectively cutting the risk by about half since the end of the 1980s. We achieved these gains with ambitious programs like integrity management and operator qualification, with a moderate increase in budget resources, and strong growth in State pipeline safety programs. PHMSA now faces a construction boom in new pipelines, new technologies that add complexity to our safety reviews, and significant changes in the energy products moved in the U.S. Construction of the Alaska gas pipeline will present significant oversight challenges. And as we prepare to implement integrity management for distribution pipeline systems,

over-taxed state programs cannot absorb any more increases in program responsibilities without more federal support.

The FY 2010 request will help us maintain the gains we have made over 20 years in reducing the number of serious pipeline incidents—those resulting in death or injury. We will focus our efforts on: 1) risk-based, data-driven solutions; 2) integrity management; 3) compliance, inspection and enforcement; 4) emergency preparedness and response; 5) training, competency standards and qualifications; 6) community awareness and protection; 7) research and development; and 8) living safely with alternative energy.

This funding request will enable PHMSA to: 1) continue implementation of our important integrity management program (IMP) safety protocols; 2) provide essential funding to States that have assumed pipeline safety responsibilities by increasing the cap on Federal funds to encourage States to remain in the program; 3) ensure adequate inspection and enforcement capabilities; 4) restore research funding to continue improvements in corrosion and leak detection technology.

We are seeking funding to help achieve objectives authorized by Congress in the PIPES Act and to help meet the President's and Secretary's goals. The PIPES Act took an enterprise approach where all the stakeholders came together, all views were sought, everyone had an equal voice and solution was a consensus.

Environmental

PERFORMANCE OVERVIEW – Pipeline Safety

Annual Performance Results and Targets

The Pipeline and Hazardous Materials Safety Administration's Pipeline Safety Program 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 for the pipeline safety program to demonstrate program results:

Strategic Goal/Performance Goal: Environment

Number of hazardous liquid pipeline spills in high consequence areas	2005	2006	2007	2008	2009	2010
Target	N/A	52	51	50	49	48
Actual	55	46	50	65	55*	

* Projected

PHMSA has analyzed its data and has arrived at the following conclusions:

- 1) The 2008-numerical target was missed because we had more spills from small diameter pipelines which in most cases cannot be inspected internally by diagnostic tools.
- 2) The spills were mostly small and did not have the opportunity to degrade the environment.
- 3) Our analysis identified the pipeline facility locations where small spills predominantly originate. PHMSA is developing solutions to prevent small spills through more focused inspections.

Detailed Justification by DOT Strategic Goal (ENVIRONMENT)

Performance Goal: Reduce pollution and other adverse environmental effects from transportation and transportation facilities

This funding request contributes to the DOT environmental strategic outcome goal to reduce pollution and other adverse environmental effects of transportation and transportation facilities. From an environmental perspective, one of the most basic questions the public expects us to be able to answer is: *How much risk do pipelines pose to the environment, and how is that changing over time?* We measure this outcome by tracking hazardous liquid spills in high consequence areas (HCAs). This indicator focuses on accidents that present a particular potential for environmental harm due to their location. HCAs include commercially navigable waterways, areas with concentrated population, and drinking water or ecological resources that are unusually sensitive to environmental damage from a hazardous liquid pipeline release.

DOT Performance Goal:

Number of hazardous liquid pipeline spills 5 barrels or more in high consequence areas:						
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CY Target:	N/A	52	51	50	49	48
CY Actual:	55	46	50	65	55 _{projected}	

The resources requested to achieve this goal are:

PERFORMANCE GOALS & MEASURES by PROGRAM ACTIVITIES	FY 2008 ENACTED	FY 2009 ENACTED	FY 2010 REQUEST
4. ENVIRONMENT			
A. Reduce pollution and other adverse environmental effects from transportation and transportation facilities	23,556	26,242	31,214
<i>FTE associated with this Performance Goal</i>	<i>68.5</i>	<i>72.0</i>	<i>77.2</i>
Number of hazardous liquid pipeline spills in high consequence areas			

ANTICIPATED FY 2009 ACCOMPLISHMENTS

Our strategic goals for FY 2009 are to reduce serious accidents, reduce spills affecting high consequence areas, and increase the reliability of oil and natural gas pipelines. We anticipate progress in the following areas related to the PIPES Act, as elaborated in the Detailed Justification for the DOT Safety Strategic Goal:

- Integrity Management
- Compliance, Inspection, and Enforcement
- Emergency Preparedness
- Community Awareness and Protection
- Research and Development -- corrosion and leak detection technology

FY 2010 PERFORMANCE BUDGET REQUEST/IMPACT

The FY 2010 budget request will help us continue our efforts to reverse the upward trend in hazardous liquid spills in high consequence areas. PHMSA pipeline safety expects to achieve its targets by increasing damage prevention efforts, as well as focus on poor performing operators and leveraging funding to develop and deploy technologies to detect pipeline leaks and corrosion.

