Reducing the Risk of Oil Pipeline Accidents:

The Virginia Experience

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REDUCING THE RISK OF OIL PIPELINE ACCIDENTS:
THE VIRGINIA EXPERIENCE

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Abstract

Oil spills from pipelines pose a significant safety and environmental threat to communities across the country, including Virginia. This threat, however, has been largely ignored by the media, governmental agencies, and the environmental community, except in those localities where the accidents have occurred.

The objectives of this paper are to present an overview of the national problem posed by oil pipeline accidents, to describe the basic regulatory framework governing pipeline operations, to relate Virginia's recent experience with pipeline spills, and to make several recommendations for the improvement of pipeline safety and protection of the environment. The methodology used is largely historical. The author has drawn upon government reports, personal experience and interviews with industry and governmental experts, and a review of relevant law. Technical engineering issues have been presented in summary form.

The Impact of Pipeline Accidents

It is a little known fact that pipeline accidents are the leading point source of oil pollution in the United States. In 1992, 52.5 percent of the oil spilled in the United States, involving accidents of more than 10,000 gallons each, came from pipelines. More importantly, 1992 was not unusual. Pipeline accident frequency and spill size have not shown any significant trends over the 10 years prior to 1992. According to one government study, there were 3,910 spills from land-based pipelines in the U. S. from 1980 to 1989, causing the release of nearly 20 million gallons of petroleum products into the environment. On the average, this amounted to more than one water-polluting spill every day.

These oil spills result in significant environmental damage, threaten public water supplies, and cause millions of dollars in property damage and economic loss. From 1982 to 1991, pipeline accidents resulted in 176 injuries and 26 deaths.

The public generally associates oil spills with TV images of tankers running aground and beaches smothered in millions of gallons of crude oil. But the truth is that for every Exxon Valdez accident, there are
dozens of pipeline accidents whose cumulative effects often exceed oil tanker spills. According to statistics supplied by the Office of Pipeline Safety, U. S. Department of Transportation ("OPS") and the Coast Guard, more than twice as much petroleum was spilled from pipelines as was lost from oil tankers and barges during the 11-year period ending in 1992 (Figure 1).

It is generally recognized that the Valdez accident prompted a major federal initiative to curb offshore oil spills and to improve emergency response efforts. But there has been no similar effort made to reduce the likelihood of pipeline accidents through improved design and operational standards. This lack of government action is probably attributable to the fact that pipelines are literally hidden from public view, that the impact of pipeline spills is localized, and that they do not generally produce the same quantity of sensational grist for the media mill as oil tanker accidents do with their blackened beaches and oil-soaked waterfowl.

This country may simply be waiting for the pipeline equivalent of the Valdez disaster. The potential certainly exists. The U. S. has more than 225,000 miles of petroleum pipelines criss-crossing the continent, with over 500 different shippers pumping 586.8 billion ton-miles of petroleum products domestically in 1987. Pipelines carry vital crude oil, gasoline, jet fuel, diesel fuel, heating oil, kerosene, and other petroleum products to businesses, homes, factories, and tank farms throughout the country, often passing through fragile wilderness or densely populated areas.

So who is responsible for these pipelines? Roughly 80 percent are owned and operated by the major oil companies, either through subsidiaries or joint ventures. The largest single operator, in terms of volume shipped, is Colonial Pipeline Company, which shipped 29.2 billion gallons of petroleum products in 1994, of which 3.8 billion were delivered in Virginia.

No studies have added up the environmental damage caused by oil pipeline spills in the United States, but the damage is certainly substantial. For example, in 1990, a leak was discovered at the huge petroleum tank farm served by Colonial in the City of Fairfax. Investigators had difficulty locating the source of the leak, since the tank farm contains storage facilities operated by Texaco, Chevron, Amoco, and Citgo. Apparently, the leak had been ongoing for years, since groundwater was contaminated to the point where gas fumes were detected in the basements of nearby homes. In some cases, the fumes were so bad that local fire officials installed emergency vapor alarms in the basements. Texaco eventually had to buy approximately 200 of those homes. The oil companies have been pumping and treating groundwater for the past five years, but County officials estimate that the remediation work may continue for another 15 years.

The economic losses are equally impressive. In 1992 alone, OPS estimates that the total economic impact of hazardous liquid pipeline accidents was $92.7 million, exclusive of clean-up costs. These costs are rising rapidly. As the environmental remediation efforts required by EPA and state environmental agencies become more protracted and costly, accident prevention efforts are bound to become a more cost-effective alternative to remediation.

The Regulatory Framework

In 1979, Congress enacted the first comprehensive regulatory program for oil pipelines with this country, with the adoption of the Hazardous Liquid Pipeline Safety Act ("Act"). The Act gave the Department of Transportation ("DOT") jurisdiction to regulate both intrastate and interstate liquid pipelines, although DOT can delegate some of this authority to states. For intrastate facilities (i.e., pipelines whose operation and control begins and ends within a single state), DOT can certify states that have adopted DOT standards and allow them to implement the federal program. For interstate pipelines, states that have already been certified may become an interstate agent for OPS although all enforcement powers continue to reside with federal officials. As of today, only 12 states have been certified under the intrastate program, with four
of these also administering the interstate program.\textsuperscript{11}

For all intents and purposes, oil pipeline regulation in the U.S. is a federal program, since states cannot adopt stricter environmental standards (except for siting new pipelines) than those imposed by OPS. Even states operating under intrastate certification cannot adopt rules that are "incompatible" with DOT regulations. A further disincentive for state involvement has been Congress' refusal to fund OPS at a level where it can adequately reimburse states for their regulatory costs. With all these limitations, few states have sought to assume the maximum degree of regulatory authority allowed under the Act.

Unfortunately, as Virginia officials have discovered. Congress and OPS have compiled a poor record of protecting the public from liquid pipeline accidents. Despite the fact that OPS is funded almost entirely by user fees paid by the industry, Congress has consistently kept OPS' budget so low that OPS cannot set fees at a level that will support effective regulation. Until quite recently, for example, the OPS Eastern Region only had four inspectors to inspect all liquid and natural gas pipelines in 13 states, including Virginia.

One reason that OPS has done so little to protect the environment is that until passage of the Pipeline Safety Act of 1992, neither it nor any other federal agency was charged with developing a program to protect the environment from oil pipeline accidents.\textsuperscript{12} When the City of Fredericksburg first approached OPS in 1990 about the two accidents discussed below, OPS officials readily conceded that the prevention of water pollution was not really part of their regulatory mandate. Their sole mission, they said, was safety.

