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**Speech as Written for Delivery by
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Introduction

Thank you, Diane [Diane Burman – Vice Chair of NARUC’s Gas Committee] for your kind introduction.

Before I start talking about PHMSA, where we’re headed, and how we can work together with our partners at NARUC, I want to thank you for your continued efforts on our shared safety mission.

NARUC Role

As you know, your work ensures that the vast majority of pipelines in our nation operate safely.

And many of you are proactive in exceeding our minimum federal safety requirements to address your state-specific pipeline safety needs.

I would like to take a moment to thank some individuals from NARUC who are really going above and beyond with their work:

- Diane Burman (NY) for her work on our Gas Pipeline Advisory Committee;
- Kristie Fiegen (SD) and Norm Saari (MI) for serving on our Hazardous Liquid Pipeline Advisory Committee;

- Kevin Speicher (NY), who was instrumental in recognizing the potential far-reaching effects of cheating on operator qualification tests;
- Randy Knepper (NH) for his work as Chair of the Staff Subcommittee on Pipeline Safety and the NAPSR Compendium of more stringent State Pipeline Safety Regulations;
- Jason Montoya (NM) for stepping up as NAPSR Chair for Pipeline Safety;
- Steve Allen (IN) for his work on our Gas Advisory Committee and his work as a safety management system (SMS) champion;
- Karl Baker (CT) for stepping up to Chair the NAPSR Grant Allocation and Strategic Planning Committee;
- Samuel A. Rodrigues Gonzalez (PR), Manager of Pipeline Safety Programs at the Puerto Rico Department of Transportation and Public Works for his hard work in keeping the Pipeline Safety program intact during the recovery from Hurricane Maria; and
- Kevin Henessey, Chief of Pipeline Safety at the Oregon Public Utility Commission for helping to

improve PHMSA's Training and Qualification program for state inspectors.

PHMSA's Goal of Zero Incidents

As you know, PHMSA's goal – one we are fully committed to – is to promote the safe, reliable, and environmentally sound operation of the nation's 2.7-million-mile pipeline transportation system and the nearly one million daily shipments of hazardous materials by land, sea, and air.

I'm honored to be serving with PHMSA's hardworking safety professionals in support of the nation's pipeline system, which boasts an extremely good safety record.

Despite this admirable record, however, we still need to improve more.

Additionally, while we should all be proud and congratulate ourselves on the amazing safety advancements we've achieved over the last 20 years, our focus now must be on future safety improvements.

By working together, we can reach that aspirational – but, I do believe, achievable – goal of zero incidents.

Your Background

I was sworn in as PHMSA Administrator a few months ago and came to the Agency from the freight rail industry, where I focused on public safety, the environment, occupational health, hazardous materials transportation safety, and security.

During my 40 years on the railroad, I witnessed first-hand the impacts that major incidents can have on communities and the environment.

What I saw bothered me, and those experiences convinced me that safety must continue to be our first priority.

As I was going through the PHMSA selection process, I was deeply impressed with Secretary Chao's commitment to safety.

I still am today.

Infrastructure and Damage Prevention

First off, I want to congratulate NARUC on all your work as caretakers of our nation's infrastructure.

This Administration is fully committed to improving the country's infrastructure – and not just new construction.

We must protect and renew our above and below-ground pipeline infrastructure already in place.

We understand that you must balance safety with financial challenges, but I urge you to look at cost recovery requests with an open mind.

Thanks to your efforts, we've seen the number of states with some form of accelerated infrastructure cost recovery program rise to 41.

Twenty-one (21) states have eliminated cast or wrought iron in their natural gas distribution systems – let's continue this progress.

Excavation Damage and 811

As you know, a key way that we protect our existing infrastructure is by fighting excavation damage.

Because damage to pipelines during excavation is a leading cause of serious pipeline incidents involving fatality or injury, the promotion of 8-1-1 is a top priority for me at PHMSA.

Research proves that if someone calls 8-1-1 before they dig, they have a 99 percent chance of there being no incident, no damage to the environment, and no one getting hurt.

Our goal at PHMSA is not only to make 811 as familiar as 911, but to ensure the effective enforcement of damage prevention laws when contractors or companies don't follow the minimum requirements to protect underground pipelines from excavation-related damage.

Data shows that states with effective enforcement of their One Call law have lower damage rates and improved safety, and that more 811 exemptions lead to more incidents.

We need your help to take a look at the state level to bolster the enforcement of damage prevention laws and reduce 811 exemptions.

Funding

Now, I want to talk a bit about the elephant in the room – funding.

As you know, while we can fund up to 80 percent of your costs, the legislated level has been lower in the past years.

