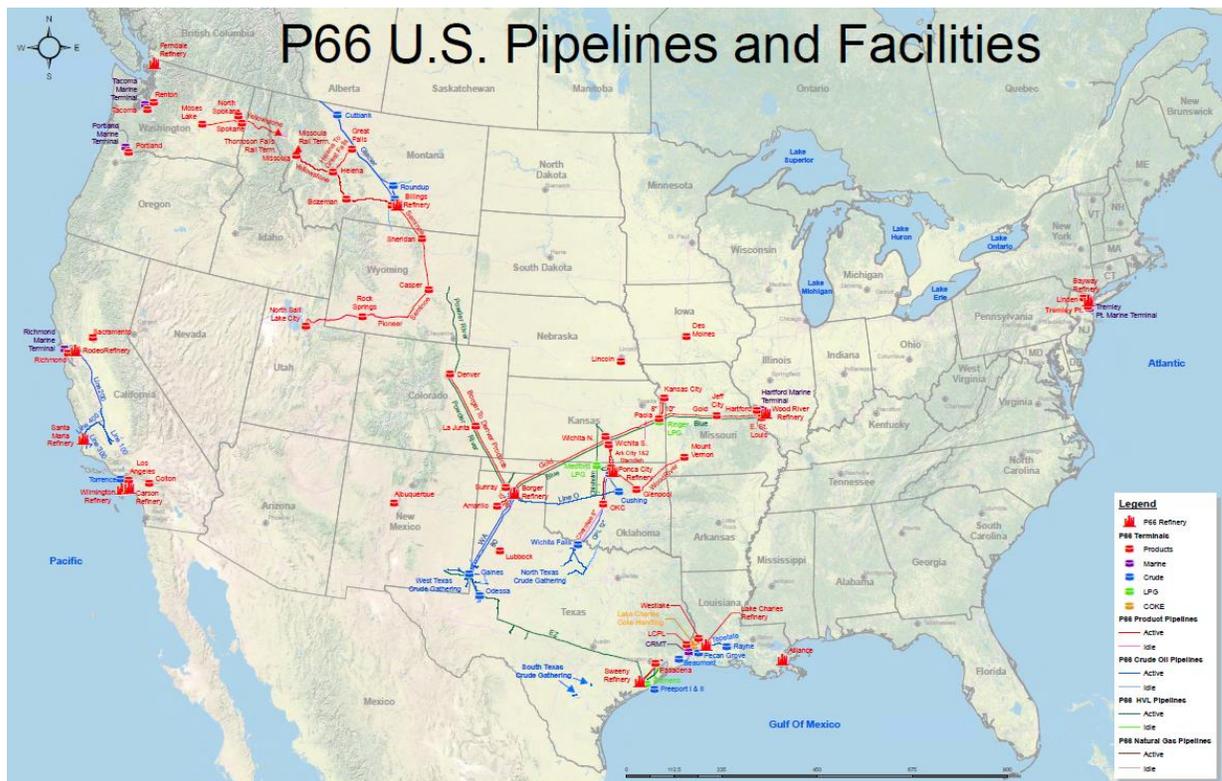


Testimony of Todd Denton
President of Phillips 66 Pipeline LLC
before the
U.S. Senate Committee on Commerce, Science & Transportation
Subcommittee on Surface Transportation and Merchant Marine Infrastructure,
Safety and Security
September 18, 2015

Thank you. I am Todd Denton, President of Phillips 66 Pipeline LLC. We are members of the Association of Oil Pipe Lines and the American Petroleum Institute. Today, I will share with you examples of our pipeline safety efforts, as well as industry-wide pipeline safety improvement initiatives.



Phillips 66 Pipeline LLC, a wholly-owned subsidiary of Phillips 66, operates more than 11,000 miles of pipelines in the United States and 1,500 miles of pipeline in Montana. Additionally, the company owns or operates more than 50 finished-product, LPG, and crude oil storage and distribution terminals. Our pipelines are remotely monitored and controlled through a state-of-the-art 24 hour control center. We also have five storage terminals here in Montana.



Phillips 66 Pipeline Central Control Center, Bartlesville, OK

Phillips 66 Pipeline LLC transports both raw and finished petroleum products, including crude oil, propane and refined products such as gasoline, diesel and jet fuel. The company also stores motor fuels at terminals, where tanker trucks pick them up for delivery to local retail outlets.

Phillips 66 pipelines deliver products to and from refineries across the country, including our own Phillips 66 refinery here in Billings. Phillips 66 is one of the largest refiners in the United States with 11 refineries and a net crude oil processing capacity of 1.8 million barrels per day. We employ 14,000 people worldwide and we are investing billions of dollars every year in projects that contribute to the health of the U.S. economy.