The 1992 legislation changed this by directing DOT to include "protection of the environment" in its mission under the Act and identified several specific issues for the agency to address. Specifically, Congress gave OPS deadlines for identifying and protecting environmentally sensitive areas, for regulating offshore pipelines, low-pressure lines, and "gathering lines" (i.e., pipelines running from the well site to processing plants, refineries, etc.) located in environmentally sensitive areas, and for requiring periodic inspections of pipelines located in sensitive areas.

But the agency has been slow to implement this new mandate. The only final environmental regulations issued since 1992 have dealt with hydrostatic testing of certain lines. Environmentally sensitive areas have not yet been identified, nor has the agency undertaken any sort of comprehensive environmental review of all its regulations.

In fact, on virtually any issue that involves potentially higher costs for industry. OPS has been reluctant to act. Safety experts have been urging OPS for years to require pipeline operators to install remotely operated and automatic shut–off valves in order to isolate failed pipelines and limit the release of petroleum following an accident. The National Transportation Safety Board ("NTSB"), an independent oversight and investigative agency, has called upon OPS for almost 25 years to require such valves.

OPS, however, has continued to drag its feet. In a special report issued January 23, 1996 on the safety record of Colonial Pipeline, the NTSB noted its exasperation with OPS on this and other safety related issues:

\ldots[OPS] has performed studies, conducted research, and sought industry input, but has failed to carry through and develop requirements for leak detection and rapid shutdown of failed pipelines\ldots Rapid shutdown can be achieved through appropriate use and spacing of remotely operated valves, automatic valves, and other emergency flow restriction devices. Consequently, the Safety Board believes that\ldots[OPS] has failed to take effective and timely action to address corrosion control, inspection and testing of pipelines, and methods to limit the release of product from failed pipelines.\textsuperscript{13}
OPS now says that it plans to issue a Notice of Proposed Rulemaking on remote and automatic shut-off valves later in 1996.

OPS is equally lax in its enforcement efforts. Although the Act authorizes OPS to fine offenders up to a maximum of $25,000 per day and the 1992 legislation increased the agency’s enforcement powers, OPS rarely imposes any penalties at all. During the period from 1987 to 1989, when pipeline companies spilled roughly 33 million gallons of petroleum in 580 separate accidents, OPS only imposed $188,000 in penalties, or less than one-half cent per gallon of product spilled.

The Virginia Experience

Virginia hosts more than 1,124 miles of interstate petroleum pipelines. Seven hundred eighty-eight miles of this total consists of lines owned by Colonial Pipeline Company and 326 miles by Plantation Pipe Line Company (Figure 2). Nobody knows how many more miles of intrastate lines may exist, since none came under OPS jurisdiction until July 1994, when low-pressure lines in urban areas first came under the Act.

Both Plantation and Colonial are major oil shippers. The former operates throughout the Southeast and is owned by Exxon, Chevron, and Shell. Colonial, however, dominates the petroleum shipping business along the entire East Coast. Owned by a consortium of 10 major oil companies, Colonial operates over 5,317 miles of petroleum pipeline in 13 states and the District of Columbia, with its major lines running from Texas to New York.

The two carriers pass through 48 Virginia localities (Figure 3) and potentially impact many more. A major spill from either company’s lines has the potential to shut down public water supplies of localities situated miles downstream and can impact the water quality of the state’s major rivers and the Chesapeake Bay.

As part of the main East Coast petroleum shipping route, Virginia has suffered its share of oil pipeline disasters over the past 20 years. From 1974 to 1994, Colonial and Plantation had 20 major spills in the state, causing the loss of almost 2 million gallons of petroleum products (Figure 4).

The three largest spills during this period have all come from Colonial’s 32- and 36-inch lines that run the length of Virginia from Danville to Chantilly. The first took place on March 6, 1980, when the 32-inch line ruptured simultaneously in two locations, precipitated by an operator error in Atlanta. The first break occurred near Manassas, at a location where the pipe wall had been thinned by corrosion in a casing under a road, causing the release of 336,000 gallons of kerosene. Before the spill could be contained, product flowed into Bull Run and entered the Occoquan Reservoir, which supplied drinking water for Fairfax County.

The line also broke near Locust Grove in Orange County, at a location where another preexisting pipe defect existed. This defect was a longitudinal crack caused by a phenomenon known as “railroad fatigue.” When the pipeline was built in 1962–64, some of the pipe was improperly loaded and shipped from the manufacturer to the project site on railroad cars, causing the pipe to jostle and develop hairline cracks that went undetected at the time of installation. After years of normal operating pressure cycles, these cracks can slowly grow causing the pipe to fail. When the pipe failed at Locust Grove, 92,000 gallons of fuel oil spilled into the Rappahannock Rivers. The City of Fredericksburg, which drew its water supply from the Rappahannock roughly 20 miles away (Figure 5), was forced to shut down its water treatment plant for over a week and haul drinking water from a neighboring county.

Nine years later, on December 18, 1989, during a bitterly cold winter, disaster struck again at Locust Grove. This time, there was no operator error. Instead, the 32-inch pipeline failed spontaneously due to
railroad fatigue, less than five miles from the previous accident. The rupture caused the release of 212,000 gallons of kerosene into the Rapidan and Rappahannock Rivers. Colonial quickly erected two containment dams and, over the next 12 days, attempted to recover the spilled product. Unfortunately, these efforts were impeded due to the inaccessible site of the spill. On New Year’s Eve, following a rapid thaw and heavy rains, the containment dams broke and kerosene flowed downstream toward Fredericksburg. Again, fish and game were killed, the City’s water supply was cut off, and drinking water had to be hauled from Stafford County for 7 days.

But the third and largest spill occurred on March 28, 1993, when Colonial’s 36-inch line ruptured in Reston, causing the release of roughly 407,700 gallons of diesel fuel into Sugarland Run, a tributary of the Potomac River. The release caused significant environmental damage and threatened water supplies in parts of Northern Virginia, Maryland, and the District of Columbia. According to the NTSB, the “probable cause” of the break was excavation damage that had taken place at some “undetermined time.” The Safety Board found that more than 200 contractors and groups had performed work in the general area of the rupture during the six-year period between the construction of a nearby medical complex and the date of the accident. With so much construction activity going on near the site, it was impossible to pinpoint any single event or contractor that had damaged the pipe.

As a result of these accidents, Fredericksburg and Fairfax officials began a concerted effort to learn the causes of their respective accidents, to educate themselves about pipeline regulations generally, and to seek corrective actions that would reduce the likelihood of future accidents. They repeatedly sought help from OPS in trying to secure vigorous enforcement action against Colonial and to push for greater local input in pipeline safety matters.

