

American Petroleum Institute Association of Oil Pipe Lines

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Katherine Siggerud, Director
Physical Infrastructure Issues Room 2T23
U. S. General Accounting Office
441 G Street, NW
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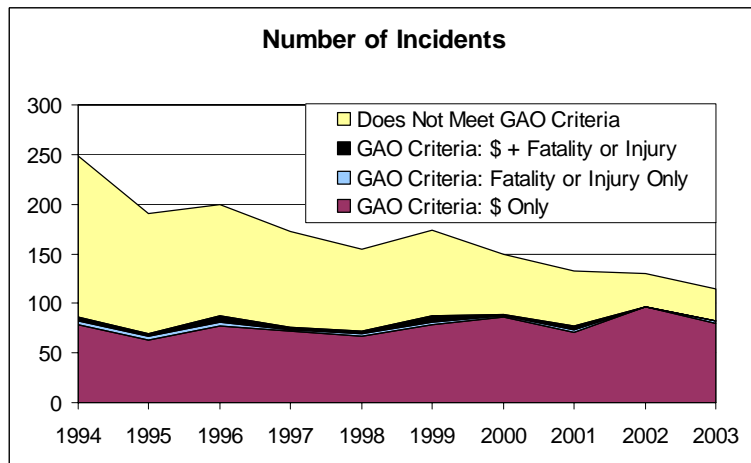
Re: Reporting the Performance of Hazardous Liquid Pipelines:
Testimony -- Preliminary Information on the Office of Pipeline Safety's
Enforcement Activities

Dear Ms. Siggerud:

We are writing on behalf of the members of the American Petroleum Institute and the Association of Oil Pipe Lines, to ask that you reconsider the analytical approach that GAO has used in its recent testimony (June 15, 2004) to present the performance of the hazardous liquid pipeline industry. It is incorrect to state, as you do on page 1, “. . . the number of serious hazardous liquid accidents has stayed about the same . . .” This misleading statement is based on partial data, not the whole picture. In fact, the industry's accidents reported to the Office of Pipeline Safety have decreased about 40% over the period 1994-2003.

We recommend that the GAO evaluate the performance of the hazardous liquid pipeline industry using the whole publicly available record rather than an artificially created subset for analysis. The GAO definition of “serious accident” -- “those resulting in death, injury, or \$50,000 in property damage.” -- results in the elimination of hazardous liquid accidents from the performance analysis that any reasonable person would consider serious. For example, this definition excludes 75 hazardous liquid accidents of 1,000 barrels (42,000 gallons) or more that occurred over the time period from 1994-2003. No reasonable person, including pipeline operators, would conclude that a spill of this size is not a serious event.

The hazardous liquid pipeline industry has improved its performance significantly. A review of the complete record tells us that spills have fallen from an annual average of 216 over the 1994-1996 period to an annual average of 128 over the 2001 to 2003 period, a decline of 40%. (The graph uses the reporting threshold that prevailed until early 2002, 50 barrels, for all years.) The total volume released has also declined substantially. These statistics, based on the full record, are in fact higher than the subset of “serious accidents” used by GAO; we believe that GAO should not



underreport either the total number of accidents, or the substantial improvement in industry performance. The graph above illustrates the difference between the overall record and the GAO subset of incidents. As pipeline operators we would be considered poor stewards of safety if we ignored the significant incidents that GAO has chosen to exclude.

We recommend that GAO provide separate figures and narrative describing the performance of the natural gas transmission and the hazardous liquid transmission industries that accurately reflects the public policy distinctions of Congress and the Administration. There is no inherent value in crafting an artificial definition of “serious accident” in an attempt to make the reporting criteria of the hazardous liquid and natural gas pipeline industries comparable. Both the Congress and successive Administrations (through the Office of Pipeline Safety) have made a clear public policy distinction concerning the reporting of accidents. This distinction is valuable since the consequences of accidents are different. Only those natural gas releases with significant consequences (death, injury, or significant property damage) are reported as “incidents” to OPS. All other releases of natural gas are reported to OPS through the annual report for natural gas operators. There are a substantial number of these smaller leaks every year, but their consequences are minimal. OPS has crafted the reporting requirements for natural gas operators to reflect this context. On the other hand, since the inception of pipeline spill reporting, OPS has applied an additional volumetric criteria for hazardous liquids systems, related to the size of the release alone. Congress and OPS have correctly determined that because the potential for environmental harm exists for hazardous liquids releases, releases should be reported to the federal government, without regard to whether there were other safety or monetary damage components to the incident. This public policy decision is valuable even though many of the smaller hazardous liquid pipeline spills, like smaller natural gas releases, do not have significant consequences. Combining the performance of the two industries is a convenience for presentation, but it is a convenience that does not help anyone understand the risks, the consequences or the record. It also does not provide insight into the effectiveness of OPS policies and programs.

The hazardous liquid pipeline industry is committed to an improving record, and we are continuing to make progress. To do so, the industry must of necessity focus on the total picture, on all the risks and all the hazards, not a subset of releases that do not promote understanding or safety. We would ask that GAO’s presentation do the same.

We would be glad to discuss these concerns and the hazardous liquid pipeline industry’s record with you directly and in detail.

Sincerely,



CC:

Sen. John McCain, Chairman, Committee on Commerce, Science and Transportation, US Senate
Sen. Ernest Fritz Hollings, Ranking Member

Rep. Thomas Petri, Chairman Subcommittee on Highways, Transit and Pipelines, Committee on Transportation and Infrastructure, US House of Representatives
Rep. William O. Lipinski, Ranking Member

Rep. Joe Barton, Chairman, Committee on Energy and Commerce
Rep. John D. Dingell, Ranking Member