I want to assure you that we have the same goals, and we are committed to getting the funding you need to operate safe pipeline systems in your states.

I understand that our funding supports vital state pipeline safety programs, helps you replace retiring employees, and keep boots on the ground.

Last year, we reprogrammed some money to counter the dropped funding levels.

I also want to emphasize that we are here to support you and your pipeline safety programs in other ways as well.

PHMSA Support

PHMSA's Training & Qualifications Center

We also provide training, guidance, and oversight to state programs.

Our Training & Qualifications Center in Oklahoma City provides state pipeline inspectors with the nation's only specialized training for understanding and applying federal pipeline safety regulations and standards incorporated by reference.

Our training includes in-depth classroom training, and expanded outdoor and lab areas, to provide inspectors with hands-on opportunities to experience actual pipeline operator field scenarios.

In addition to hands-on training, TQ offers comprehensive online training modules to keep inspectors current on provisions of new and revised regulations, national consensus standards, interpretations, relevant research and development, and noteworthy best practices.

TQ continues to revamp and update curriculum, including rolling out new curriculum for Underground Gas Storage facilities.

PHMSA's State Programs Division

Last year, our PHMSA employees spent well over 7,600 hours working directly with state pipeline safety programs supporting pipeline safety.

PHMSA's State Programs Division discussed implementation of the 2016 PIPES Act Joint Inspection Implementation at the National and Region National Association of Pipeline Safety Representatives Meetings.

And it provided guidance in our State Programs Guidelines for states regarding how states can participate with PHMSA in inspections of interstate pipelines in their state.

PHMSA's Region Directors reached out to states to further coordinate with those wishing to participate in Interstate Inspections with PHMSA.

PHMSA also has an active mentoring program for state inspectors.

We continue to encourage states to participate in our mentoring program to improve inspector skillsets through observing peers conduct inspections and benefitting from feedback from experienced inspectors.

In the last two (2) years, 31 State Inspectors have taken advantage of the program, encompassing approximately 190 mentoring hours.

I also want to emphasize that we stand ready to support your states in times of crisis.

In the wake of hurricanes Harvey, Irma, and Maria, PHMSA supported waivers of special permits to affected states to expedite emergency response personnel hiring.

Expediting pipeline repairs and restoration of repairs to those areas was our top priority.

Regulatory Review and Updates

One of my goals at PHMSA is to make our rulemaking process move more quickly and efficiently.

Like many other issues before us, PHMSA's regulatory agenda is part of an ongoing regulatory review pursuant to the Executive Orders issued last year by the White House.

Our focus is to ensure that resources can be put where they will be most effective in maintaining pipeline safety.

The safety of the public and the environment is a top priority for the Department of Transportation and for PHMSA, and we are working to review stakeholder input for all of our in-progress rulemakings.

To date, PHMSA has reviewed and analyzed over 100 public comments in response to the "Hazardous Liquid Pipelines" proposed rule, and more than 400 comments in response to the "Gas Transmission and Gathering Pipelines" proposed rule.

In addition, PHMSA held a mandated Gas Pipeline Advisory Committee meeting last month to gather stakeholder input on the Gas Transmission rule, and we will continue to hold meetings and gather input for that rule.

Of course, I want to emphasize that PHMSA's role is to set minimum standards.

States can and do develop additional requirements beyond these standards – and operators may go beyond these standards as well.

It can be a challenge for operators to get reimbursed for going beyond the minimum standards, but remember, our goal is not meeting standards, our goal is safety.

We appreciate NARUC's participation in our processes, and we look forward to your continued support as we work to advance our regulatory goals.

And I want to encourage you to keep looking for ways to improve safety on the state level as well – not only in damage prevention, but in raising civil penalty levels to match our federal levels.

Safety Management Systems

I am pleased to see that there is a Safety Management Systems panel scheduled after this.

And the NARUC Compendium is a great tool for sharing lessons learned and best practices to effectively manage safety.

At PHMSA, we are strongly promoting the implementation of SMS, both internally and for our other pipeline stakeholders.

SMS is the formal business approach to managing safety risk, which includes a systematic approach; necessary management commitment; organizational structures, accountabilities, policies, and procedures; and a platform to share lessons learned.

An SMS will provide a clear set of requirements for our stakeholders to demonstrate their safety management capability.

We understand that there is no one-size-fits-all method for creating an SMS program. The implementation varies from operator to operator, and from state to state.

Our experience has taught us that a pipeline operator is only as good as its weakest link or least-informed division, whether that is a part of the operator or a contractor.

Constant communication with program staff is critical – know what’s going on in your shop. Incidents are not a good time to develop those relationships.