Their experience with OPS has not been encouraging. After the 1989 spill, Fredericksburg officials expressed serious concerns to OPS about the continuing hazards posed by the 32-inch line. Despite these concerns and the City’s desire to be kept actively involved in the enforcement process, OPS secretly negotiated a “voluntary testing plan” with Colonial in August 1990. The plan called for Colonial to hydrostatically test the line by the end of 1991, to prepare an “operational reliability assessment” (ORA) that would attempt to predict the likelihood of future accidents due to railroad fatigue, and to maintain a reduced maximum operating pressure of 445 psi. Upon obtaining a copy of the agreement, the City was dismayed to discover that the agency could permit Colonial to resume normal operating pressure at any time without any notice to or input from the City. Although its citizens had suffered as a result of the spill, neither they nor the City had any redress or opportunity to appeal the agency’s action.

A month later, in September 1990, OPS released a special internal task force report whose findings were even more alarming. According to the report, Colonial had experienced a series of six accidents on the 32-inch pipeline, with spills in Alabama, South Carolina, Virginia, and New Jersey. The report revealed that railroad fatigue had been a known risk at the time the line had been constructed, that hydrostatic testing was the only available means of detecting fatigue cracking, and that it was impossible to pinpoint where the defective shipments of pipe had been installed. Finally, the report predicted that there would be future failures due to fatigue unless corrective action was taken. In other words, this was an accident just waiting to happen, but no one knew where it might be.

Soon after the plan went into effect, Colonial began hydrostatically testing the line between Locust Grove and Remington, a distance of roughly 20 miles. The “good news” from these tests was that it ruptured only once. The “bad news” was that it ruptured in the same joint of pipe that had failed in the 1980 accident. As incredible as it may seem, the company had apparently cut out only that portion of the pipe joint that had failed in 1980, leaving the remaining half of the defective pipe in the ground.

Over the next three years, Colonial submitted several drafts of the ORA, but OPS refused to share copies of them with the City, even after a Freedom of Information Act request was filed. Finally, in
February 1994, OPS released the report to Fredericksburg and Fairfax officials and invited comment. The report only served to confirm the localities' fears about the reliability of the 32-inch line. The report concluded that, even though Colonial had hydrostatically tested the line and reduced the pressure cycles on the pipeline by bringing an abandoned pump station back on line, another rail-fatigue failure was likely to occur within the next six years.21

Meanwhile, Fairfax County had hired its own pipeline experts and had become increasingly concerned about some of the most basic design and safety standards for pipelines, including those for natural gas. Among the major concerns identified by the County and its consultants were:

1) The thin-walled high-pressure pipe used by Colonial in its petroleum pipelines might not have sufficient fault tolerance to allow early detection and repair of cracking due to cyclic fatigue. The County questioned whether OPS' design standards were adequate to protect public safety and the environment;

2) Colonial's excavation of defective portions of the 36-inch pipeline in Fairfax had revealed damage caused by bed rock or rock in the backfill, in 40 out of the company's 88 digs. The County feared that such defects might indicate poor construction practices;

3) OPS had never instituted requirements for periodic testing of liquid pipelines. This was of particular concern to the County, given the aging condition of many pipelines; and

4) The rapid population growth and development near pipelines in Fairfax County presented an increasing threat of third-party damage and a heightened risk of injuries or loss of life. The County was particularly concerned that if the Reston accident had occurred just two hours later, the pipeline would have contained highly flammable gasoline.22

The County, in a series of high-level contacts with Secretary of Transportation Federico Pena, identified these concerns and lobbied successfully to get DOT to prevent Colonial from resuming normal operating pressure until some of these questions had been resolved. As of today, normal operating pressure has not resumed on either the 32- or the 36-inch pipeline.

Recent Virginia Initiatives

In the aftermath of these three major spills, local officials in Fredericksburg and Fairfax have initiated a variety of efforts to reduce the risk of future accidents. They felt they had no choice but to get deeply involved, since it was obvious that few national leaders or organizations were pushing for increased pipeline safety or environmental protection and because the one federal agency charged with this responsibility apparently lacked the will or the resources to do the job.

Within the past four years, the two localities have successfully taken the following steps:

1) Public participation – In 1992, Fredericksburg secured passage of an amendment to both the federal Hazardous Liquid Pipeline Safety Act and the Natural Gas Pipeline Safety Act to allow greater public participation in OPS enforcement proceedings.23 OPS is now required to share draft consent orders negotiated between the agency and pipeline operators with affected state and local governments. This ensures that localities and states which have suffered major pipeline accidents will have notice and an opportunity to comment on proposed OPS enforcement actions.

2) State certification – Fredericksburg, with the support of Fairfax County and the State
Corporation Commission ("SCC"), persuaded the General Assembly in 1994 to enact Virginia's own Hazardous Liquid Pipeline Safety Act. This legislation authorized the SCC to assume federal regulatory and inspection jurisdiction over intrastate and interstate liquid pipelines in Virginia. The Commission assumed intrastate jurisdiction in January 1995, but has not yet taken over the interstate lines. When this does happen, the Commonwealth and its local governments will be in a position to exercise far greater control and devote considerably more attention and resources to oil pipeline supervision than OPS has been able to provide.

3) **Local land use** – Over a two-year period following the Reston spill, Fairfax County officials undertook a comprehensive review of its land use regulations to see what local steps could be taken to reduce the risk of future spills. In June 1995, the County amended its comprehensive plan, zoning, and subdivision ordinances:

- to strictly limit allowable land uses within gas and liquid pipeline easements;
- to prohibit the use of pipeline easements in calculating minimum lot sizes, thus encouraging the placement of buildings farther away from hazardous pipelines;
- to require developers to identify the location of pipelines and easements on all major site plans, generalized development plans, and commercial building permit applications; and
- to require developers to forward copies of their proposed site and subdivision plans to affected pipeline operators for their review and comment.

But perhaps the single most significant measure taken by both localities has been to inculcate in their own organizations a heightened awareness that gas and liquid pipelines are indeed hazardous facilities that need to be carefully considered in various local government actions, from HAZMAT training to building codes, from land use to environmental protection. This new awareness has prompted them to establish an ongoing dialogue with state and federal pipeline regulators and operators. Finally, it has prompted them to continue pushing for fundamental reforms in the way pipelines are regulated nationally.

The SCC has also begun to move aggressively to reduce the risk of third-party damage to pipelines. In 1994, the Commission successfully petitioned the General Assembly to re-write the state's Underground Utility Damage Prevention Act so that now it is one of the strongest "Miss Utility" statutes in the country.

