

Written Testimony

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April 19, 2010

House Committee on Homeland Security  
Subcommittee on Management, Investigations and Oversight

“Unclogging Pipeline Security: Are the lines of Responsibility Clear?”

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**Written Testimony of Gary L. Forman CPP, PPS – Chair of the Oil and Natural Gas Sector Coordinating Council, Pipeline Working Group (Pipeline Sector Coordinating Council)**

**Introduction**

My name is Gary L. Forman and I am currently Director, Corporate Security for NiSource Inc. NiSource Inc., based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England.

NiSource's Gas Transmission and Storage Operations subsidiaries own and operate nearly 15 thousand miles of interstate natural gas transmission pipelines, serving customers in 16 northeastern, mid-Atlantic, midwestern and southern states and the District of Columbia. In addition, the companies operate over 100 compressor stations with a total of over one million horsepower. One of NiSource's Transmission and Storage subsidiaries owns and operates one of North America's largest underground natural gas storage systems, operating 37 storage fields in four states (Ohio, Pennsylvania, West Virginia and New York). NiSource also is one of the nation's largest natural gas distribution companies, as measured by number of customers, delivering natural gas to over 3.3 million customers in seven states and operating approximately 58,000 miles of pipeline.

I have over 35 years of experience in the pipeline industry, and since November of 2001, I have been engaged full time as a security professional. I am actively involved with the security committees of industry trade associations, including the Interstate Natural Gas Association of America and the American Gas Association. I have been an active member of the Oil and Natural Gas Sector Coordinating Council (ONG SCC) since it was created in 2004, including service as Chair of the Council in 2006. I currently am Chair of the ONG SCC Pipeline Working Group, which also serves as the Pipeline Sector Coordinating council (Pipeline SCC). I also held this position in 2006 and 2007. It is in this capacity, as Chair of the ONG SCC Pipeline Working Group that I testify before the Subcommittee today.

**Summary**

Prudent operators in the pipeline industry take their responsibility for facility and system security very seriously. The Department of Transportation and the Transportation Security Administration have provided guidance and expectations for the practices and

procedures necessary to secure the Nation's critical pipeline infrastructure. Members of industry and trade associations, working together and through the Sector Coordinating Councils, have developed guidelines that are consistent with these expectations. The typical operator has developed security programs, conducted risk assessments on their facilities and implemented sound practices that provide for effective and practical security of their facilities.

When considering the current responsibilities of federal agencies, I believe the lines of responsibility regarding pipeline security are clear. The Department of Transportation Pipeline and Hazardous Materials Safety Administration (DOT PHMSA) is responsible for pipeline *safety*. The Transportation Security Administration Pipeline Security Division (TSA PSD) is responsible for pipeline *security*.

A mechanical failure or unintentional act resulting in significant damage to a pipeline will be reported to DOT PHMSA through the National Response Center (NRC). An intentional act of damage, or act of a suspicious nature involving a pipeline, will be reported to TSA PSD through the Transportation Security Operating Center (TSOC). If serious injury, a potential loss of life, or property damages in excess of \$50,000 occurs, the incident must be reported to the NRC.

The emergency response practices prescribed by DOT are used in the event of any incident, whether intentional or accidental. All involved parties must work cooperatively with law enforcement, local agencies, and first responders to minimize damage and danger to local communities and critical facilities.

In my experience, pipeline operators, TSA PSD and DOT PHMSA have shown the willingness and ability to work together, with other agencies and local communities in the interest of pipeline security.

### **Background**

Safety has historically played a role of paramount importance in the operations of pipeline networks. As prescribed in Title 49 of the Code of Federal Regulations, pipeline safety, including emergency management has been the purview of DOT through the former Office of Pipeline Safety (OPS) and now PHMSA. Prior to September 11, 2001, pipeline security played a less prominent role. Following the events of September 11, 2001, pipeline security has received a much greater focus.

The earliest formal guidance that pipeline operators received (after 9/11) regarding pipeline security was through the OPS circular that was published on September 5, 2002. This guidance recommended that operators identify critical facilities, develop security plans, implement these plans, and review them annually.

