



U. S. Department
of Transportation
**Research and
Special Programs
Administration**

400 Seventh St., S.W.
Washington, D.C. 20590

APR 9 2004

**TO: STATE PIPELINE SAFETY PROGRAM MANAGERS IN STATES PARTICIPATING IN
THE HAZARDOUS LIQUID PIPELINE SAFETY GRANT PROGRAM**

The Pipeline Safety Grant allocation for calendar year 2004 reflects a 100 percent performance-based formula and the performance criteria of 100 points. The breakout between the field evaluation and selected information in the certification attachments will be 50-50 percent as used in the previous year. The use of banding scores has been dropped to more accurately reflect program performance. New state programs will automatically be funded at a score of 90 the first three years assuming they are making satisfactory progress in meeting certification requirements-this will provide an adequate cushion for these programs to get established. Programs that are reinstated will be funded at a score of 90 for two years.

The calendar year 2004 appropriation for the combined natural gas and hazardous liquid grant program is **\$19,324,000**. OPS experienced an across the board percentage cut of **\$114,012** in the grant program. Therefore, the 2004 safety grant program was reduced to **\$19,209,988**. Congress determined **\$885,988** of the pipeline safety grant funds be used to support one-call damage prevention notification systems. The total amount assigned to the **Hazardous Liquid** program is **\$2,219,104**. It has been allocated by a method designed to reflect the degree to which a state has met certain goals established by this office. Numeric points are assigned for achieving specific levels of performance based on the information in the 2004 certification packages and the results of the Regional Office program evaluation. A list of the point criteria for Hazardous Liquid (Attachment 1) and a list of state point assignments for the Hazardous Liquid program (Attachment 2) are enclosed. A chart (Attachment 3) showing a list of the Hazardous Liquid request, state points, allocations, and percentages of total program funding are enclosed.

This year the payment agreement will be generated by you through the FedSTAR process. This new process will be available April 15, 2004 and will allow you to print two copies of the payment agreement. Please have both copies signed by an authorized official and return the two copies to OPS for signature. OPS will return an executed copy to you for your records. **The two copies of the payment agreement are due no later than April 30, 2004 to:**

**Ms. Gwendolyn M. Hill
Office of Pipeline Safety, DPS-20.1
U.S. Department of Transportation
400 Seventh Street, S.W. Room 2103
Washington, D.C. 20590**

Thank you for your participation in the Pipeline Safety Grant Program.

Sincerely,

/S/

Stacey L. Gerard
Associate Administrator for Pipeline Safety

Enclosures

**CY 2004 PIPELINE SAFETY GRANT ALLOCATION FORMULA
STATE PERFORMANCE CRITERIA (Hazardous Liquid)**

III. RATING FROM STATE EVALUATION (50 PERCENT OF SCORE)

**IV. SELECTED INFORMATION FROM STATE CERTIFICATION/AGREEMENT
(50 PERCENT OF SCORE)**

I. Extent of Intrastate Safety Jurisdiction (12 POINTS)

(Certification Attachment 1)

N = Number of operator types over which state has jurisdiction

M = Number of operator types located in state

60105 State: $N/M \times 12$

60106 State: $N/M \times 12 \times .5$

1. Petroleum and Petroleum Products
2. Anhydrous Ammonia
3. Carbon Dioxide

J. Inspector Qualifications (8 POINTS)

(Certification Attachment 7, 7a)

8 – Highest percentage of inspectors in categories I and II

4 – Highest percentage of inspectors in categories I, II and III

0 – Highest percentage of inspectors in categories III, IV and V

K. Number of Inspection Person-Days (9 POINTS)

(Certification Attachment 2)

9 – Meets or exceeds the recommended number of inspection person-days

5 – Comes within 25 percent of meeting the recommended number of inspection person-days (achieved 75 percent or above of recommended number).

3 – Meets less than 75 percent but at least 50 percent of the recommended number of inspection person-days (achieved 50 to 75 percent of recommended number).

0 – Meets less than 50 percent of recommended number of inspection person-days (achieved under 50 percent of recommended number).

L. State Adoption of Maximum Civil Penalty Requirement (2 POINTS)

(Certification Attachment 8, Section I, Item 1)

2 – Adopted \$100,000/day; up to \$1,000,000

1 – Taking steps to adopt (has filed draft legislation)

0 – Not Adopted

M. State Adoption of Applicable Federal Regulations¹ (8 POINTS)

(Certification Attachment 8, Section I, Items 2, 3, 4, 5, and 6)

- 8 – Adopted within 24 months of effective date (or two general sessions of the state legislature, whichever is longer)
- 5 – Taking steps to adopt (has filed draft legislation)
- 3 – Adopted all regulations within required time frame except one -- where continuing opposition has blocked adoption and state is not presently attempting to adopt.
- 0 – Not adopted within 36 months of effective date.

