



**UNITED STATES DEPARTMENT OF TRANSPORTATION  
Pipeline and Hazardous Materials Safety Administration**

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**Hearing on  
The Overview and Update of Federal and State Agencies with  
Pipeline Oversight Responsibilities**

**Before the  
Senate Resources Committee of the  
Alaska State Legislature**

**Written Statement of the  
U.S. Department of Transportation**

**WRITTEN STATEMENT  
OF  
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PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
U.S. DEPARTMENT OF TRANSPORTATION  
BEFORE THE  
SENATE RESOURCES COMMITTEE  
ALASKA STATE LEGISLATURE**

**March 25, 2009**

**INTRODUCTION**

Co-Chairs McGuire and Wielechowski and members of the Committee, thank you for the invitation to appear today. I am pleased to discuss the actions of the Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) in overseeing the safe operation of pipelines in the State of Alaska.

PHMSA is the Federal agency that is responsible for the development and enforcement of pipeline safety regulations for natural gas and hazardous liquid transmission and distribution pipelines, as well as liquefied natural gas (LNG) facilities throughout the country. PHMSA does not currently regulate production facilities on the North Slope because we do not have authority. However, in Alaska, PHMSA does regulate and inspect interstate and intrastate gas transmission pipelines, hazardous liquid pipelines, gas distribution systems and LNG facilities. The hazardous liquids subject to our regulations include crude oil and refined petroleum products.

Ensuring the safety of 2.3 million miles of pipeline in the country is an enormous task. Our State partners in the lower 48 oversee 90 percent of the pipeline mileage that require operator compliance with pipeline safety regulations, because the vast majority of pipelines are gas distribution pipelines. Alaska is an exception; it does not participate in our Federal/State pipeline safety program. The only other State that does not participate is Hawaii. PHMSA takes pipeline safety in Alaska very seriously. Since 2006, PHMSA increased its staff in Alaska in order to enhance our current capabilities and prepare for oversight of numerous proposed natural gas pipelines. In 2008, I accepted the position of Deputy Director for the office in Anchorage. The Alaska Office currently has four full-time engineer/inspectors, an administrative assistant and me.

### **PHMSA REGULATED PIPELINES IN ALASKA**

PHMSA in Alaska is part of the Western Region, headquartered in Denver, Colorado. We work closely with pipeline owners and operators, the Joint Pipeline Office, the Petroleum Systems Integrity Office, the Office of the Federal Coordinator and other Federal and State regulators.

PHMSA regulates over 40 hazardous liquid and gas pipelines and LNG facilities in Alaska (see attached list and map). We use a risk-based approach to determine which pipelines to inspect each year. Some pipelines such as TAPS are inspected annually, and all pipelines are inspected at least every three years. We also investigate accidents and safety issues. For example, we have been the lead Federal agency investigating the 2006 BP Exploration (Alaska), Inc. (BPXA) spills from two North Slope Oil Transit Lines (OTLs).

After these incidents, we issued a Corrective Action Order (CAO) that eventually contributed to BPXA's decision to replace its Eastern and Western Operating Area OTLs. We conduct inspections that cover pipeline design, construction standards, integrity management, operator qualifications and drug and alcohol requirements. The inspections include document reviews, field inspections and interviews. In addition, we have a role in ensuring operator preparedness and response to any oil spills that may occur.

### **INCIDENT NOTIFICATIONS AND INVESTIGATIONS**

Normally, PHMSA is notified of an incident by the pipeline owner or operator or by the National Response Center. PHMSA regulations require owners and operators to report certain types of incidents. For pipelines we do not regulate, sometimes our first notification is through the news media. For pipelines that we do regulate, however, we contact the pipeline operator and then inform other Federal and State agencies advising them of our findings. For pipelines such as the Trans-Alaska Pipeline System (TAPS), much of the coordination is handled through the Joint Pipeline Office (JPO). The JPO is a consortium of 11 Federal and State agencies to provide oversight of the TAPS and shares information on other pipelines in Alaska. For pipelines that we do not regulate, we usually stay informed by the State or Federal agency conducting the investigation. Based on what we learn, we may investigate independently or with others. In certain cases, we follow up our investigation with an enforcement action.