On December 17, 2003, President Bush issued Homeland Security Presidential Directive -7 (HSPD-7). HSPD-7 identified DHS as the lead agency for pipeline security. The order directs DHS and other federal agencies to collaborate with appropriate private

sector entities in the protection of critical infrastructure. In September of 2004, a Memorandum of Understanding (MOU) was signed by representatives of TSA and DOT. This MOU again identified DHS as having the primary responsibility for security of all modes of transportation.

### **Industry Activity**

Following the attacks on September 11, the focus on security changed for the nation and for pipeline operators. As the DOT security circular was being developed and issued in 2002, industry trade associations such as the Interstate Natural Gas Association of America (INGAA), the American Gas Association (AGA), and American Petroleum Institute (API) worked diligently to develop security guidelines specific to their part of the industry. These guidelines typically described a practical, risk-based approach to security of oil and natural gas facilities, including pipelines. Based on these guidelines, prudent operators then developed or refined company specific security programs to meet the needs of their company.

While specifics may vary across industry operators, effective security programs typically focus on five phases: planning, preparation, protection, incident response, and recovery. The planning phase includes development of a written program that will cover such areas as methods for vulnerability and risk assessment, protection of sensitive information, threat responses, cooperation with public safety personnel, and physical and cyber security practices. Preparation focuses on the completion of facility risk assessments; implementation of physical and cyber security plans, including installation of security devices where appropriate; and open and clear communication with local, state and federal agencies to remain abreast of possible threats to the industry. Preparation should also include communications that encourages land owners and others to report any suspicious activity that occurs in the vicinity of a pipeline. Protection is the actual day-to-day use of security components such as fencing, cameras, and guards. These physical protection components are used in accordance with facility risk and vulnerability assessments. Local law enforcement also plays a significant role in the protection of critical infrastructure, and as such, industry operators are well served to maintain a close, cooperative relationship with these agencies.

Title 49 of the Code of Federal Regulations continues to govern the response aspect of security planning. Pipeline companies have years of experience responding to emergency incidents and are required by DOT to have effective emergency plans in place. Operators are also required to report significant incidents – those resulting in serious injury, potential loss of life, and/or property damage greater than \$50,000 – to the NRC.

Responding to a pipeline failure that has been caused by an intentional act varies little from the response to a mechanical failure or an unintentional act. However, operators must exercise caution and recognize that the incident may be criminal in nature and must be treated accordingly. If the failure was caused by an intentional act, the operator is also expected to report the incident to TSA, as well as local law enforcement. Facility restoration is the final component of an industry security initiative. Specific plans will

vary among operators based on the criticality of pipelines and factors such as location and time of year.

### **Sector Coordinating Council**

In 2004, at the request of DHS, Sector Coordinating Councils were formed to coordinate the security initiatives of various different facets of the Nation's critical infrastructure. The Oil and Natural Gas Sector Coordinating Council (ONG SCC) was formed cooperatively by 19 industry trade associations to coordinate communications between industry security professionals and representatives of the Energy Sector Government Coordinating Council. (See attachment 1)

Subsequent to the formation of the ONG SCC, the Pipeline Working Group (Pipeline Sector Coordinating Council) was formed to further enhance communication and collaboration among pipeline operators and various government agencies. (See attachment 2)

The ONG SCC provides a forum for discussion of relevant security issues and coordination and communication with agency counterparts. Quarterly meetings are held with SCC representatives and also jointly with members of the Energy Sector Government Coordinating Council (GCC). The Energy GCC is chaired by a representative of the Department of Energy and the GCC includes members of numerous agencies, including TSA and DOT. The ONG SCC serves as a point of coordination for broad communication with the security representatives of the oil and natural gas industry and our partners in state and federal government. Members of the ONG SCC provided significant input to DOE during the development of the *Energy Sector Specific (Security) Plan* that was included as part of the *National Infrastructure Protection Plan* process.

