



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement—
Implementation of the Pipeline Security Annex
Pipeline and Hazardous Materials Safety
Administration
Project No. 07A3018A000

Date: June 12, 2007

From: David A. Dobbs 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply to
Attn. of: JA-10

To: Assistant Administrator
and Chief Safety Officer
Pipeline and Hazardous Materials
Safety Administration

The Nation's pipelines enable the safe movement of extraordinary quantities of energy products to industry and consumers. The pipeline infrastructure is an elaborate network of over 2 million miles of pipeline that moves millions of gallons of hazardous liquids and over 55 billion cubic feet of natural gas daily. The pipeline system is composed of three predominant segments—hazardous liquid transmission pipelines, natural gas transmission pipelines, and natural gas distribution pipelines—and has about 2,200¹ natural gas pipeline operators and 250 hazardous liquid pipeline operators.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is the lead Federal regulator of pipeline safety and administers pipeline regulations through its Office of Pipeline Safety. The Transportation Security Administration (TSA) within the Department of Homeland Security is responsible for the security of the Nation's critical infrastructure, including pipelines.

On September 28, 2004, the Departments of Transportation and Homeland Security entered into a memorandum of understanding (MOU) to facilitate the development and deployment of transportation security measures.

¹ Of the 2,200 operators of natural gas pipelines, there are approximately 1,300 operators of natural gas distribution pipelines and 880 operators of natural gas transmission pipelines.

On August 9, 2006, PHMSA and TSA signed an annex to the MOU to establish clear lines of authority and responsibility over pipeline security matters. To accomplish this, the annex identifies program elements that promote efficiency and avoid duplicative efforts.

As required by the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006,² the Office of Inspector General will review actions PHMSA has taken to implement the security annex to the MOU. As required by the act, the review will: (1) provide the implementation status of the program elements outlined in the annex; (2) determine the role, responsibility, and authority of PHMSA regarding pipeline security; (3) assess the adequacy and effectiveness of the process by which PHMSA communicates and coordinates with TSA on matters relating to pipeline security; and (4) address the adequacy of security standards for gas and oil pipelines.

We plan to begin the audit the week of June 25, 2007, and will contact your audit liaison to schedule an entrance conference. If you have any questions or need additional information, please contact Scott Macey, Program Director, at (415) 744-0434 or Stephen Jones, Project Manager, at (415) 744-0425.

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cc: Laura Birkhimer, PHA-30
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² Pub. L. No. 109-468 (2006).