Examples of the more recent investigations that PHMSA has conducted include: the TAPS PS-9 fire in 2007; the January 15, 2009 incident where

natural gas was pushed into TAPS PS-1; the sinking of M/V Monarch near the Granite Point Platform on the same date; and the residential natural gas explosion on March 12, 2009 in Anchorage.

## **ENFORCEMENT**

In the past three years, PHMSA has initiated several enforcement cases against pipeline operators in Alaska. These cases include CAOs issued to BPXA, Notices of Probable Violation issued to Alyeska and Enstar Natural Gas and additional cases against other operators. These cases are currently in various stages of our normal enforcement process.

In the course of conducting our duty of oversight for the BPXA CAO issued in the aftermath of the March 2006 North Slope oil spill, we have closely monitored the corrective actions the company is required to take, including the replacement of the failed OTLs.

## **RISK ASSESSMENTS ON THE NORTH SLOPE**

PHMSA's Integrity Management (IM) regulations require operators to assess the risks their pipelines pose to High Consequence Areas and to develop programs to mitigate those risks. Pipelines such as TAPS, Alpine and Endicott have already completed this process, and we periodically review the continual updates they are required to make to their IM programs. Under our 2008 Low Stress rule, additional pipeline operators must develop IM programs. We are aware of the risk assessment programs the State of Alaska is performing, and we are committed to sharing certain integrity and risk

information with the State on the pipelines which we have pipeline safety jurisdiction. For example, we are in the process of providing certain PHMSA data and information to the Alaska Department of Environmental Conservation (ADEC) in support of their Alaska Risk Assessment (ARA) project efforts.

### **RISK-BASED APPROACH**

The responsibility for safety rests first with the owners and operators of pipeline facilities. Our mission is to achieve and maintain the safe, environmentally sound and reliable operation of the nation's pipeline transportation system. This requires understanding the condition of the pipelines and assuring that operators take action to address any unsafe condition. We manage oversight based on risk and take a "systems approach" to setting priorities. We make full use of our statutory authority, including new tools provided by the Pipeline Safety Improvement Act of 2002, and the Pipeline Inspection, Protection, Enforcement and Safety (PIPES) Act of 2006. Our progress with the IM programs positioned us to take effective action when BPXA's low stress OTLs failed in Prudhoe Bay in March and August 2006.

Over the past eight years, PHMSA has designed and executed a risk-based systems approach to oversight of the national pipeline infrastructure. We undertook rulemaking projects on a risk prioritized basis, acting first on those parts of the infrastructure that posed the greatest risk to people and then the environment. To begin the program, we defined High Consequence Areas and mapped the locations, including areas unusually sensitive to

environmental damage, in the National Pipeline Mapping System. We have completed, and are implementing, regulations that provide integrity management-based protection for people and the environment that could be affected by a failure from high and low pressure hazardous liquid pipelines, as well as high pressure gas transmission pipelines.

Given the impact of the 2006 BPXA incidents, we were concerned about other immediate risks that could lead to a shutdown of the other feeder lines to TAPS. Acting upon this concern, we deployed a team to update our knowledge of the risks to the other pipelines, including those at the Kuparuk, Alpine, Badami, North Star, Oliktok and Milne Point fields.

### **DOT'S PIPELINE REGULATIONS**

Recently, PHMSA amended our Pipeline Safety Regulations to bring previously unregulated hazardous liquid gathering, and low stress pipelines in rural areas, into our regulatory oversight program. The Low Stress rule will add to our oversight not only of the pipelines in Prudhoe Bay but also those in the Cook Inlet and the Kenai Peninsula. By adding these lines, we are taking a risk-based approach to protect more lines that, in the event of a failure, could spill into an Unusually Sensitive Area (USA). Our assessment of which lines to regulate is based on how they can impact a USA in relation to the pressure of the line and the volume of product that could be spilled.