The ONG SCC has several different working groups that specialize in key security areas, such as Information Sharing – Homeland Security Information Network, Cyber Security, and Pipeline Security. The Pipeline Working Group includes representatives of industry operators and four of its major trade associations: API, AGA, INGAA and the Association of Oil Pipelines (AOPL). The group meets as part of the ONG SCC. In its role as the Pipeline Sector Coordinating Council it also meets periodically with its counterparts in the Pipeline Government Coordinating Council. The Pipeline GCC is chaired by a representative of TSA PSD and includes representatives of DOT and other federal agencies. Members of the Pipeline Working Group have provided significant input to TSA PSD to assist in its development of pipeline security guidelines. The Pipeline SCC and GCC have been proven to be a sound avenue of communications between industry and the agencies.

### **Activity of TSA Pipeline Security Division (PSD)**

TSA's Pipeline Security Division regularly conducts Corporate Security Reviews (CSR) of major pipeline operators. The CSRs have focused on the overall security plan implementation of these major operators.

TSA PSD has also conducted Critical Facility Inspections (CFI) of identified pipeline locations. The CFIs have focused on the implementation of security plans and actual day-to-day security practices at these critical facilities. Results of these reviews have been used to develop security “smart practices” to be shared widely throughout the industry.

TSA has also provided industry with other valuable services such as a Pipeline Security Training video available for use by operators and by sponsoring an annual International Pipeline Security Conference that brings together pipeline security professionals and representatives of appropriate agencies. These programs have not only been a means of evaluating the actual security practices of the pipeline operators, but they have also been a means of promoting industry familiarity with the responsibilities and personnel of the TSA PSD.

TSA PSD has also promoted the use of the Transportation Security Operations Center (TSOC) as a point of contact for pipeline operators to report any significant security incidents or suspicious activities. The TSOC is staffed 24 hours per day and disseminates the information it receives to the appropriate agency or division for response.

In May 2007, TSA issued the *Transportation Systems Sector Specific Plan and Pipeline Modal Annex* that is part of the *National Infrastructure Protection Plan*. The Pipeline Modal Annex includes such items as a description of risk-based security programs, security program management, and site and program assessment.

Since 2008, TSA PSD has also been developing more specific Pipeline Security Guidelines. During the development of the Pipeline Modal Annex and the pipeline Security Guidelines, TSA PSD has taken a practical and reasoned approach to pipeline security. TSA PSD has worked with agencies including DOT and DOE and with industry, through the ONG SCC and the Pipeline SCC, to identify effective and practical security practices for pipeline operators.

## **Conclusion**

Pipeline operators have worked through their industry trade associations to develop security guidelines. Prudent operators have developed effective, risk based security programs and implemented practices that follow the guidance of TSA PSD and DOT.

Even though DOT had the original responsibility to work with pipeline operators regarding issues of security, it has been made clear to pipeline operators through HSPD-7 and coordination and communications with pipeline operators through the ONC SCC and Pipeline SCC and member trade associations that TSA PSD is the lead agency for issues of pipeline security. TSA PSD has reinforced this message by their contact with pipeline operators during the CSR and CFI process and by providing relevant security support to industry. Operators know that in the event of a significant pipeline *safety* incident they need to contact DOT PHMSA. In the event of a pipeline *security* related incident they need to contact TSA PSD. A mechanical failure or unintentional act resulting in

significant damage to a pipeline will be reported to DOT PHMSA through the National Response Center (NRC). An intentional act of damage or act of a suspicious nature involving a pipeline will be reported to TSA PSD through the Transportation Security Operating Center (TSOC). If there are serious injuries, potential loss of life or damages in excess of \$50,000 any incident must be reported to the NRC. All involved parties must work cooperatively with law enforcement, local agencies and first responders in the event of any incident in order to minimize damage and danger to persons or property.

In my experience, pipeline operators, TSA PSD and DOT PHMSA have shown the willingness and ability to work together, with other agencies and local communities in the interest of pipeline security.

Respectfully Submitted

Gary L Forman CPP, PPS

#### **Example - Pipeline Security Related Incident**

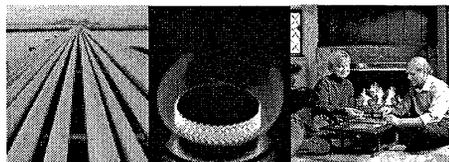
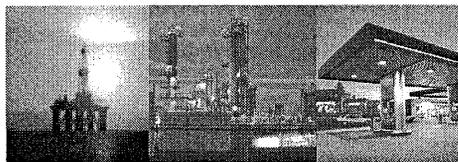
As an example of how a security related incident should be handled, I am sharing the following.