Although Virginia had had a Miss Utility law since 1979, it had frequently been ignored due to a lack of stiff penalties. The new law requires all persons who plan to undertake digging to call a centralized Miss Utility telephone number at least 48 hours prior to excavation. The notification centers then contact all utilities, including hazardous liquid pipeline operators, operating underground facilities within the vicinity of the dig. The utilities then have 48 hours to mark the location of their facilities. Once all utilities have been notified and given an opportunity to mark their lines, the contractor may proceed with digging but must still avoid "clear evidence" of unmarked facilities and dig by hand within two feet of all buried facilities. Violators are subject to penalties of up to $2,500 per violation.

The new system appears to be working well. During the system's first 14 months of operation, the Commission has received 350 reports of probable violations, issued enforcement actions in 163 cases, and collected more than $21,000 in fines. The remaining cases are still under investigation.

In another innovation, the Commission has striven to make its Miss Utility system more efficient
and "user friendly". It has developed a voice mail system called the "Ticket Information Exchange System." Each excavator reporting a proposed dig receives a "ticket" that is assigned its own voice mailbox, where the affected utilities can report the status of their facilities or leave messages for excavators informing them as to when it is clear to excavate. By utilizing this 24-hour service, contractors are able to speed up their construction schedules. According to several sources, this automated system was pioneered by Virginia and has served as a model for other states establishing one-call programs.

Plantation and Colonial are also committing significant resources to spill prevention efforts in Virginia. For several years, Plantation has been contacting local emergency response agencies in areas potentially affected by spills and conducts workshops to show local and state officials where their facilities are located, to review the company's contingency plan, and to respond to local concerns.

Colonial has embarked on an expensive and ambitious testing program. Under a consent order with OPS dated August 14, 1995, Colonial is testing and repairing both its 32- and 36-inch pipelines from Greensboro, North Carolina, to Dorsey Junction, Maryland. The most critical testing involves the use of an experimental device known as an "elastic wave pig." This is the latest generation of so-called "smart pigs" that are designed to run through pipelines to detect defects due to corrosion, external force, cyclical stress, and other factors.

The elastic wave pig was first developed by British Gas Company about 10 years ago for testing natural gas pipelines in Great Britain and has now been modified for use in liquid pipelines. In 1993, the first experimental run was conducted on a pipeline owned by Interprovincial Pipe Line, Inc., in western Canada. In a March 1995 report produced by Interprovincial, the basic technology of the elastic wave pig was explained as follows:

Elastic shear waves are "injected" into the pipe wall and travel circumferentially around the pipe from transducers mounted within the wheels. The same transducers receive energy reflected from any cracks which are present. The pulses of ultrasound produced by one wheel probe travel around only a part of the pipe; thirty-two wheels are needed for [a 36-inch diameter pipe] to provide complete coverage of the pipe circumference.\(^\text{30}\)

In other words, the pig uses ultrasound to take millions of pipe wall readings, which are then reproduced on charts. Analysts then interpret the readings on the charts to determine whether tiny cracks may exist in the pipe. These anomalies are then excavated to determine if defects do in fact exist.

In the consent order, Colonial agreed to use the elastic wave pig to test the 32-inch line for cracking due to railroad fatigue. One of the main purposes of the test was to give Colonial a chance to prove to OPS that the British Gas pig was accurate and reliable enough to predict future crack growth.

Colonial began the British Gas pig runs in May 1995. The consent order required Colonial to run the pig from Louisa to Dorsey Junction, Maryland, a total of roughly 130 miles. The pig was run at least four times between Louisa and Remington during the time period from May to July 1995. The preliminary test data reveals that Colonial has excavated approximately 42 sections (each section, or joint, is 40 feet in length) of pipe within the City's watershed. From these digs, at least 32 defects appear to be crack-line anomalies detected by the British Gas pig. Twelve were serious enough to require replacement of the pipe.

It is remarkable, even to this layman, that virtually all of the defective pipe identified by the British Gas pig between Louisa and Remington is located between the Locust Grove station and the Rapidan River, a distance of less than 5.5 miles and the same area where the two previous ruptures had taken place. The test results clearly refute the statement made by DOT to the City back in 1993 that the agency felt confident.
that "cracking caused by railroad transportation is no longer a prevalent problem" on the 32-inch line.\textsuperscript{31}

In addition, it is noteworthy that all of the defective pipe excavated in the Rappahannock watershed was manufactured by the same company, U. S. Steel. Although Colonial officials still claim to be unsure of the proximate cause of the failures due to rail fatigue, they think that the recent testing suggests faulty shipping or handling by this one manufacturer.

Colonial has replaced roughly 740 feet of pipe within the City's watershed and made other necessary repairs. These are all of the repairs that are currently planned. They are now involved in testing the remainder of the 32-inch line between Remington and Dorsey Junction. Once the pigging and repairs are complete, the company and OPS will attempt to resolve the core issue of whether, or how, this section of line can be rendered reliable enough for the company to resume normal operating pressures.

Conclusions and Recommendations

With its rapid population growth and concomitant development, Virginia is increasingly vulnerable to catastrophic accidents involving hazardous liquid pipelines. These accidents present a significant danger to human health, safety, and the environment. We have been fortunate that the recent accidents in Virginia have not resulted in any injuries or fatalities.

The existing federal pipeline safety program has failed to adequately address these dangers. The Commonwealth and its political subdivisions have therefore been compelled to seek solutions themselves and to push for greater local and state involvement in pipeline regulation. This trend is likely to continue.

Fredericksburg, Fairfax County, the State Corporation Commission, and the pipeline operators have all launched recent initiatives to reduce the risk of oil pipeline accidents. But a great deal more remains to be done. The highest priority should be placed upon the following:

1. The public, the media, and all levels of government should focus greater attention on the hazards posed by oil pipeline accidents, on identifying the location and condition of existing pipeline facilities, and on finding cost-effective ways to prevent future accidents.

2. The federal Office of Pipeline Safety needs to be thoroughly "re-invented", from top to bottom. The primary focus of attention should not be on de-regulation or "risk management", but on increased resources, greater independence from the pipeline industry, and more effective management of existing resources.

3. The State Corporation Commission should move aggressively to assume jurisdiction over the regulation and inspection of interstate pipelines in Virginia. This should occur no later than January 1997.

4. Virginia localities potentially affected by oil pipeline accidents should educate themselves about the pipelines in their areas and establish regular contacts with the appropriate regulatory agencies and pipeline operators. Localities with major pipelines located within their boundaries should review their ordinances and regulations to ensure the greatest possible protection from pipeline accidents.