Through a phased-in approach, the pipeline safety regulations will provide additional and robust integrity protection to areas where oil pipelines in rural areas could affect drinking water resources and endangered species, as well as

other ecological resource concerns. These regulations will enhance corrosion protection by including requirements for continuous monitoring, integrity assessment and leak detection. They will require operators of these lines to follow, among other requirements, safety rules for design, construction, testing and maximum operating pressure. In addition, the regulations will require operators to protect their lines from corrosion and excavation damage, install and maintain line markers, establish operator qualification and damage prevention programs, provide public education and report accidents and safety-related conditions.

## **CONCLUSION**

I assure the members of this Committee that the Administration, Transportation Secretary LaHood and the dedicated men and women of PHMSA share your strong commitment to improving safety, reliability and public confidence in our nation's pipeline infrastructure.

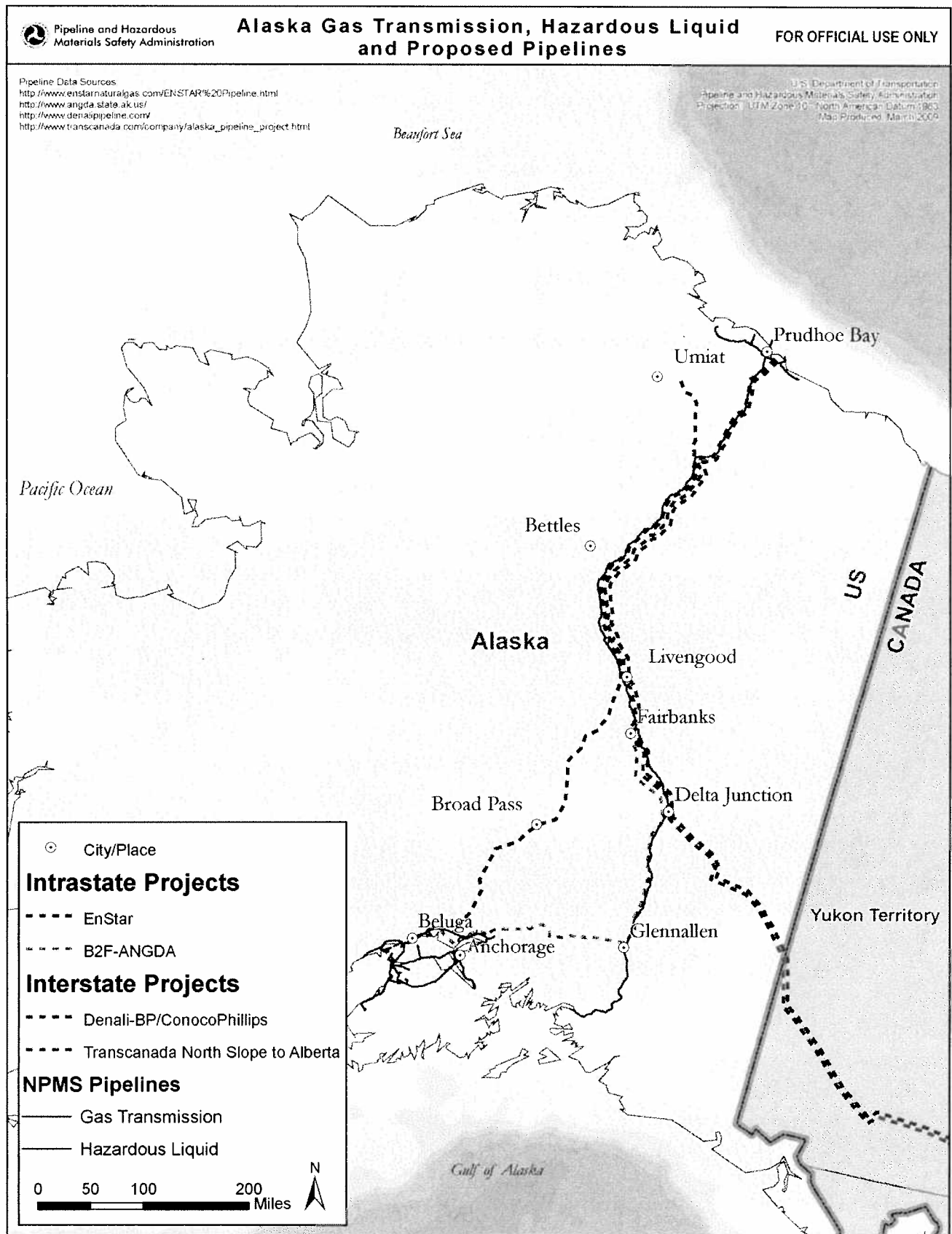
Like you, we understand the importance of our mission relative to the safety of our citizens and to both the energy security and continued economic growth of our great nation.