This is where SMS can have the greatest impact, reaching all levels of an organization – including its contractors – and helping to ensure a safety culture is pervasive and all-encompassing.

We are seeing a lot of commitment from industry to voluntarily implement SMS. So, I encourage you to look for those efforts from the operators in your state.

If you see operators requesting rate adjustments for cost recovery of SMS implementation, remember that SMS can help operators manage the multiple facets of pipeline safety, fundamentally changing day-to-day operations, by incorporating a focus on safety into every aspect of pipeline management.

When we help operators commit to Safety Management Systems, we are doing everything possible to achieve our mutual goal of zero pipeline incidents.

Technology

In my Senate confirmation hearing, I said that – if confirmed as the PHMSA Administrator – I would push to explore how we can deploy technology to enhance the safety of pipelines and other forms of transportation.

I believe now, more than ever, that advances in technology are how we will achieve those higher levels of safety.

This is an important element in our drive to improve safety and has been a major theme in my talks with industry leaders.

I'm proud of the R&D work we've accomplished so far at PHMSA – funding 270 projects, bringing 27 new technologies to market, and refining our overall systematic process, and sub-processes, via ongoing review of program effectiveness.

PHMSA has also funded the following projects in recent years applicable to cast iron and liners to support their rehabilitation until such times that they can be replaced:

- Characterization and Fitness for Service of Corroded Cast Iron Pipe [completed, report in review] – This developed a remaining strength calculator tool to determine fitness for service of corroded cast iron pipelines;
- Technology Transfer, Demonstrations and Post-Mortem Testing of Cast Iron and Steel Pipe Lined with Cured-in-Place Pipe Liners [closed] – Here, installed sections of cast iron pipe with cured-in-place liners were extracted for testing, and the results demonstrated the long-term serviceability of these cured-in-place liners;
- Above-ground Detection Tools Including Disbondment and Metal Loss for all Metals Including Cast Iron Graphitization [closed] – This project tested concepts for semi-autonomous, mobile platforms for detecting coating disbondment, graphitization, and external corrosion by measuring pipe magnetic field signatures from above ground; and lastly, the
- Evaluation of Structural Liners for the Rehabilitation of Liquid and Natural Gas Piping Systems [closed] – In this project, liners and composite pipes were

evaluated and tested for use in rehabilitation of piping systems.

I also want to encourage operators to use newer technologies to get better at addressing age-old problems.

I know that we usually think of rate recovery in terms of replacing older infrastructure – but I want to see that applied looking forward as well.

How can we use rate recovery mechanisms to encourage operators to invest in other technology improvements that can improve safety?

One of Secretary Chao's priorities is innovation – how can we use technology and automation to improve the safety of our transportation systems?

For example, how can we use drones to inspect pipelines more efficiently?

What do we need to do to clear the way to help you apply this technology?

Looking forward, I will continue to encourage research and development efforts that will improve the creation and application of cutting-edge technology to improve pipeline safety – but it's also time for you to start thinking about ideas you want to bring to our 2018 R&D forum.

If we work together, we can help technologies succeed, to improve the safety our nation's pipelines.

Conclusion

Pipeline safety is a responsibility that all of us – the industry, the public, and YOU.

We all rejoice when things go well, and we react when an accident occurs.

Most people don't think about energy and hazardous materials transportation when everything is running smoothly, but when there's a major incident – that's when everybody hears about pipelines.

Let's work together to change that narrative.

At DOT, we're guided by Secretary Chao's three key goals – Safety, Infrastructure (both building and refurbishing), and Innovation (technology and automation).

When we look at the Secretary's priorities, as well as what I think we can achieve together, I know that we share those same goals.

Every day, I get to work with the many dedicated, hardworking safety professionals at PHMSA, and I know that they too are committed to working with you in creating a safer nationwide transportation network for hazardous materials and energy related products.

We are dedicated to supporting your state safety goals – through funding, training, and expertise.

Strengthening the relationship between PHMSA and our state partners in NARUC is a top priority because, by working together, we can focus on concrete improvements and raising the bar on pipeline safety.

I urge you to work just as hard to support your state pipeline safety managers and operators.

Let your operators know that now is not the time to drop the ball on safety.

We have a short time together to show that industry and state regulators can achieve high levels of safety without burdensome regulations.

It's up to you to help achieve that balance by keeping an open mind with rate recovery helping us find management and technological ways to achieve new safety goals.

Our nation's pipeline system is already incredibly safe, but your role as state partners continues to be vital, and I urge you to be on your "A-game" to continually improve safety as we collectively strive towards our goal of zero incidents.

I look forward to proactively sitting down with you, hearing your ideas, and working with you as we pursue this goal together.

Thank you.

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