



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave., S.E.
Washington, DC 20590

March 29, 2010

LETTER TO PIPELINE SAFETY STATE CHAIRS AND PROGRAM MANAGERS
SUSPENSION OF THE 3-YEAR MAINTENANCE CLAUSE

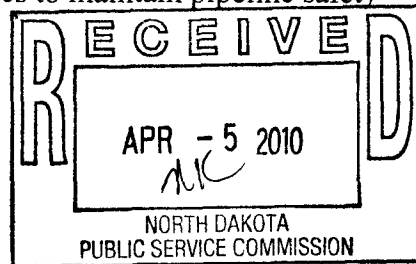
The Pipeline and Hazardous Materials Safety Administration (PHMSA) is implementing a suspension of the 3-year maintenance requirement for State pipeline safety programs created by Federal statute at 49 USC § 60107(b). This suspension will apply to PHMSA's reimbursement to States for their pipeline safety program expenses for the 2009 calendar year. To participate in the suspension of the State maintenance requirements each State must affirm its need for the suspension and agree to the enclosed associated conditions. To participate in the suspension, the State only need affirm its commitment for all displaced funding due to the suspension being directed to some of the activities listed on the enclosure.

In the Pipeline Inspection, Protection, Enforcement and Safety Act (PIPES Act) of 2006, the Congress increased the maximum ceiling for funding State pipeline safety programs from 50 to 80 percent of the State's total program costs. Accordingly, the Administration and the Congress increased the pipeline safety grant by \$11 million in FY 2009 and by \$6.06 million in FY 2010 to cover some of the program costs associated with the increased regulatory responsibilities. The 3-year maintenance requirement under 49 USC § 60107(b) was put in place to maintain State funding levels while growing the pipeline safety program by increasing Federal grant funding but not to permanently displace State contributions to our partnership. PHMSA has the authority to suspend the State 3-year maintenance requirement which it is doing for 2009 due to the economic downturn States are experiencing. In 2010 PHMSA may reapply the Federal requirement but will reevaluate conditions later this year to determine if another suspension is warranted.

It is PHMSA's goal to support States in need of the suspension of the State maintenance requirement and maintain its credibility as a steward of the Federal funding supporting State pipeline safety programs. PHMSA believes this approach is the most appropriate to achieve our goals and the goals of the Administration and the Congress for PHMSA's Pipeline Safety Grants Program. PHMSA appreciates the dedication and sacrifice of States to maintain pipeline safety during these challenging times.


8 **GS-09-642** Filed: 4/5/2010 Pages: 3
**Letter notification of suspension of 3-year average
funding requirement**

U.S. Department of Transportation
Jeffrey Wiese



To participate in the suspension of the 3-year State maintenance requirement, please respond to this letter before April 16, 2010, affirming your State's need for the suspension and your commitment for complying with the enclosed associated conditions. In addition to your written response, please also email a PDF of your signed response to Zach Barrett, of my staff, at zach.barrett@dot.gov. If you have any questions regarding the suspension, please contact Zach at (405) 834-8344.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Wiese". The signature is written in a cursive style with a large, sweeping initial "J" and "W".

Jeffrey D. Wiese
Associate Administrator for Pipeline Safety

Enclosure

State Base Grant Conditions for Suspension of 49 USC § 60107(b) Requirement

Objective: Achieve long-term growth of State Programs by increasing Federal grant funding while State funding contributions are held steady in consideration of the increasing workload due to new Federal regulations such as: Operator Qualification, Distribution Integrity Management, Gas Integrity Management, Liquid Integrity Management and Control Room Management.

Suspension Conditions: State affirms as a condition of participating in the suspension of 49 USC § 60107(b), requiring States to maintain funding levels at the previous 3-year average, any and all State funding displaced as a result of the suspension of § 60107(b) will be dedicated to the pipeline safety program for one or more of the following activities:

People:

- returning furloughed pipeline safety staff to duty;
- growing staff to address increasing workload due to existing and new Federal regulations;
- maintaining staff knowledge, skills, and abilities through necessary training;
- supporting inspection travel, training, and National Association of Pipeline Safety Representatives (NAPSR) task team work;
- supporting travel regarding participating in standards development committees.

Programs:

- enhancing damage prevention programs including the development and implementation of the 9 elements as set out in the Pipeline Inspection, Protection, Enforcement and Safety Act (PIPES Act) of 2006;
- supporting development and implementation of effective damage prevention enforcement programs;
- developing and supporting damage prevention public awareness education programs;
- enhancing pipeline safety data acquisition and analysis, including excavation damage data, to develop, enhance, support and implement a risk based data driven inspection and enforcement pipeline safety program;
- working with PHMSA to establish and confirm operator identifications (OPIDs) for intrastate operators;
- supporting all overall pipeline safety near-term and long-term goals and initiatives as set out in our letter to State Program Chairs regarding the 2010 issues we are facing together.

Post Waiver:

- committing to Federal/State partnership by acknowledging the goal of not displacing State funding with Federal funds;
- committing to return State contributions to the average of the years 2009, 2008, and 2007 for 2010.
- PHMSA will revisit this issue in 2010 to determine if additional action is warranted.