5. National organizations representing local governments, such as the National League of Cities and the National Association of Counties, should join with the pipeline industry in sponsoring a national conference devoted to expanding the role of local governments in reducing the risk of pipeline accidents.
Figure 1. COMPARISON OF OIL AND PETROLEUM PRODUCTS SPILLED IN U. S. FROM PIPELINES AND WATER CARRIERS, BY VOLUME, FOR YEARS 1982–1992

<table>
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<th>YEAR</th>
<th>PIPELINE SPILLS(^2)</th>
<th>WATER CARRIER SPILLS(^3)</th>
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<td>1982</td>
<td>9,214,926</td>
<td>3,366,433</td>
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<td>1986</td>
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<td>1987</td>
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\(^1\)Compilation and analysis of data by Robert Rackleff, Friends of the Aquifer, Tallahassee, Florida (December 20, 1995).


\(^3\)Reported spills by tankships and tank barges, in gallons. Source: Oil Pollution Incidents. Marine Environmental Protection Division, U. S. Coast Guard.
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<td>47. Surry County</td>
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<td>48. York County</td>
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pipelnst
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<td>12.</td>
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<td>Colonial</td>
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<td>16.</td>
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<td>211,806</td>
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<td>18.</td>
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<td>Colonial</td>
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<td>84,000</td>
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<td>19.</td>
<td>August 29, 1990</td>
<td>Colonial</td>
<td>Chesapeake</td>
<td>67,200</td>
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<td>20.</td>
<td>March 28, 1993</td>
<td>Colonial</td>
<td>Fairfax County</td>
<td>407,736</td>
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<td>Total:</td>
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<td>1,973,454</td>
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1Minimum spill is 100 barrels (4,200 gallons).

2This list covers the period January 1, 1974 through January 28, 1994.
Source: Office of Pipeline Safety, U. S. Department of Transportation
Figure 5. INTERSTATE PETROLEUM PIPELINES WITHIN THE CITY OF FREDERICKSBURG'S WATERSHED

Rappahannock watershed

Source: The state Department of Environmental Quality.

Location of 1980 and 1989 Colonial spills

Colonial Pipeline Company
(32-Inch and 36-Inch Interstate Pipelines)

Plantation Pipe Line Company (14-Inch Interstate Pipeline)
NOTES


2. U.S. General Accounting Office, "Pollution from Pipelines: DOT Lacks Prevention Program and Information for Timely Response" (GAO/RCED—91–60), January 1991. It should be noted that all national statistics relating to oil pipeline accidents, including the ones cited in this paper, are suspect, due to the widely conflicting and incomplete data bases.


4. GAO, supra, at 2. A ton/mile is the equivalent of 1 ton being moved 1 mile.


7. Phone interview with Mike Newhard, Fairfax County Battalion Fire Chief (March 6, 1996).


9. Office of Pipeline Safety, "Annual Report on Pipeline Safety, Calendar Year 1992", at 47. The conversion factor used by OPS for calculating economic impact: $450,000 per injury, $1.5 million per death, $25.00 per barrel of product spilled. This approach grossly understates the cumulative cost of accidents. These figures include several other hazardous liquids besides petroleum products.


11. States with intrastate certification are Alabama, Arizona, California, Louisiana, Minnesota, Mississippi, New Mexico, New York, Oklahoma, Texas, Virginia, and West Virginia. Of these 12 states, the four interstate agents are Arizona, California, Minnesota, and New York. Source: Telephone interview with Bill Gute, Eastern Region Director, OPS (March 6, 1996).

12. GAO, supra, at 2.

13. National Transportation Safety Board, supra, at 32.

14. Doyle, supra, at 86.

15. Source: The Office of Pipeline Safety, DOT.


18. Hydrostatic testing, until recently, was the only available means of testing for cyclic stress cracking due to railroad fatigue. Hydro testing is a relatively crude procedure whereby a pipeline is drained of product and then re-filled with water at a pressure exceeding the pipe’s maximum design strength. Only when the line ruptures is it possible to determine if a crack was on the verge of propagating to failure. Needless to say, such testing places undue stress on a pipeline and can even encourage crack growth.


22. Letter from William J. Leidinger, Fairfax County Executive, to George W. Tenley, Jr., Associate Administrator for Pipeline Safety, DOT, dated November 2, 1993. Also, Michael Neuhard, Fairfax County Battalion Fire Chief, Fairfax County, Virginia: A Pipeline Perspective, National Pipeline Safety Summit, Newark, New Jersey (June 20, 1994).


28. Interview with Massoud Tahamtani, Utilities Manager, Energy Division, State Corporation Commission (February 27, 1996).


30. Interprovincial Pipe Line, Inc., Inspecting Liquid Pipelines for Longitudinal Cracking (March 1, 1995), at 2, 3.

31. McMurray, supra.
October 20, 1999

VIA FEDERAL EXPRESS

Hon. Jim Hall, Chairman
National Transportation Safety Board
490 L’Enfant Plaza East, SW
Washington. D. C. 20594

RE: Pipeline Safety Act Reauthorization

Dear Chairman Hall:

I learned several days ago from Mr. Massoud Tahamtani, director of pipeline safety for the Virginia State Corporation Commission, that you had recently expressed an interest in an issue dear to the City of Fredericksburg, namely, the refusal of the Office of Pipeline Safety to enlist the help of state pipeline regulators as “interstate agents.”

In this regard, I thought you might be interested in seeing the attached correspondence from Mayor Greenup to Congressman Herb Bateman and the SCC. I understand that you will be testifying before Congress on October 27 and I thought you might find it appropriate to mention that Congress needs to take a long, hard look at how the states could be better utilized by OPS to improve pipeline safety in this country. We believe OPS is deliberately blocking the efforts of states such as Virginia, Oklahoma, and Texas to become interstate agents precisely because OPS is afraid they might take a more aggressive posture toward the industry.

Thank you for your outspoken involvement on the whole issue of pipeline safety during your term as Chairman. You are one of the few public officials in Washington who has made a real effort to strengthen pipeline safety programs on a national level.
For your information and entertainment, I have also enclosed a copy of the 11-minute video that the City produced in 1996 on pipeline safety. It highlights some of the outstanding work that Charles Batten and Bob Chipkevich have done over the years.

If the City can ever be of any assistance to you or your staff on any of these pipeline safety issues, please let us know.