Operator Performance: PHMSA will continue to focus special attention on operators who have demonstrated weak performance records in reducing spills that pose special environmental concerns. With our State partners, we will use detailed inspection protocols and compliance profiles of pipeline operators under our Integrity Management programs to encourage operators to do more than meet the letter of the law and to make the pipeline infrastructure safer. We will continue executive performance reviews to address systemic issues to the highest levels of the operating companies. We will take enforcement actions that seek to instill a safety culture within companies that have demonstrated that they are not placing safety first. We will move forward to reformulate our inspection priorities under an “Inspection Integration” initiative. We will use Safety Orders to address potentially unsafe conditions that do not rise to the level of a “hazardous condition” – subject to Congressional standards and criteria in the pipeline safety reauthorization.

Corrosion, material/weld failures: Corrosion is the leading cause of spills in high consequence areas, accounting for 25% of these spills. Failures of the equipment, pipe material and/or welds accounted for another 34% of spills in HCAs over the past four years. PHMSA’s integrity management program will provide a special focus on finding and repairing these kinds of defects before they become failures.

**Section V
Research and
Development**

EXHIBIT V-1

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

DEPARTMENT OF TRANSPORTATION

R&D BUDGET AUTHORITY
(in thousands of dollars)

	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>	FY 2010 <u>Request</u>
<u>Hazardous Materials Safety</u>			
1. Hazardous Materials	1,761	3,302	1,699
2. PC&B and Operations	<u>480</u>	<u>480</u>	<u>496</u>
Subtotal, Hazardous Materials Safety	2,241	3,782	2,195
<u>Pipeline Safety</u>			
1. Pipeline Safety	8,184	5,784	6,885
2. PC&B and Operations	<u>589</u>	<u>608</u>	<u>554</u>
Subtotal, Pipeline Safety	8,773	6,392	7,439
TOTAL R&D BUDGET AUTHORITY	11,014	10,174	9,634

**FY 2010 RESEARCH DEVELOPMENT AND TECHNOLOGY BUDGET
PIPELINE AND HAZARDOUS MATERIALS SAFETY
Appropriations, Obligation Limitations, and Exempt Obligations
(dollars in thousands)**

APPROPRIATION ↓ RD&T PROGRAM ACTIVITY ↓ PERFORMANCE GOAL	STRATEGIC GOALS		
	SAFETY	ENVIRON.	TOTAL
HAZARDOUS MATERIALS SAFETY	1,699		1,699
Research and Development			
1.A. Reduce transportation related deaths and injuries (final outcome)	1,699		1,699
Research and Analysis	1,699		1,699
3.A. Harmonize and standardize regulatory and facilitation requirements in the international area.			
5B. Effective response to emergencies affecting the transportation sector			
Research and Analysis			0
ADMINISTRATIVE EXPENSESPHH*	496	0	496
all PC&B and Administrative Expenses	496		496
TOTAL PHH	2,195		2,195
PIPELINE SAFETY	5,083	1,802	6,885
Research and Development	5,083		5,083
1.B. Reduce transportation related deaths and injuries (final outcome)			
Control and Monitoring	1,133		1,133
Permit Streamlining	0		0
Damage Prevention and Leak Detection	2,568		2,568
Improved Material Performance	1,382		1,382
2A. Reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways			
4.A. Reduce pollution and other adverse environmental effects from transportation and transportation facilities	0		
Control and Monitoring	0	486	486
Damage Prevention and Leak Detection	0	1,131	1,131
Improved Material Performance	0	185	185
ADMINISTRATIVE EXPENSES-PHP*	369	186	554
PC&B and Administrative Expenses	369	186	554
TOTAL PHP	5,451	1,988	7,439
TOTAL FY 2010 REQUEST	7,647	1,988	9,634
TOTAL FTE (direct funded only)	7.0	1.8	8.8

EXHIBIT V-2

Hazardous Materials Safety FY 2010 RD&T Budget Request (\$2,195K)

RD&T Program	FY 2010 Request	<i>Safety</i>	<i>Mobility</i>	<i>Global Conn.</i>	<i>Environ</i>	<i>Security</i>	<i>Org. Excell.</i>
Hazardous Materials Safety (OHMS)	\$2,195						
<i>Information Systems</i>							
<i>Research and Analysis</i>	\$1,699	\$1,699					
<i>Regulation Compliance</i>							
Administrative Expenses	\$496	\$496					
Subtotal, R&D	\$2,195	\$2,195					
Total PHMSA OHMS	\$2,195	\$2,195					

**RD&T PROGRAM: HAZARDOUS MATERIALS SAFETY
AMOUNT REQUESTED FOR FY 2010: \$2,195**

Projects

Research and Analysis

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 assess and manage the public risk associated with hazardous materials transportation without imposing undue burdens on industry.