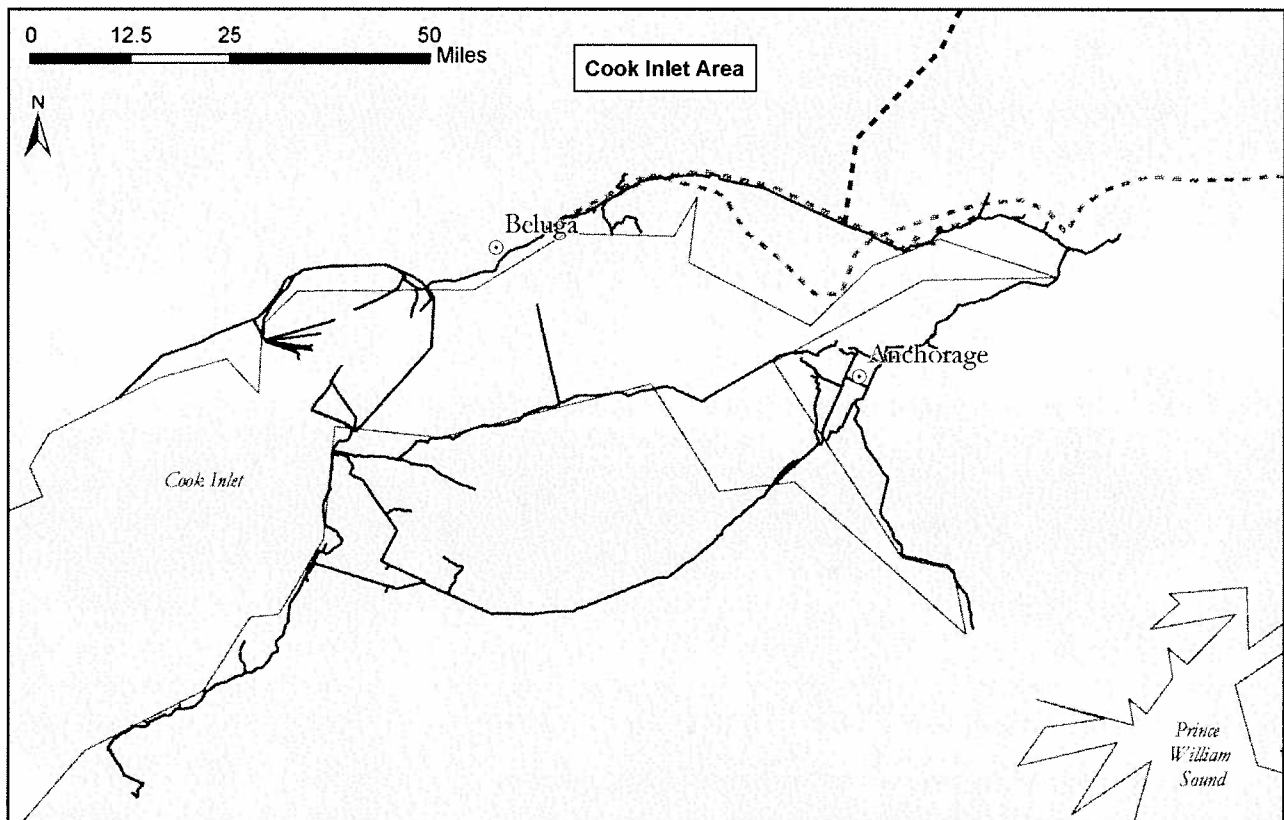