Sincerely,

[Signature]
James M. Pates

---

JMP/Jo
ltr.hall
Enclosures
cc: Bob Chipkevich, NTSB
    Massoud Tahamtani, SCC
October 20, 1999

Hon. Herbert H. Bateman  
2350 Rayburn House Office Building  
U. S. House of Representatives  
Washington, D. C. 20515

Hon. Theodore V. Morrison, Chairman  
Hon. Clinton Miller, Commissioner  
Hon. Hullihen W. Moore, Commissioner  
State Corporation Commission  
Commonwealth of Virginia  
P. O. Box 1197  
Richmond, Virginia 23218

RE: Interstate Agent Status/Hazardous Liquid Pipelines

Gentlemen:

I am writing today regarding an important public safety issue that directly affects the citizens of Fredericksburg and, more generally, those of the entire Commonwealth. That issue concerns the prevention of accidents involving interstate hazardous liquid pipelines. Since 1993, the City has been working with the State Corporation Commission ("SCC") to have Virginia designated an "interstate agent" of the federal Office of Pipeline Safety, U. S. Department of Transportation ("OPS"), so that the SCC might assume the day-to-day responsibility of regulating approximately 1,100 miles of interstate oil pipelines\(^1\) in Virginia. While we have not yet achieved our goal, I am writing in hopes that we can work together to bring this matter to fruition.

**Background**

As you may be aware, the City of Fredericksburg has had a longstanding interest in pipeline safety issues. We have had the unfortunate distinction of having twice lost our entire public water

\(^1\) Under the federal Pipeline Safety Act (49 USCS §60101, *et seq*.), OPS has the authority to regulate pipelines transporting petroleum products, liquified natural gas, and any other liquids that OPS determines pose "an unreasonable risk to life or property." Since petroleum pipelines constitute the vast majority of all hazardous liquid pipelines in the country, the term "oil pipelines" is used generically to refer to hazardous liquid pipelines.
supply due to accidents involving an interstate oil pipeline owned by Colonial Pipeline Company. First in 1980 and then again in 1989, a 32-inch interstate pipeline owned by Colonial running from Texas to New York ruptured in Orange County, 20 miles west of Fredericksburg. Each time, thousands of gallons of petroleum spilled into the Rappahannock River, contaminating the City’s raw water supply. Each time, the City was forced to shut down its water treatment plant for more than a week and to haul water from neighboring jurisdictions. In each case, a major oil spill imposed hardships on our citizens and caused significant damage to Virginia’s natural resources.

In the aftermath of the 1989 accident, the City undertook a comprehensive study of pipeline safety issues generally in an effort to learn more about the responsibilities of various state and federal agencies in preventing future accidents. We learned that while Congress had delegated primary responsibility for regulating oil and natural gas pipelines to OPS, it envisioned a vigorous federal-state partnership under which states would be encouraged to take an active role in the regulation of both intrastate and interstate pipelines.

Over the past 30 years, OPS and the states have shared jurisdiction under a two-tiered regulatory system. Under 49 USCS §60105, OPS cedes jurisdiction to “certified” states that are qualified to regulate intrastate pipelines, provided the states perform their duties and promulgate regulations consistent with minimum federal standards. In addition, under 49 USCS §60117(c), OPS may also designate qualified states to serve as its “agent” in performing certain limited regulatory duties over interstate pipelines, with OPS reserving all authority to promulgate and enforce regulations. These two separate delegation programs have been utilized by OPS for many years to administer the natural gas and the liquid pipeline programs in all 50 states. At the present time, however, OPS has only designated four states to serve as its “interstate agent” for oil pipelines.

The City’s experience over the past 19 years with Colonial and with the regulation of interstate pipelines generally has clearly shown that OPS is unwilling to exercise strong national leadership on pipeline safety issues and that, in our own particular situation, the agency has allowed Colonial to continue operating a dangerous pipeline facility in the City’s watershed for 19 years. On the other hand, we have been impressed with the job that the SCC has done in administering the pipeline safety program for intrastate oil and gas pipelines. The SCC’s Energy Division is recognized as a national leader among state pipeline regulators. The General Assembly and the SCC have developed one of the best underground utility damage prevention (“One Call”) programs in the country. The Commission has established a strong track record of taking enforcement action against unsafe pipeline operators and excavators. Finally, the City has found the Commission and its staff to be very responsive to accident victims and willing to work closely with affected local governments such as Fredericksburg.

For these reasons, the City and the Commission worked together successfully in 1994 to secure passage of the Virginia Hazardous Liquid Pipeline Safety Act (Attachment 1), which authorized the SCC to seek intrastate certification and interstate agent status from OPS and to administer the federal hazardous liquid pipeline safety program in Virginia. At the time the General Assembly was considering that legislation, the Eastern Regional Director of OPS, Mr. Bill Gute, testified on behalf of the bill and led us to believe that OPS would welcome the assistance of the
SCC in administering this program in Virginia.

Following the adoption of that legislation, the Commission worked diligently to develop a top-notch intrastate program, hired and trained the necessary staff to conduct inspections, and prepared itself to become a full partner with OPS on the much larger interstate program. This was done with the full knowledge and support of OPS, as documented by various correspondence dating from 1994 through 1997.

Concurrent with this continuing correspondence, OPS issued a directive to all state pipeline managers on December 23, 1996, stating that it would not be granting interstate agent status to any additional states (Attachment 2). Virginia officials, however, were still led to believe that this new policy would not affect Virginia’s effort to obtain interstate agent status. By letter dated October 31, 1997, Mr. Gute again confirmed the agency’s commitment to working with the Commission on becoming an interstate agent. He wrote, “OPS looks forward to working with the SCC staff as it prepares to become an interstate hazardous liquid agent....We remain committed to work with the SCC to assure a smooth transition takes place” (Attachment 3).

Therefore, when the SCC finally reached the point in 1998 where it was fully staffed and prepared to assume its interstate agent duties, the Commission and the City were surprised to learn that OPS was no longer willing to consider delegating this responsibility to the SCC. In a response letter to OPS, dated January 25, 1999, SCC Chairman Miller expressed frustration with OPS’ sudden unwillingness to allow Virginia to assume a more active role with regard to interstate pipelines. He wrote, “Our efforts relative to seeking implementing legislation, hiring additional staff and obtaining further training for existing staff have apparently been a waste of time, money and human resources” (Attachment 4). Since that time, the Commission has formally applied for interstate agent status and has received a formal rejection from Mr. Richard B. Felder, Associate Administrator of the Research and Special Programs Administration, DOT.

The City remains convinced that the designation of the SCC as interstate agent for the liquid pipeline program would constitute a major step forward in improving pipeline safety in Virginia. The intrastate liquid program that the SCC has instituted since 1994 is not only far superior to the one previously administered by OPS but also serves as a harbinger of the type of high-quality program that the Commission would develop for interstate pipelines.