Description: PHMSA conducts engineering analyses, studies, and technology assessments 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 and research activities advance current knowledge and practice relating to hazardous materials transportation and provide the analytical foundation for multimodal regulatory, compliance assistance, and enforcement activities.

Outputs:

- Scientifically based updates to the Emergency Response Guidebook.
- Development of non-destructive inspection techniques to improve cylinder re-qualification.
- Analytical tools to better understand safety and security risks.

- Assessments of technologies to improve efficiency and effectiveness of transporting hazardous materials and communicating the risks of these materials to emergency responder.
- Studies supporting regulatory changes and providing the basis for adaptation of international standards.
- Evaluation of evolving technologies to safely and securely package and transport hazardous materials.

RD&T Partners:

Using an enterprise approach, PHH collaborates and coordinates with a representative cross section of technical experts and stakeholders from the public and private sectors, including hazardous materials shippers and carriers, first responders, government officials (federal, state, and local), nonprofit entities, and universities to identify the right priorities, find the best researchers, assure good performance with quality products, and apply the findings to our programs.

FY 2010 Funding: \$1,699K

RD&T Strategies Supported:

This funding supports the Department's safety goal by understanding and addressing causal risk factors and seeking incident mitigation strategies.

EXHIBIT V-3

Hazardous Materials Safety

Support for Secretarial and Administration RD&T Priorities

Policy Initiative	Supporting RD&T Program (s)	<i>FY 2010 Request (\$000)</i>
E-911 — <i>Secretarial Priority</i>	Not Applicable	
Highway Incident Management Improvements – <i>Secretarial Priority</i>	Not Applicable	
Nationwide Differential Global Positioning System (NDGPS) – <i>Secretarial Priority</i>	Not Applicable	
GPS Modernization — <i>President's Second Term Priority</i>	Not Applicable	
Congestion Relief – <i>Secretarial Priority</i>	Not Applicable	
Impacts of Congestion – <i>Secretarial Priority</i>	Not Applicable	
Major Corridor Capacity Improvements and Enhancements – <i>Secretarial Priority</i>	Not Applicable	
Committee on the MTS — <i>Secretarial Priority</i>	Not Applicable	
Freight and Port Capacity – <i>Secretarial Priority</i>	Not Applicable	
Next Generation Air Transportation — <i>Secretarial Priority</i>	Not Applicable	
International Trade Data System — <i>President's Second Term Priority</i>	Not Applicable	
International Transportation Liberalization— <i>Secretarial Priority</i>	Not Applicable	
Freight System Impacts – <i>Secretarial Priority</i>	Not Applicable	
Project Review Enhancements – <i>Secretarial Priority</i>	Not Applicable	
Hydrogen Research Initiative — <i>President's Second Term Priority</i>	Not Applicable	
Emergency Preparedness and Disaster Response— <i>Secretarial Priority</i>	Not Applicable	

EXHIBIT V-4

Hazardous Materials Safety

R&D Investment Criterion	How Applied	Actions Reflected in FY 2010 Request
Relevance	Projects primarily support DOT's Safety goal and the Secretary's hazmat transportation safety priority. Most work is done in concert with other DOT modes, other federal agencies (e.g., DHS, NRC, DOE) to ensure relevance across the federal government.	Emphasis on multimodal involvement in systems development, information systems development, and research and development, and testing to maximize relevance to the DOT mission, program purpose, and the Federal government as a whole.
Quality	Research and Analysis: technical reviews, peer reviews, wide sharing of results encouraging feedback on quality and usefulness of effort, used as a basis for regulatory analysis and changes.	Existing program expectations are maintained while adding resources in key areas, such as packaging testing. In FY2010, R&D funds in Information System and Regulatory Compliance have been reassigned to non-R&D programs to focus efforts on applied research and analysis.
Performance	Program management principles are applied in conducting RD&T projects. Stakeholders are involved in all stages of projects, as appropriate. Objectives are clearly defined and the results are evident in changes to the regulatory system. Overall program is outlined at intermodal meetings and in public forums (e.g., Transportation Research Board hazardous materials committee meetings).	Establishment of a cooperative hazardous materials research program will strengthen and formalize involvement of stakeholders in developing a research agenda, defining projects, providing input and feedback, and evaluating performance while providing additional funding to perform research and analysis / development in vital areas.