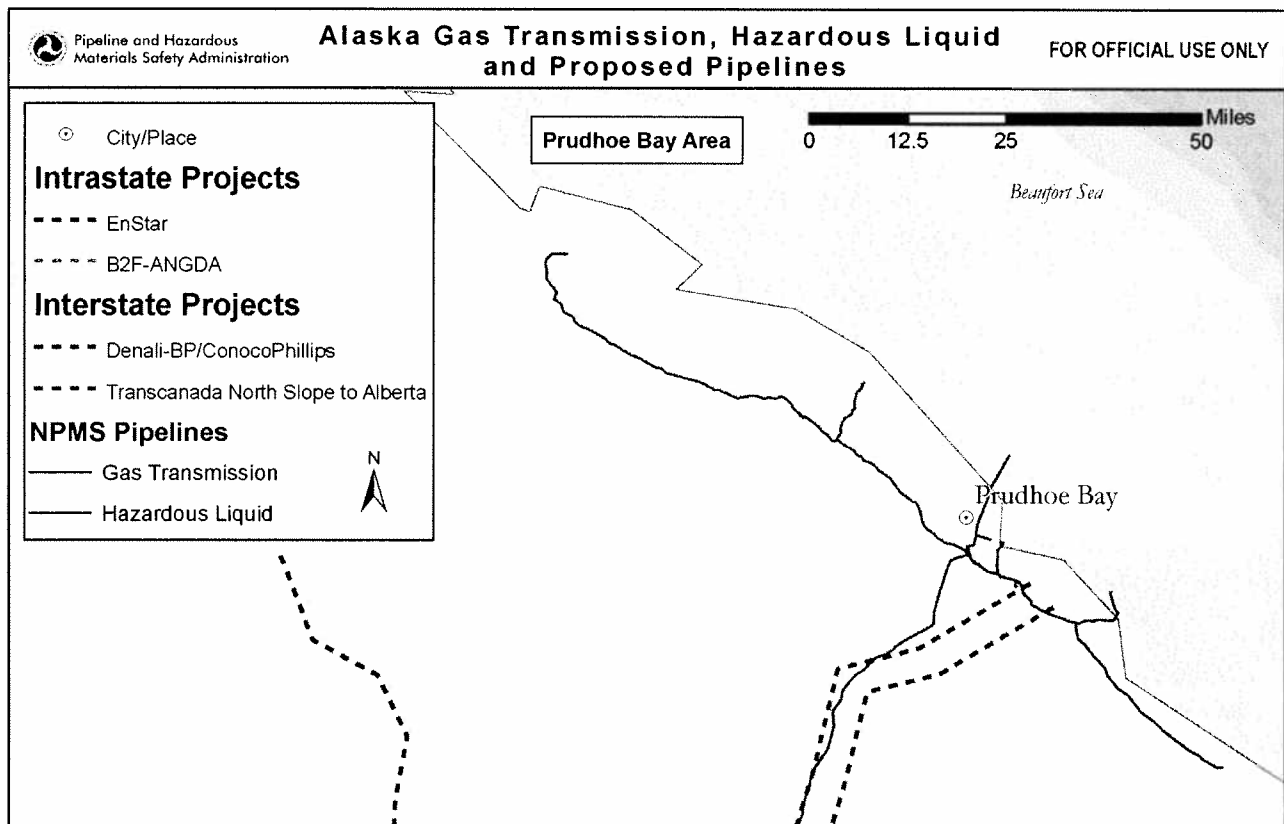
Thank you.