**Request for Assistance**

To the best of our knowledge, there are only two ways by which the SCC can gain interstate agent status. The first would involve Congressional action. The federal Pipeline Safety Act expires at the end of 1999 and Congress is currently considering its reauthorization. The proposed legislation, HR 1378, would simply extend the Act for two years and authorize appropriations; it contains no substantive changes to the law. That bill has been approved by the House Committee on Commerce and is currently pending before the House Committee on Transportation and Infrastructure. We are not aware of a comparable Senate bill having been introduced at this point.
If HR 1378 or a similar bill could be opened up to substantive amendments, the interstate agent issue could be addressed by simply amending the section of the Act dealing with the certification of state programs (49 USCS §60105) to give states the same right to institute *interstate* pipeline programs as they currently have for *intrastate* programs. Under such a provision, OPS would no longer have the discretion to enter into "interstate agent" agreements, but would have to "certify" state programs that met certain minimum federal qualifications. In addition, the authority of states to adopt and enforce regulations for *interstate* pipelines would be expanded to parallel state powers over *intrastate* pipelines.

In the aftermath of the recent tragedy in Bellingham, Washington (Attachment 5), HR 1378 is likely to receive much closer scrutiny in the House Transportation Committee and in the Senate than it did earlier this year in the House Commerce Committee. This may now make it feasible for Virginia’s Congressional delegation to push for an amendment along these lines.

The other, more limited, avenue would be for OPS to reinstate its former policy of encouraging states to become interstate agents. Since OPS has never provided any logical rationale for halting this program, perhaps DOT could be convinced to reconsider or amend its policy, at least as applied to Virginia.

I thought that since both the Commission and you, Herb, have been so supportive of the City’s efforts on behalf of pipeline safety over the past decade, you might have some ideas on how we could move this issue forward and finally achieve interstate agent status for Virginia. If possible, I would like to suggest that we get together within the near future to discuss the whole issue in greater detail.

Thank you again for all your help on this issue and I look forward to hearing from you.

Sincerely,

H. William Greenup

HWG/jo
pipe.ltr.bateman
Attachments
cc: John C. Goolrick
    Massoud Tahamtani, SCC
    Marvin S. Bolinger, City Manager
    James M. Pates, City Attorney
§ 56-553. Title. — This chapter may be cited as the "Hazardous Liquid Pipeline Safety Act of 1994." (1994, c. 512.)

§ 56-554. Definitions. — For the purposes of this chapter:

"Hazardous liquid" means "hazardous liquid" and "highly volatile liquid" as defined in 49 C.F.R. § 195.2.

"Person" means an individual, corporation, partnership, association or other business entity or a trustee, receiver, assignee, or personal representative of any of these.

"Pipeline operator" means a person who owns and operates pipeline facilities as defined in 49 C.F.R. § 195.2.

"Interstate pipeline" and "intrastate pipeline" shall have the same meanings as defined in 49 C.F.R. § 195.2. (1994, c. 512.)

§ 56-555. Commission to implement the federal Hazardous Liquid Pipeline Safety Act. — A. The Commission is authorized to act for the United States Secretary of Transportation to implement the federal Hazardous Liquid Pipeline Safety Act, 49 U.S.C. App. §§ 2001 to 2014, with respect to intrastate and interstate pipelines located within the Commonwealth to the extent authorized by certification or agreement with the Secretary under Section 206 of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. § 2004). To carry out its responsibilities under this section, the Commission shall have the same powers as given the Secretary in Sections 210 and 211 of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. §§ 2009 and 2010).

B. For the purposes of intrastate pipelines, any person failing or refusing to obey Commission orders relating to the adoption or enforcement of regulations for the design, construction, operation and maintenance of pipeline facilities and temporary or permanent injunctions issued by the Commission shall be fined such sums not exceeding the fines and penalties specified by § 208 (a) (1) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. § 2007 et seq.), as amended.

C. The Commission shall assess and collect from every hazardous liquid pipeline operator an inspection fee to be used by the Commission for administering the regulatory program authorized by this section. For purposes of interstate pipelines, such fees shall be computed based on the number of inspection man-days devoted to each pipeline operator to determine the operator's compliance with any provision of, or order or agreement issued under, the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. § 2001 et seq.), and shall not exceed the costs of inspection and investigation under this section. The costs shall not include expenses reimbursed by the federal government. The number of planned inspections conducted on each interstate pipeline operator shall be reasonable under the circumstances and prioritized by risk to the public or to the environment.

D. The authority granted to the Commission under this section to conduct inspections of interstate pipeline operators and facilities in the Commonwealth shall not extend to any official, employee, or agent of any political subdivision in the Commonwealth. No political subdivision shall have the authority to seek reimbursement for the cost of monitoring the inspections conducted by the Commission under this section. Nothing in this subsection, however, shall be deemed to impair or limit the police powers of such political subdivisions otherwise provided by law.

E. The authority of the Commission to act as an agent for the United States Secretary of Transportation with respect to interstate hazardous liquid pipelines shall become effective the first day of July next after the date the Commission receives a formal delegation of authority from the Secretary. (1994, c. 512.)
Mr. William Gute  
Eastern Regional Director  
Office of Pipeline Safety  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Dear Mr. Gute:

This letter is in response to your letter of January 4, 1993, regarding our interstate agent status for hazardous liquid pipelines in Virginia.

As you are well aware, the Virginia Hazardous Liquid Pipeline Safety Act ("Act") was passed in 1994 due to concerns relative to a number of serious liquid pipeline accidents in Virginia. The Act authorized the State Corporation Commission to act for the U.S. Secretary of Transportation to implement the federal Hazardous Liquid Pipeline Safety Act in the Commonwealth. The Office of Pipeline Safety (OPS), by your testimony, supported the passage of the Virginia Hazardous Liquid Pipeline Safety Act. In fact, you testified that "[i]t is a result of the March 28 [1993] Colonial spill in Fairfax Co., the Secretary of Transportation ordered a review of the effectiveness of the federal pipeline safety program. That review culminated in an Action Plan which includes as a key component increasing state participation in the hazardous liquid pipeline safety program. We are pleased that legislation is being considered in Virginia consistent with DOT objectives." Further testimony by you praised the Commission for having an "exemplary gas safety program" and noted that "[i]n the future the SCC should not, after additional hazardous liquid pipeline safety training... have a problem obtaining hazardous liquid pipeline safety interstate agent status from the Office of Pipeline Safety."

