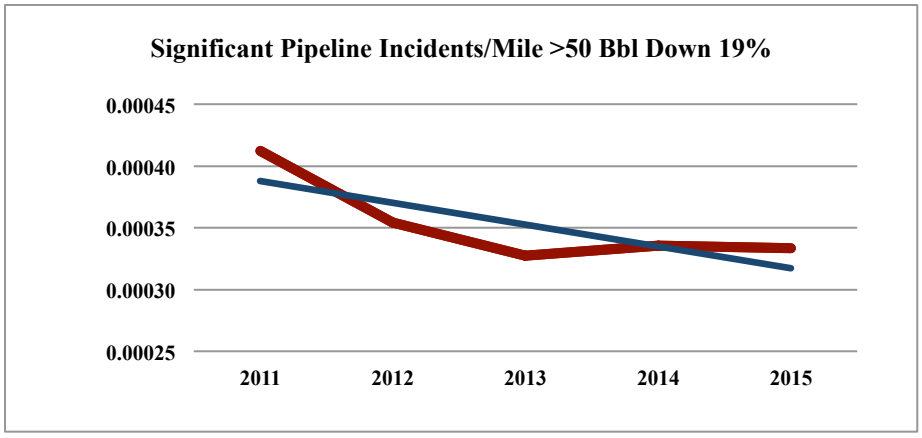
Testimony of Andrew J. Black
Association of Oil Pipe Lines, President & CEO
before the
U.S. House Committee on Transportation & Infrastructure
Subcommittee on Railroads, Pipelines, and Hazardous Materials
February 25, 2016

Thank you. I am Andy Black, President and CEO of the Association of Oil Pipe Lines (AOPL). I am also testifying today on behalf of the American Petroleum Institute (API). We represent transmission pipeline operators who deliver crude oil, refined products like gasoline, diesel fuel and jet fuel, and natural gas liquids such as propane and ethane. Our U.S. pipelines extend over 199,000 miles throughout the country, safely delivering more than 16.2 billion barrels of crude oil and energy products a year.

Pipelines play a critical role in delivering energy to American workers and families. Americans use the energy our pipelines deliver in their cars and trucks to commute to work or drive on the job. Our pipelines also transport products like propane that farmers use for rural heating and crop drying and raw materials such as ethane that American workers use for their good-paying manufacturing jobs.

Pipelines are an exceedingly safe way to deliver the energy America needs. The average barrel of crude oil or petroleum products reaches its destination safely by pipeline greater than 99.999 percent of the time. According to Pipeline and Hazardous Materials Safety Administration (PHMSA) data, significant liquids pipeline incidents that could affect an environmentally sensitive area or population center, so-called "high consequence areas", are down 8 percent over the last 5 years. Significant liquids pipeline incidents per mile that are over 50 barrels in size are down 19 percent over the last 5 years meaning incidents of significant size are not increasing, but decreasing.



Data Source: PHMSA Pipeline Safety - Flagged Incidents at www.phmsa.dot.gov

Even with these positive pipeline safety performance numbers, the member companies of AOPL and API are constantly working to improve pipeline safety even further. While pipelines may be one of the safest modes of energy transportation, our ultimate goal is zero pipeline

incidents. While pipeline incidents compared to the amount of product we deliver are infrequent, we are committed to continuously developing new ways to improve pipeline safety.

The AOPL and API *Pipeline Safety Excellence* initiative embodies the work of nearly a dozen industry-wide pipeline groups to improve pipeline operations and safety. We are funding research and development on pipeline inspection technologies, enhancing our threat detection and response capabilities, expanding safety culture and management systems, and boosting our emergency response capabilities.

In 2015, liquids pipeline operators completed development of a number of industry-wide recommended practices and technical reports to improve our ability to detect pipeline cracking, integrate safety data, manage safety efforts holistically, manage leak detection programs, and better plan for and respond to pipeline emergencies.

With development now complete, we have turned in 2016 to the implementation of these safety recommendations industry-wide and throughout the country. A prime example is our effort to encourage and assist implementation of the API Recommended Practice (RP) 1173 for Pipeline Safety Management Systems. Recommended by the National Transportation Safety Board (NTSB) and developed in conjunction with PHMSA and state pipeline regulators, Pipeline Safety Management Systems is helping pipeline operators comprehensively and holistically manage all the safety efforts underway across a company. Other industry sectors, such as aviation, nuclear power and chemical manufacturing, have benefited from safety management systems. Now, more pipeline operators are benefiting, too.