On April 4, 2010, a representative of Columbia Gas Transmission Corp (a NiSource company) operations monitoring center received a report of a significant leak in a pipeline that serves a small mid-western town. Following established emergency procedures, local operations personnel responded to the call. Upon arrival they found that a 6 inch diameter natural gas pipeline that operates at approximately 170 psig appeared to have been punctured. The line is suspended over an irrigation canal and is the sole natural gas feed to this small town. Continuing to follow established emergency procedures, the operations personnel allowed pressure to be reduced on the line, and then they made a temporary repair with a plug and clamp. While making the repair, the supervisor observed that the hole appeared to have been made by a bullet. As soon as repairs were completed the supervisor notified Corporate Security and local law enforcement. As the Corporate Security representative, I notified the TSOC. By following established emergency procedures, service was maintained to customers and operations personnel were able to make appropriate short term repairs while not endangering individuals or property. More permanent repairs will be made at an appropriate future time. Also due to established procedures and the training of the operations personnel, they made appropriate contact with local law enforcement and corporate security and the TSOC was notified. Currently the incident is deemed an act of random vandalism; however, the area and facilities will be monitored for any future occurrences.

# OIL & NATURAL GAS SECTOR HOMELAND SECURITY COORDINATION COUNCIL

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OCTOBER 2004



American Gas Association  
American Petroleum Institute  
American Public Gas Association  
Association of Oil Pipe Lines  
Canadian Association of Petroleum Producers  
Domestic Petroleum Council  
Independent Liquid Terminals Association  
Independent Petroleum Association of America  
International Association of Drilling Contractors  
Interstate Natural Gas Association of America

National Association of Convenience Stores  
National Ocean Industries Association  
National Petrochemical & Refiners Association  
National Propane Gas Association  
Offshore Operators Committee  
Petroleum Marketers Association of America  
Society of Independent Gasoline Marketers of America  
Western States Petroleum Association  
US Oil & Gas Association

## OIL & NATURAL GAS SECTOR HOMELAND SECURITY COORDINATION COUNCIL

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In support of Homeland Security Presidential Directive 7 and the further honing of operations of the Department of Homeland Security (DHS), the oil and natural gas industry trade associations – and the owners and operators they represent – have formalized their coordination efforts under an Oil & Natural Gas Sector Homeland Security Council. This Council will serve as a broad industry-wide network for coordinating ongoing industry initiatives, government partnerships, and responsibilities, but most importantly in communications with the department on issues relating to sector coordination. This Council represents over 90% of the sector's owners and operators.

The Council will select a representative from an industry company to serve as the chair of this body and as a focal point to DHS when one sector representative is needed. This chair will rotate on a yearly basis between an oil or gas industry representative. The American Petroleum Institute (API) will continue to assist in coordination for the oil associations, and the American Gas Association (AGA) will continue to assist in coordination for the natural gas associations, and all of our associations will continue working with DHS for specific infrastructure security issues and programs.

Building on industry's long support of the government's efforts around critical infrastructure protection, especially in these extraordinary times since the September 11<sup>th</sup> attacks, the oil and natural gas industry sector has completed several comprehensive projects to help protect the national oil and natural gas infrastructure, many under the cooperation of federal agencies and law enforcement. The success of these protective efforts demands constant coordination with government authorities, which has been accomplished through the various oil and natural gas trade associations.

The oil and natural gas industry is committed to providing the country with the energy it needs to keep our economy growing while ensuring the safety of the communities in which they operate. The aim is to continue to be helpful liaisons to the Department for all segments of the oil and natural gas industry on issues of security.

## MISSION STATEMENT

Foster and facilitate the coordination of oil and natural gas sector-wide voluntary activities and initiatives designed to improve Critical Infrastructure Protection and Homeland Security.

