



Highlights of [GAO-04-985T](#), a testimony before the Subcommittee on Energy and Air Quality, Committee on Energy and Commerce, House of Representatives

### Why GAO Did This Study

Interstate pipelines carrying natural gas and hazardous liquids (such as petroleum products) are safer to the public than other modes of freight transportation. The Office of Pipeline Safety (OPS), the federal agency that administers the national regulatory program to ensure safe pipeline transportation, has been undertaking a broad range of activities to make pipeline transportation safer. However, the number of serious accidents—those involving deaths, injuries, and property damage of \$50,000 or more—has not fallen. When safety problems are found, OPS can take enforcement action against pipeline operators, including requiring the correction of safety violations and assessing monetary sanctions (civil penalties).

This testimony is based on ongoing work for the House Committee on Energy and Commerce and for other committees, as required by the Pipeline Safety Improvement Act of 2002. The testimony provides preliminary results on (1) the effectiveness of OPS’s enforcement strategy and (2) OPS’s assessment of civil penalties.

### What GAO Recommends

GAO expects to issue a report in the next several days that will address these and other topics and anticipates making recommendations aimed at improving OPS’s enforcement program and management controls over civil penalty collection.

[www.gao.gov/cgi-bin/getrpt?GAO-04-985T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-985T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Siggerud at (202) 512-2834 or [siggerudk@gao.gov](mailto:siggerudk@gao.gov).

## PIPELINE SAFETY

# Preliminary Information on the Office of Pipeline Safety’s Actions to Strengthen Its Enforcement Program

### What GAO Found

The effectiveness of OPS’s enforcement strategy cannot be determined because the agency has not incorporated three key elements of effective program management—clear program goals, a well-defined strategy for achieving goals, and performance measures that are linked to program goals. (See below.) Without these key elements, the agency cannot determine whether recent and planned changes in its strategy will have the desired effects on pipeline safety. Over the past several years, OPS has focused primarily on other efforts—such as developing a new risk-based regulatory approach—that it believes will change the safety culture of the industry. OPS has also become more aggressive in enforcing its regulations and now plans to further strengthen the management of its enforcement program. In particular, OPS is developing an enforcement policy that will help define its enforcement strategy and has taken initial steps toward identifying new performance measures. However, OPS does not plan to finalize the policy until 2005 and has not adopted key practices for achieving successful performance measurement systems, such as linking measures to goals.

**Incorporation of Key Program Management Elements into OPS’s Enforcement Strategy**

Element	Extent
Clear program goals.	○
Well-defined strategy for achieving goals.	◐
Performance measures linked to program goals.	◑

● Fully incorporated    ◐ Partially incorporated    ○ Not incorporated

Source: GAO.

OPS increased both the number and the size of the civil penalties it assessed against pipeline operators over the last 4 years (2000-2003) following a decision to be “tough but fair” in assessing penalties. OPS assessed an average of 22 penalties per year during this period, compared with an average of 14 per year for the previous 5 years (1995-1999), a period of more lenient “partnering” with industry. In addition, the average penalty increased from \$18,000 to \$29,000 over the two periods. About 94 percent of the 216 penalties levied from 1994 through 2003 have been paid. The civil penalty is one of several actions OPS can take when it finds a violation, and these penalties represent about 14 percent of all enforcement actions over the past 10 years. While OPS has increased the number and the size of its civil penalties, stakeholders—including industry, state, and insurance company officials and public advocacy groups—expressed differing views on whether these penalties deter noncompliance with safety regulations. Some, such as pipeline operators, thought that any penalty was a deterrent if it kept the pipeline operator in the public eye, while others, such as safety advocates, told us that the penalties were too small to be effective sanctions.