EXHIBIT V-2

**Pipeline Safety
FY 2010 RD&T Budget Request
(\$7,439K)**

RD&T Program	FY 2010 Request	Safety	Mobility	Global Conn.	Environ.	Security	Org. Excell.
Pipeline Safety (PHP)							
<i>Damage prevention and leak detection (T)</i>	\$3,699	\$2,568			\$1,131		
<i>Enhanced operations, control, and monitoring (T)</i>	\$1,619	\$1,133			\$486		
<i>Improved material performance</i>	\$1,567	\$1,382			\$185		
Administrative Expenses	\$554	\$369			\$186		
Subtotal, R&D	\$1,567	\$1,382			\$185		
Subtotal, Technology Investment (T)	\$5,318	\$3,701			\$1,617		
Total, Pipeline Safety	\$7,439	\$5,752			\$1,687		

*In order to improve our overall effectiveness and efficiency, PHMSA has new categories that better reflect the budgeted activities. Mapping and data integration were included in R&D in FY2008, but are now categorized as Risk-Based Data Driven solutions.

**RD&T PROGRAM: PIPELINE SAFETY
AMOUNT REQUESTED FOR FY 2010: \$7,439K**

Projects

Damage prevention and leak detection

Objective: Reducing the number of incidents and accidents resulting from excavation damage and outside force and detecting liquid and natural gas leaks before loss of large quantities of product occurs.

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, where people have failed to locate the pipe before digging. Leak detection continues to present a challenge, especially for 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:

- Subsurface mapping technology
- Pipe detection technology for HDD
- ROW monitoring technology
- Aerial leak detection systems (helicopter, fixed wing & UAV based)
- Ground based leak detection systems

RD&T Partners:

- Department of the Interior, Minerals Management Service
- Department of Energy, National Energy Technology Laboratory
- Environmental Protection Agency
- Research and Innovative Technology Administration

FY 2010 Funding: \$3,699K

RD&T Strategies Supported:

Safety

- Conduct and support research to understand and address the causal factors and risks in accidents and to anticipate future safety risks in all transportation modes
- Conduct and support research to determine the most effective ways of mitigating the consequences of transportation accidents and incidents in all modes

Environmental Stewardship

- Conduct and support research to understand the various impacts of transportation activities on the natural and built environment and communities and to advance technologies and concepts to mitigate those impacts

Enhanced operations, controls, and monitoring

Objective: Improving the safety of pipeline operations through enhanced controls and human factors management, identifying critical pipeline defects using inline inspection and direct assessment, and improving the capability to characterize the severity of defects in pipeline systems and to mitigate them before they lead to incidents or accidents.

Description: Inspection and assessment of pipe condition are essential tools for determining the safety, reliability and soundness of pipe. Key to understanding the integrity of pipelines is an ability to characterize the severity of defects and to mitigate them before they can lead to incidents or accidents. Some defects are critical and must be removed for safe operation. Some defects present longer term problems, especially when the defects are time-dependent. Detection and resolution of active corrosion is an example. Other defects, while detectable, are stable anomalies in the pipe and present no threat to pipeline operation. Topics of interest include technologies and procedures designed to minimize operator error, research on the effects of managing pipeline controller shift change and potential solutions for minimizing those effects, and the human interface in incident/accident management and routine operations. Currently

PHMSA coordinates and disseminates Human Factors research activities through the Human Factors Coordinating Council (HFCC). In addition, PHMSA has representation on the newly formed Human Factors Research Group organized by RITA and plans to focus future coordination via that group and the HFCC.

Outputs:

- Expanded use of Direct Assessment
- Approved & more powerful inspection technology
- Robotic inspection platforms
- Approved human factor protocols for pipeline monitoring and control operations
- Approved models to characterize damage
- Approved protocols to streamline repairs

RD&T Partners:

- Department of the Interior, Minerals Management Service
- Department of Energy, National Energy Technology Laboratory
- Environmental Protection Agency
- Department of Commerce, National Oceanic and Atmospheric Administration
- Research and Innovative Technology Administration

FY 2010 Funding: \$1,619K

RD&T Strategies Supported:

Safety

- Conduct and support research to understand and address the causal factors and risks in accidents and to anticipate future safety risks in all transportation modes
- Conduct and support research to determine the most effective ways of mitigating the consequences of transportation accidents and incidents in all modes

Environmental Stewardship

- Conduct and support research to understand the various impacts of transportation activities on the natural and built environment and communities and to advance technologies and concepts to mitigate those impacts

Improved material performance

Objective: Improving pipeline materials, fabrication, design and construction practices.