Objectives:

- Provide broad industry representation for Critical Infrastructure Protection and Homeland Security and related matters for the oil and natural gas sector and for voluntary sector-wide partnership efforts.
- Provide a forum for policy discussion and coordination, with implementation of policy through the Council members.
- Foster and promote coordination and cooperation among participating sector constituencies on Critical Infrastructure Protection and Homeland Security related activities and initiatives, including the Energy ISAC.
- Establish and promote broad sector activities and initiatives that improve Critical Infrastructure Protection and Homeland Security.
- Identify barriers to and recommend initiatives to improve sector-wide voluntary Critical Infrastructure Protection and Homeland Security information and knowledge sharing and the timely dissemination processes for critical information sharing among all sector constituencies.
- Improve sector awareness of Critical Infrastructure Protection and Homeland Security issues, available information, sector activities/initiatives and opportunities for improved coordination.

## MEMBERSHIP GUIDELINES

Organizational Membership in the Oil & Natural Gas Sector Homeland Security Coordination Council will be open to any trade association representing an operational segment or segments of the oil or natural gas industry, including exploration and production, refining, processing, marketing, service and supply, transportation (pipeline, marine, motor and rail), transmission and distribution.

Each trade association will be entitled to two delegates on the Council:

- (1) Primary delegate, who will be represented by an association industry member company, and
- (2) Alternate delegate(s), who may be represented by an association industry member company and/or an association staff member

In addition, 3 at-large delegates will be provided from the Energy ISAC Board of Trustees.

The Council will select an Oil & Natural Gas Sector Coordinator, and a Secondary, for a one-year term. One of the two positions of the Coordinator and the Secondary will be from the oil sector and one from the natural gas sector, with the primary position rotating between the two on an annual basis. The Coordinator and Secondary must be selected from among the primary Council delegates (an association industry member company representative.) The Coordinator and Secondary will serve as Council Chair and Vice Chair, respectively.

# Oil & Natural Gas Sector Coordinating Council Pipeline Working Group (PLWG)

## -- Charter --

### **Purpose/Mission:**

ONG SCC Pipeline Working Group serves as both the pipeline subject matter expert body to the ONG SCC and the counterpart to the Transportation GCC Pipeline Modal to satisfy the requirements that the Transportation Sector have modal GCCs and SCCs (However, the PLWG will have limited representation as the Pipeline SCC. TSA recognizes that this group represents ONG "Pipelines" only). The efforts of the PLWG are designed to foster collaboration to improve pipeline security.

### **Objectives:**

Objectives of the PLWG include but are not limited to:

- Promote communication and coordination among Pipeline Stakeholders within the CIKR community.
- Promote engagement between Industry and DHS regarding development of federal regulations, guidelines, and programs that may impact Pipeline activities/programs in the Energy and Transportation sectors;
- Discuss best practices and lessons learned;
- Serve as the SCC counterpart to the Transportation GCC Pipeline Modal;
- Liaison between industry and government on research and development that enhances the security of the nation's pipelines.

### **Organization:**

The PLWG will report to the SCC Chair. The position of PLWG Chair is a voluntary role that is backed by the PLWG as well as the ONG SCC. The Chair of the PLWG also serves as the Pipeline SCC Chair when addressing Transportation Sector matters.

The ONGSCC will set the membership and participation for the PLWG. It is recommended that company representatives be individuals who have overall responsibility for the following fields:

1. Pipeline security
2. Intelligence information sharing

The PLWG chair will serve a term at will of the council. Members may nominate themselves or other task force members to serve as the chair. If more than one individual is nominated to be chair, members will vote on the candidates. In an instance where a chair must leave before

his/her term is complete, the chair will work with the SCC to identify an interim chair until the term is complete and a new chair can be approved.

The duties of chair are as follows:

- Preside at all meetings ;
- Develop a meeting agenda for each meeting;
- Appoint special task forces as necessary to carry out work group business;
- Maintain a current roster and mailing list;
- Facilitate conference calls and meetings;
- Alert work group members to new state and federal regulations/actions that may impact business practices.

(A temporary, alternate chair may be appointed, at the discretion of the chair, in order to perform any of the aforementioned duties as needs arise).

Members are expected to be active in program group affairs as a condition of continued membership and vote issues as determined by the chair and ONGSCC. It is the duty of members to provide overall guidance and direction to the program group to accomplish those goals to which their companies will commit resources.

The PLWG will meet a minimum of two times per year. The Chair may schedule special meetings and/or conference calls as needed.

*END*