Enforcement is effective only if it helps to achieve your end goal/outcome.
Meaningful Metrics

Recent media articles have taken PHMSA to task for decreasing enforcement actions and decreasing civil penalties while the number of significant incidents are increasing.

Is it a valid concern?
Drop in Number of Cases / Items

- Based on the past 5 year average, the number of NOPV cases issued in 2014 were down 31% with a reduction of over 46% in the number of items. The number of NOA cases issued were down 50% with a reduction of over 65% in the number of items.

<table>
<thead>
<tr>
<th>Year</th>
<th>Notice of Probable Violation</th>
<th>Warning Letter</th>
<th>Notice of Amendment</th>
<th>Corrective Action Order</th>
<th>Safety Order</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years average (2009 - 2013)</td>
<td>66</td>
<td>299</td>
<td>81</td>
<td>203</td>
<td>68</td>
<td>432</td>
</tr>
<tr>
<td>2013</td>
<td>82</td>
<td>333</td>
<td>92</td>
<td>285</td>
<td>85</td>
<td>457</td>
</tr>
<tr>
<td>2014</td>
<td>46</td>
<td>161</td>
<td>66</td>
<td>186</td>
<td>34</td>
<td>149</td>
</tr>
<tr>
<td>Change(- / +)</td>
<td>-31%</td>
<td>-46%</td>
<td>-18%</td>
<td>-8%</td>
<td>-50%</td>
<td>-65%</td>
</tr>
</tbody>
</table>

One Item for Safety Order and Corrective Action Order cases
Pipeline Safety with Context Measures (1988-2014)

Index
(1988 = 1)

Calendar Year

Data Sources: Energy Information Administration, Census Bureau, PHMSA Annual Report Data, PHMSA Incident Data -- as of March 25, 2015.
Effective Enforcement?

Does an overall decrease in the number of enforcement cases mean:

– Pipeline companies are more compliant?

– Inspectors are less thorough?

– Inspections are taking longer, so there are fewer cases generated?
How does the public/industry/Congress perceive effective enforcement?

Fines

(punishment?)

3+ million to US Treasure

Ordered Actions

500+ million in safety improvements
Questions

• What is the time value of enforcement?
  – Smaller cases/fines can be resolved within six months.
  – BIG cases/fines can be litigated over many years.

• How does the “belief” of the regulated entity in requirements relate to efforts to comply and effectiveness of enforcement?

• Should external driver (public opinion/Congress/etc.) influence enforcement actions or policies?
Thank you