N. One-Call System Minimum Requirements under Part 198² (8 POINTS)

(Certification Attachment 8, Section II)

- 1.5 – Mandatory coverage of areas having pipeline facilities
- 0.5 – Qualification for operation of one-call system
- 1.5 – Mandatory excavator notification of one-call center
- 0.5 – State determination whether calls to center are toll free
- 1.5 – Mandatory intrastate pipeline operator participation
- 1.0 – Mandatory operator response to notification
- 1.0 – Mandatory notification of excavators/public
- 0.5 – Civil penalties/injunctive relief substantially same as DOT (\$100,000/\$1,000,000)

O. State Attendance at NAPS Regional Meeting (3 POINTS)

(Certification Attachment 8, Section III)

- 3 – Attended full time (lead rep or alternate pipeline program staff)
- 1 – Attended less than full time
- 0 – No one attended

P. Penalty Points

- 2 – State CY 2004 Certification not received at OPS HQ by due date
- 4 – points assigned if over 1 month late

¹ Applicable Federal regulation for five year period will be listed in certification attachments

² Established under state law by statute, regulation, license, certification, order, or any combination of these legal means

2004 HAZARDOUS LIQUID STATE SCORES			
(FROM PERFORMANCE EVALUATION AND CERTIFICATION/AGREEMENT ATTACHMENTS)			
STATE	2002 PERFORMANCE EVALUATION	2003 CERT./AGREEMENT ATTACHMENTS	TOTAL SCORE
ALABAMA	100	50	100
ARIZONA	100	50	100
CALIFORNIA_SFM	100	50	100
KENTUCKY	95	44	91.5
LOUISIANA	99	50	99.5
MARYLAND	100	46	96
MINNESOTA	100	50	100
MISSISSIPPI	100	47	97
NEW MEXICO	99	50	99.5
NEW YORK	100	50	100
OKLAHOMA	100	48	98
SOUTH CAROLINA*	100	35	90
TEXAS	100	50	100
VIRGINIA	100	50	100
WASHINGTON	99	50	99.5
WEST VIRGINIA	100	47	97

* Reinstated State programs will automatically be funded based on a score of 90 the first 2 years assuming they are making satisfactory progress.

HAZARDOUS LIQUID-STATE POINTS									
(FROM CERTIFICATION/AGREEMENT ATTACHMENTS)									
STATE	JURISDICTION (12)	INSPECTOR QUAL. (8)	NUMBER OF INSPECTION PERSON DAYS (9)	STATE ADOPTION OF MAX CIVIL PENALTY REGS. (2)	STATE ADOPTION OF APPLICABLE FED REGS. (8)	ONE-CALL NOTIF. REQMNTS. (8)	ATTENDANCE AT FED/STATE MEETING (3)	PENALTY POINTS (-)	TOTAL
ALABAMA	12	8	9	2	8	8	3	-	50
ARIZONA	12	8	9	2	8	8	3	-	50
CALIFORNIA_SFM	12	8	9	2	8	8	3	-	50
KENTUCKY	6	8	9	2	8	8	3	-	44
LOUISIANA	12	8	9	2	8	8	3	-	50
MARYLAND	12	4	9	2	8	8	3	-	46
MINNESOTA	12	8	9	2	8	8	3	-	50
MISSISSIPPI	12	8	9	0	8	7	3	-	47
NEW MEXICO	12	8	9	2	8	8	3	-	50
NEW YORK	12	8	9	2	8	8	3	-	50
OKLAHOMA	12	8	9	2	8	6	3	-	48
SOUTH CAROLINA	12	8	9	2	0	1	3	-	35
TEXAS	12	8	9	2	8	8	3	-	50
VIRGINIA	12	8	9	2	8	8	3	-	50
WASHINGTON	12	8	9	2	8	8	3	-	50
WEST VIRGINIA	12	8	9	0	8	7	3	-	47

2004 HAZARDOUS LIQUID PIPELINE SAFETY GRANT ALLOCATION				
STATE	REQUEST	STATE POINTS	ALLOCATION	PERCENT OF FUNDING
ALABAMA	\$27,175	100	\$25,826	47.52%
ARIZONA	\$30,194	100	\$28,695	47.52%
CALIFORNIA_SFM	\$1,015,822	100	\$965,416	47.52%
KENTUCKY	\$4,020	91.5	\$3,496	43.48%
LOUISIANA	\$147,238	99.5	\$139,232	47.28%
MARYLAND	\$48,860	96	\$44,578	45.62%
MINNESOTA	\$187,533	100	\$178,227	47.52%
MISSISSIPPI	\$7,713	97	\$7,110	46.09%
NEW MEXICO	\$17,507	99.5	\$16,555	47.28%
NEW YORK	\$72,700	100	\$69,093	47.52%
OKLAHOMA	\$61,538	98	\$57,314	46.57%
SOUTH CAROLINA	\$5,555	90	\$4,751	42.77%
TEXAS	\$275,178	100	\$261,524	47.52%
VIRGINIA	\$83,802	100	\$79,644	47.52%
WASHINGTON	\$339,022	99.5	\$320,588	47.28%
WEST VIRGINIA	\$18,500	97	\$17,055	46.09%
Totals	\$2,342,257		\$2,219,104	

Note: The 'Request' represents 50% of the State's estimated budget.
The 'Percent of Funding' is the percentage of the budget represented by allocation.