Phillips 66 and Phillips 66 Pipeline are proud to be part of communities in Billings and across Montana. Phillips 66 employs over 400 Montanans. These are good paying jobs that can support a family, provide for medical care, savings for college and retirement some day. Phillips 66 facilities also support local communities through property taxes. Montana schools, police departments and fire stations all benefit from over \$15 million in local taxes paid by Phillips 66.

Phillips 66 Pipeline recognizes not only the benefits it provides to Montana communities, but also the responsibility we have to operate safely in Montana. We work extremely hard to ensure our pipelines operate with minimal impact to the public or environment.

Pipelines are an exceedingly safe way to deliver the energy America needs. The average barrel of crude oil or petroleum products reaches its destination safely greater than 99.999 percent of the time. Since 1999, pipeline incidents impacting the public or environment are down 50 percent. Corrosion-caused pipeline incidents are down 76 percent, thanks to the widespread use of smart-pig in-line inspection to detect corrosion in pipes. Pipeline incidents caused accidentally by third-party damage are down 78 percent.

Pipeline incidents at river crossings are one focus of the subcommittee here today. A study conducted by the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA) concluded these are relatively rare events. Over a 20 year period, PHMSA found 0.3% of all reported liquids pipeline incidents had exposed pipe in riverbeds as a contributing factor in the incidents. That said, Phillips 66 Pipeline and the liquids pipeline industry recognize that while relatively rare, pipeline incidents at river crossings are very real with real impacts on the local surrounding communities.

One of our current safety areas of focus involves geohazards - primarily river crossings and land movement. Flooding in 2011 on the Yellowstone River and the Missouri River Basin heightened awareness for Phillips 66 and others in the pipeline industry. As a result, we added a large-scale effort to our already robust integrity management program in our Billings division to:

- Survey over 400 crossings to verify the depth of cover and identify those prone to erosion and water channel changes;
- Identify and assess hundreds of potential land movement features that could impact our pipelines; and
- Develop metrics to prioritize higher risk pipelines based on:
 - Depth of cover;
 - Channel migration and scour potential;
 - Possible impact from debris;
 - Land movement; and
 - Potential consequences (such as downriver water users).

We then used the data gathered to select and execute permanent mitigation strategies such as:

- New Horizontal Directional Drills (HDD);
- New trenched crossings targeting double potential scour depth;
- Bank stabilization; and
- Pipeline relocations

We also operate a real-time monitoring program for flood events that includes:

- Proactive snow level monitoring
- Historic flow rates and trigger maximum flow rates
- USGS real-time data for stream flow which includes 40 flow stations

These efforts do not come cheaply. The Billings Division alone plans to spend nearly \$120 million on approximately 100 projects over 6 years averaging nearly \$20 million per year. This program has been successful in large part due to the cooperation of many stakeholders and government

agencies including PHMSA, the Montana Governor's office, multiple state, county, and local agencies, the Tribal Nations, and many landowners.



Horizontal Directional Drill, Pipe Pull-in, Clark Fork River

The experiences and efforts of Phillips 66 Pipeline are not alone in the liquids pipeline industry. Other operators in Montana are undertaking their own river crossing programs. In addition, this year leaders of the liquids pipeline industry added a strategic initiative to update industry-wide river crossing guidance.

American Petroleum Institute Recommended Practice (RP) 1133 sets out criteria for the design, construction, operation, maintenance and abandonment of onshore pipelines. Developed after flooding on the San Jacinto River in Texas 20 years ago, the current RP focuses primarily on construction techniques in floodplains and commercially navigable waterways.

Our strategic initiative will update and expand this industry-wide guidance to focus more intensely on the monitoring and management of existing river crossings. We expect the updated guidance to include strategies for surveying existing crossings, developing evaluation criteria and plans, undertaking mitigation strategies and implementing monitoring programs. I will personally serve as the executive champion for this effort, overseeing its development and ensuring it receives the attention it deserves across the industry.

As a Montana conservation group (Montanans for Healthy Rivers) has said, “[i]t is no exaggeration to call rivers the lifeblood of Montana. They provide us with drinking water, irrigation water, water for industry, and boundless recreational opportunities. The history of Montana is the history of its rivers, and so will be its future.” (<http://healthyriversmt.org>)

The future of Phillips 66 Pipeline in Montana is care and stewardship of the rivers and lands we cross. Phillips 66 Pipeline and the entire liquids pipeline industry are committed to strong, robust river crossing programs protecting our natural and public resources.

Thank you for your invitation to testify before you today and I look forward to answering any questions you may have.

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