Pipeline Safety Management System RP implementation efforts by liquids pipeline operators include:

- *Implementation Workshop* - Mid-level managers responsible for implementing the pipeline safety management system recommended practice gathered in Houston last week for a full day meeting to share implementation strategies
- *Implementation Overview Booklets* – Three handy, easy to digest implementation overview booklets describing the new recommended practice, illustrating its benefits to pipeline operators, and providing implementation advice
- *Gap Analysis Tool* – An implementation tool for operators to analyze their current programs, compare them to the new recommended practice, and identify any gaps requiring implementation action
- *Peer-to-Peer Guide* – An implementation tool to facilitate small groups of pipeline operators coming together and sharing their pipeline safety management system challenges and successes
- *Evaluation Tool* – An evaluation tool expected later this year to help pipeline operators identify and review the 100-plus key activities associated with the Pipeline Safety Management System RP

- *Implementation Website* – This resource will serve as a repository for all the booklets and tools for operators, as well as a location for information allowing the public to learn more about the value of a safety management system

In addition to these implementation activities, in 2016 pipeline operators within AOPL and API will also complete expansion of industry-wide guidance on river crossings, develop a new recommended practice for construction quality management, and update our industry-wide recommended practice for pipeline integrity program management, API RP 1160.

This last safety improvement action brings us to last summer's pipeline release in Refugio, California. Pipeline operators recognize the impacts a spill can have on surrounding communities and the environment. The operator involved in this incident has expressed regret for the hardship this incident has caused and has worked with authorities on appropriate post-incident actions.

From an industry-wide perspective, we echo the words of Transportation Secretary Foxx last week at the release of PHMSA's preliminary incident report calling it, "an important step forward that will help us learn what went wrong, so that everyone involved can take action and ensure that it doesn't happen again." AOPL and API members are committed to using the lessons learned from the incident to take industry-wide action to prevent a release like this from happening again.

The February 17, 2016, PHMSA preliminary factual findings could be described as the "what" of the Refugio incident. Therein PHMSA provided a chronology of events the day of the incident and a basic rupture location description. We eagerly anticipate PHMSA's final report later this year with root cause analysis and recommendations describing the still unknown "how" and "why" this incident occurred.

We know that the pipe operated in this incident was different than the majority of pipelines operating across the country. As the report indicated, the pipe at Refugio involved insulated pipe transporting heated crude oil. Pipe in much of the rest of the country does not transport heated crude, and therefore, does not have an extra insulation layer. Whether and how these factors contributed to the corrosion, how fast it spread, possible interference with smart pig results, the access of moisture to the pipe surface, or the ability of cathodic protection systems to ward away corrosion are still unknowns. Without this information, we do not know if the incident was rooted in the unique pipe attributes or whether there are broader nationwide lessons to be learned.

At a minimum, we know there is opportunity for further industry-wide discussion and perhaps guidance for those operators that use heated insulated pipe systems. Further, many of the operators running these systems are already taking action above and beyond current integrity practices. We want to ensure all operators in the pipeline industry have access to the benefits of this knowledge. This year, as part of our 2016 update of API RP 1160 on pipeline integrity management, we will ensure lessons learned from industry-wide review and discussion of these

matters and PHMSA Refugio incident report recommendations are reviewed and incorporated where appropriate. This will be in addition to liquids pipelines incorporating lessons learned on crack management, data integration and pipeline safety management systems. Coming in 2016, the revised RP 1160 will accelerate implementation efforts more expeditiously than could occur through an agency notice and comment rulemaking process.

As we move closer to the next reauthorization of the national pipeline safety program, there is still much left for PHMSA to do from the 2011 reauthorization law. PHMSA is working to finalize a broad liquids pipelines rulemaking, which was started before the 2011 law was enacted. A PHMSA rulemaking on valves from the 2011 law likely to be proposed this spring will also not be finalized until later this year or beyond. We commend Congress for its recent oversight of PHMSA, which has resulted in the Administration issuing several rulemaking proposals and promising additional proposals, and encourage your ongoing oversight. PHMSA under its new leadership has certainly expressed its resolve to move expeditiously to meet its statutory and regulatory mandates.

As described above, pipeline operators have not stood by, and instead have advanced safety initiatives on inspection technology, cracking, data integration, safety management, leak detection and emergency response. With the numerous recent industry initiatives addressing current pipeline safety topics and additional PHMSA regulatory actions still to come, we encourage Congress to reauthorize the PHMSA pipeline safety program soon without adding significant new provisions.

Thank you for inviting me here today, and I look forward to answering any questions you may have for me.

####