



Highlights of [GAO-06-1027T](#), a testimony before the Subcommittee on Energy and Air Quality, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

The Pipeline Safety Improvement Act of 2002 established a risk-based program for gas transmission pipelines—termed integrity management—which requires pipeline operators to identify areas where the consequences of a pipeline incident would be the greatest, such as highly populated areas. Operators must assess pipelines in these areas for safety threats (such as corrosion), repair or replace defective segments, and reassess their pipelines at least every 7 years. Under the Pipeline and Hazardous Materials Safety Administration's (PHMSA) regulations, operators must reassess their pipelines for corrosion at least every 7 years and for all safety threats at least every 10, 15, or 20 years. State pipeline safety agencies that assist PHMSA are eligible to receive matching funds up to 50 percent of the cost of their pipeline safety programs.

This statement is based on ongoing work for this Subcommittee and for others. It focuses on three areas germane to current legislative reauthorization proposals: (1) an overall assessment of the integrity management program, (2) the 7-year reassessment requirement, and (3) provisions to increase state pipeline safety grants. GAO contacted more than 50 pipeline operators and a broad range of stakeholders and surveyed state pipeline agencies. GAO also reviewed PHMSA and industry guidance and reviewed PHMSA pipeline performance data.

www.gao.gov/cgi-bin/getrpt?GAO-06-1027T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Siggerud at (202) 512-2834 or siggerudk@gao.gov.

GAS PIPELINE SAFETY

Views on Proposed Legislation to Reauthorize Pipeline Safety Provisions

What GAO Found

While the gas integrity management program is still being implemented, early indications show that the program benefits pipeline safety. For example, the condition of transmission pipelines is improving as operators assess and repair their pipelines. As of December 31, 2005 (latest data available), 33 percent of the pipelines in highly populated or frequently used areas had been assessed and over 2,300 repairs had been completed. In addition, we estimate that up to 68 percent of the population that lives close to natural gas transmission pipelines is located in highly populated areas and is expected to receive additional protection as a result of improved pipeline safety. Furthermore, despite some uncertainty on the part of operators over the program's documentation requirements, operators, gas pipeline industry representatives, state pipeline officials, and safety advocate representatives all agree that the program enhances public safety, citing operators' improved knowledge of the threats to their pipelines as the primary benefit.

Although periodic reassessments of pipeline threats are beneficial, the 7-year reassessment requirement appears to be conservative. Through December 2005, 76 percent of the operators (182 of 241) reporting baseline assessment activity to PHMSA reported that their pipelines were in good condition, requiring only minor repairs. Most of the problems found were concentrated in just 7 pipelines. These results are encouraging, since operators are required to assess their riskiest segments first and operators are required to repair defects, making them safer before reassessments begin toward the end of the decade. There have been no deaths or injuries from corrosion related pipeline incidents over the past 5-1/2 years. An alternative approach is to permit pipeline operators to reassess their pipeline segments at intervals based on technical data, risk factors, and engineering analyses. Such an approach is consistent with the overall philosophy of the 2002 act and would meet its safety objectives. Under this approach, operators could reassess their pipelines at intervals longer than 7 years only if operators can adequately demonstrate that corrosion will not become a threat within the chosen time intervals. Otherwise, the reassessment must occur more frequently. As a safeguard to ensure that operators have identified threats facing these pipeline segments and have determined appropriate reassessment intervals, PHMSA and state regulatory agencies are already conducting integrity management inspections of operators. They plan to inspect most operators' integrity management activities by 2009.

The provision to increase the cap on pipeline safety grants to states appears reasonable given that states' workloads are expanding, but funding sources and oversight of states' expanded activities would need to be addressed in order to ensure that the increased grants are appropriately carried out. PHMSA has identified several potential funding sources, such as reprioritizing the agency's budget and increasing pipeline user fees. For oversight, PHMSA anticipates integrating states' expanded activities into the agency's current oversight approach that relies on annual reports from states and field evaluations.