



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Notification of Reviews of
PHMSA's Oversight of Pipeline Safety

Date: October 27, 2010

From: *Lou E. Dixon*
Lou E. Dixon

Principal Assistant Inspector General
for Auditing and Evaluation

Reply to
Attn. of: JA-1

To: PHMSA Assistant Administrator
and Chief Safety Officer

In recent months, Congress has expressed concerns over how the Pipeline and Hazardous Materials Safety Administration (PHMSA) oversees movement of hazardous materials through the Nation's pipelines. These concerns were prompted by the pipeline rupture that occurred in Michigan in July, leaking more than 800,000 gallons of oil, and last month's pipeline explosion in San Bruno, California, that killed 8 people and destroyed 37 homes. As with many of the Nation's pipelines, in both of these accidents the infrastructure was several decades old.

Over the last decade, PHMSA has implemented critical pipeline safety regulations to improve its oversight of the pipeline industry. These include requiring pipeline operators to develop and implement integrity management programs to assess and repair weaknesses in pipelines that, in the event of a leak or failure, could affect populated areas, areas unusually sensitive to environmental damage, and commercially navigable waterways. PHMSA has also partnered with states to oversee operators' compliance with these regulations through the State Pipeline Safety Program, which delegates oversight and enforcement responsibility to the states. However, these most recent incidents call into question the effectiveness of Federal and state oversight as well as pipeline operator programs.

Therefore, in the coming weeks, we will initiate a series of audits to examine PHMSA's oversight of (1) the State Pipeline Safety Program, (2) pipeline operators' federally mandated integrity management plans, and (3) current and planned programs to address human factors and other aspects of control room management where supervisory control and data acquisitions systems are used.

We will contact your audit liaison to schedule an entrance conference for the first of these audits next month. If you have any questions, please contact Jeffrey B. Guzzetti, Assistant Inspector General for Aviation and Special Program Audits, at 202-366-0500

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cc: PHMSA Associate Administrator
for Pipeline Safety
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