Description: Improved pipeline materials can better withstand construction-related damage, corrosion, and cracking. Better welding techniques and improved models for assessment of corrosion will lessen future damage and better predict remaining pipe strength. Pipeline coating improvements will reduce corrosion rates and allow pipelines to operate years past their original design life. In addition, addressing the safety impacts of moving new biofuels such as bio-diesel, hydrogen and ethanol through pipelines must be investigated.

PHMSA will continue coordinating improved pipeline materials RD&T with RITA.

Outputs:

- Strain based design standards
- New construction protocols
- Better pipeline coatings
- Expanded use of plastics and composites
- Knowledge of pipeline safety impacts from biofuels (hydrogen/ethanol)

RD&T Partners:

- Department of the Interior, Minerals Management Service
- Department of Energy, National Energy Technology Laboratory
- Department of Commerce, National Institute of Standards and Technology
- Department of Agriculture, Transportation Services Branch
- Research and Innovative Technology Administration

FY 2010 Funding: \$1,567K

RD&T Strategies Supported:

Safety

- Conduct and support research to understand and address the causal factors and risks in accidents and to anticipate future safety risks in all transportation modes
- Conduct and support research to determine the most effective ways of mitigating the consequences of transportation accidents and incidents in all modes

Environmental Stewardship

- Conduct and support research to understand the various impacts of transportation activities on the natural and built environment and communities and to advance technologies and concepts to mitigate those impacts

EXHIBIT V-4

Pipeline Safety

R&D Investment Criterion	How Applied	Actions Reflected in FY 2010 Request
Relevance	To meet the <i>Relevance</i> test, the RD&T program has complete plans with clear goals and performance criteria relevant to the needs of the Nation. Program articulates the potential public benefits of the program with emphasis on the mission, technical and scientific merit of the technological innovation, and the needs of the customers impacted. Program relevance is assessed periodically through a look back at what was really accomplished.	<ul style="list-style-type: none"> • Annual Program Review by RITA. • PHP Blue Ribbon Panel for programmatic stakeholder input. • PHP R&D Forum for stakeholder identification of priorities. • Merit Review Panel to review and rank proposed research for relevance. • Strong review criteria relevant to the needs of the Nation. • Annual active project peer review to retain mission relevance.
Quality	To meet the <i>Quality</i> test, the RD&T program will contract out in an appropriate manner and assess for quality results in a clear and transparent manner. Procurement processes for solicitation and award of contracts are systematic, clear, and based on a competitive, merit-based process. The program documents and justifies how quality is maintained when it spends funds through means other than a competitive, merit-based process. Program quality is assessed periodically through external reviews that look back at what was really accomplished.	<ul style="list-style-type: none"> • Use of competitive research solicitations. • Merit Review Panel to review and rank research for quality. • Strong review criteria addressing quality. • Matching COTR technical background with project subject matter. • Annual Program Review (RITA). • PHP Blue Ribbon Panel for programmatic stakeholder input. • Annual active project peer review to keep quality high.
Performance	To meet the <i>Performance</i> test, the RD&T program is managed in a manner to produce short and long-term R&D objectives. Performance goals are established and documented for appropriate output and outcome measures. Performance measures or metrics promote not just performance, but also innovation and dissemination of knowledge.	<ul style="list-style-type: none"> • All RD&T solicitations require quantifiable performance based metrics for deliverables that are tied to payable milestones • Government/Industry Merit Review Panel to heighten RD&T visibility to industry partners. • Annual active project peer review to keep performance high.

PHMSA's Pipeline Safety R&D Program is applying the OMB R&T Investment Criteria in conjunction with an overall systematic process to address program and project effectiveness (<http://primis.phmsa.dot.gov/rd/evaluation.htm>). The methods applied are done annually or on a periodic basis. All internal and external feedback indicates program relevance, performance and quality actions and outputs are effective or on the right track in being effective. Influence is minor in enacting major changes to our management process. Program and project peer reviews are conducted annually and internal and external stakeholders are informed of progress in setting targets and output expectations. Implementation of some final program actions will show PHMSA's program can produce output targets and measurement of program impact by FY 2009.