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## PHMSA REGULATED PIPELINES IN ALASKA

|                                             |                                                |
|---------------------------------------------|------------------------------------------------|
| <b>ALPINE CRUDE PIPELINE</b>                | <b>KENAI TRANSMISSION PIPELINE</b>             |
| <b>ALPINE DIESEL LINE</b>                   | <b>KENAI UTILITY SERVICE</b>                   |
| <b>ALYESKA FUEL GAS LINE</b>                | <b>KENAI-KACHEMAK PIPELINE (KKPL)</b>          |
| <b>ANCHORAGE DIST. SYSTEM</b>               | <b>KUPARUK OIL PIPELINE</b>                    |
| <b>BADAMI NATURAL GAS TRANSMISSION LINE</b> | <b>MAT SU VALLEY DISTRIBUTION SYSTEM</b>       |
| <b>BADAMI PIPELINE</b>                      | <b>MILNE POINT PIPELINE</b>                    |
| <b>BARROW GAS FIELD TRANSMISSION LINE</b>   | <b>NARL</b>                                    |
| <b>BARROW UTIL &amp; ELECTRIC COOP</b>      | <b>NIKISKI AREA GAS LINE</b>                   |
| <b>BELUGA TRANSMISSION LINE</b>             | <b>NORTHSTAR GAS PIPELINE</b>                  |
| <b>BARROW SOUTH GAS HANDLING FACILITY</b>   | <b>NORTHSTAR LIQUID PIPELINE</b>               |
| <b>CIGGS SYSTEM</b>                         | <b>NUIQSUT GAS DISTRIBUTION SYSTEM</b>         |
| <b>COOK INLET PIPE LINE CO</b>              | <b>NUIQSUT TRANSMISSION PIPELINE</b>           |
| <b>DEADHORSE DISTRIBUTION</b>               | <b>OFFSHORE COOK INLET</b>                     |
| <b>DILLON PLATFORM</b>                      | <b>OFFSHORE/ONSHORE COOK INLET</b>             |
| <b>EAST FORELAND PLATFORMS (GAS)</b>        | <b>OLIKTOK NGL LINE</b>                        |
| <b>EAST FORELAND PLATFORMS (OIL)</b>        | <b>OIL TRANSIT LINES –NORTH SLOPE</b>          |
| <b>ENDICOTT PIPELINE CO</b>                 | <b>POINT MCKENZIE LNG PRODUCTION FACILITY</b>  |
| <b>FAIRBANKS DISTRIBUTION SYSTEM</b>        | <b>TRANS-ALASKA PIPELINE</b>                   |
| <b>FAIRBANKS LNG TANKS AND VAPORIZER</b>    | <b>PT MCKENZIE GAS TRANSMISSION LINE</b>       |
| <b>FORT RICHARDSON</b>                      | <b>SIGNATURE FLIGHT SUPPORT PIPELINE</b>       |
| <b>GRANITE POINT PLATFORMS (GAS)</b>        | <b>SPARK/SPUR GAS</b>                          |
| <b>GRANITE POINT PLATFORMS (OIL)</b>        | <b>TERMINAL (VALDEZ)</b>                       |
| <b>GRANITE POINT TO BELUGA</b>              | <b>TESORO ALASKA PETROLEUM CO</b>              |
| <b>GREATER PRUDHOE BAY (NGL)</b>            | <b>TRADING BAY PLATFORMS (GAS)</b>             |
| <b>GVEA PIPELINES</b>                       | <b>TRADING BAY PLATFORMS (OIL)</b>             |
| <b>HAPPY VALLEY EXTENSION</b>               | <b>WEST SIDE COOK INLET</b>                    |
| <b>KENAI GAS FIELD TO NIKISKI</b>           | <b>WHITTIER/GIRDWOOD DISTRIBUTION PIPELINE</b> |
| <b>KENAI LNG PLANT</b>                      |                                                |





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