While the Commission received correspondence dated August 1, 1994, from OPS to state agencies concerning a stay on granting interstate status for a two-year period, your letters dated December 2, 1994, November 21, 1995, and August 28, 1996, regarding the annual audits of our 1995 pipeline safety program continued to encourage our pursuit in becoming an interstate agent. You stated, "[t]he Office of Pipeline Safety looks forward to working with the SCC staff as they prepare to become interstate hazardous liquid pipeline agents...We remain committed to working with the SCC to assure a smooth transition takes place." By letter dated December 17, 1996, to all states in the pipeline safety program, OPS provided notice that additional interstate agents would be added. Again, by your letter of October 31, 1997, you confirmed OPS's commitment to working with the Commission to become an interstate agent. In that letter, you stated: "this responsibility requires additional qualified inspectors. We [OPS] remain committed to working with the SCC to assure a smooth transition takes place."
Our Staff has actively pursued training in the hazardous liquid pipeline safety areas in preparation of obtaining interstate status since the passage of the Virginia Hazardous Liquid Pipeline Safety Act. Three of our pipeline safety engineers have completed the required courses at your TSI for the inspection of hazardous liquid pipelines. In addition, the Commission recently hired an individual from the industry with extensive liquid pipeline experience. This senior level employee comes to the Commission with seventeen years of first hand experience in the interstate transportation of hazardous liquids. As a result, we now have "additional qualified inspectors" and are in a position to apply for interstate status.

Your recent correspondence relating to our interstate agent status has dismayed us. Our efforts relative to seeking implementing legislation, hiring additional staff and obtaining further training for existing staff have apparently been a waste of time, money and human resources. Nonetheless, we shall complete our application for interstate agent status for your terminal area.

I would appreciate a written response within 30 days of receipt of this letter. As always, the Commission remains committed to the effective and safe operation of both intrastate and interstate pipelines.

Sincerely,

[Signature]

cc: The Honorable Theodore V. Morrison, Jr.
The Honorable Hulihen Williams Moore
Mr. William F. Stephens
Mr. Massoud Tahamtani
TO ALL STATE PIPELINE SAFETY PROGRAM MANAGERS

The Office of Pipeline Safety (OPS) would like to give you an update on our policy of adding states to become agents for the purpose of inspecting interstate pipeline operators. Before responding to the interstate agent issue, we want to address significant Congressional actions that will affect our state pipeline safety partners in 1997. OPS has been working with our state partners and other pipeline safety stakeholders to achieve reauthorization of the pipeline safety program to the year 2000. The President signed our reauthorization bill on October 12th, and we are pleased that Congress took action to strengthen the state partnership by increasing the OPS budget when most agencies are experiencing reductions. The states will receive a total of $13.2 million in grant funds in 1997 versus the $12 million that was appropriated in 1996. We appreciate the support from state partners in this appropriation and reauthorization process.

Securing reauthorization and adequate funding levels for the Federal pipeline safety program provides OPS with a basis for considering further requests for interstate agent states. Under the OPS policy initiated in August of 1994, we deferred for two years consideration of any new state requests to become agents for the purposes of inspecting interstate pipeline operators. Our policy will remain unchanged: OPS will not be adding any additional interstate agents. As we stated earlier, OPS needed time to review the effect of new resources including the additional inspector positions and determine if these funding levels and positions would continue to be a part of our Federal program each year. It has been clear in the past that Congress intended for us to concentrate our inspection efforts on interstate operators, and for the states to focus on intrastate operators. In our budget and in reauthorization, continuing resources have been provided in overall funding levels and number of additional personnel authorized for OPS. Two years ago, our staffing level was approximately 65 positions and we are now authorized 105 positions (some of these we continue to hire and expect to be at this mandated level by mid-1997). A review of our inspection policy based on the number of inspectors that the Congress has provided OPS confirms that we will have the staff required to continue inspection efforts for the interstate operators.

The fact that we have the resources to perform interstate inspections does not mean that we are no longer interested in collaborating with our state partners. We will continue to work with your state organizations and offer temporary agent status on certain operators that have
been identified by you or us to be in the interest of pipeline safety to have this additional oversight. Also, OPS was given "cooperative agreement" authority in the Accountable Pipeline Safety Partnership Act of 1996 and this may be a mechanism for us to pursue and fund special projects with our state partners in the future.

We appreciate the states' support of OPS in its pipeline safety efforts. We will continue to do everything we can to enhance pipeline safety in your state. Thanks again, for your commitment to pipeline safety.

Sincerely,

[Signature]

Richard B. Feider
Associate Administrator
for Pipeline Safety
October 31, 1997

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Hulliwen Williams Moore
Chairman
Virginia State Corporation Commission
1300 East Main Street, Tyler Building
P.O. Box 1197
Richmond, VA 23209

Dear Mr. Moore:

On October 15-16, 1997, Dino Rathod, Eastern Region State Liaison, Office of Pipeline Safety (OPS), evaluated the pipeline safety program of the Virginia State Corporation Commission (SCC) from January 1 through December 31, 1996. During this on-site evaluation, Dino Rathod validated information submitted on pipeline safety program compliance as part of the SCC's annual Certification under Section 68105(a), Title 49, United States Code. In addition, Dino Rathod observed an inspection by James Hotinger at the Commonwealth Gas Services in Chester, Virginia. Thank you for the courtesies extended to him by your staff.

Based on this evaluation and the validation of the Certification information, it appears that the SCC is generally complying with the pipeline safety program requirements.

As a result of this evaluation, I would like to bring the following Items to your attention:

1. I want to commend the SCC staff for their efforts to identify jurisdictional master meter systems in Virginia. It is my understanding, that about 1500 systems were reviewed and approximately 240 master meter systems have been identified. Initial brief inspections to educate the operators have been performed. I was encouraged to learn that the next step now will be to move towards a goal of a three year inspection cycle for these systems. I think this is a positive step in enhancing the safety of the citizens of Virginia.
2. I was informed that the SCC has lost several experienced inspectors from its staff. I am concerned about the staff turnover and its effect on your pipeline safety program and inspection activities for 1997, and beyond. According to our Staffing Formula, a program like Virginia's should have at least five pipeline safety inspectors. Based on our recently completed audit, we understand that the SCC has only two qualified inspectors at this time. It is vital that our state partners have adequate levels of staffing to maintain the effectiveness of the entire pipeline safety program around the United States. I am confident that the SCC will address this issue in order to maintain its effective pipeline safety program.

3. OPS looks forward to working with the SCC staff as it prepares to become an interstate hazardous liquid agent. This responsibility requires additional qualified inspectors. We remain committed to work with the SCC to assure a smooth transition takes place.

I would appreciate hearing from you with regard to Items 1, 2 and 3. Please respond within 45 days of your receipt of this letter to avoid the loss of performance points in next year's evaluation. Thank you for your continuing support of the Federal/state pipeline safety program.

Sincerely,

William H. Gute
Eastern Regional Director
Office of Pipeline Safety