

2017 Pipeline Safety Trust Annual Conference
November 2-3, 2017
New Orleans, Louisiana

Drue Pearce, PHMSA Deputy Administrator, provided this keynote address at the Pipeline Safety Trust (PST) Annual Conference on November 2-3, 2017, in New Orleans, Louisiana.

Introduction

Thank you for your kind introduction. And thank you Carl, for your leadership here and as a member of our Safety Standards Advisory Committee, also known as Liquid Pipeline Advisory Committee, and Sara, for your leadership on Gas Pipeline Advisory Committee.

I am delighted to join you today at the Pipeline Safety Trust Annual Conference. It is exciting to see all of you coming together to promote pipeline safety initiatives. This conference is an excellent opportunity to explore recent and pending changes that will impact pipeline safety, including new data and metrics, common pipeline issues, ways to communicate pipeline risks, and stakeholder tools.

As you know, PHMSA's mission 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.

PHMSA staff – all 536 of us– are committed to protecting people and the environment by advancing the safe transportation of energy and other hazardous materials that are essential to our daily lives.

So, a little about myself.

I'm a farm girl from Southern Illinois, along the Indiana and Kentucky border. A railroad runs alongside our family farm and my family was blessed with oil, gas, and coal production while growing primarily corn, soybeans, and wheat as well as Standardbred horses.

In 1977, I was living and working in Louisville, Kentucky. I decided it was time to venture beyond the banks of the Ohio River, so I moved to Fairbanks, Alaska. I told my friends and family that I was going up "for a couple of years," but I fell in love as soon as I stepped off the plane at 1 A.M. to see a glorious sunrise, and so I adopted the state as my own.

My work took me to live in Anchorage, then to Kotzebue – north of the Arctic Circle on the Chukchi Sea coast – and finally to Alaska's capital Juneau, 1,000 miles and, at the time, 3 time zones from Kotzebue.

I spent seventeen years in the Alaska Legislature, two in the House and then 4 in the Senate, including 9 years in leadership and 2 terms as Senate President. I resigned my State Senate seat in 2001 to come to the Department of the Interior in D.C. where I was Secretary Gale Norton's Senior Advisor for Alaska Affairs.

But I am no stranger to PHMSA. After joining the Department of Interior in 2001, I served as the DOI Trustee on the Exxon Valdez Oil Spill Trustee Council, and also on PHMSA's Liquids Advisory Committee. It was during this time that I was the first confirmed Federal Coordinator for Alaskan Natural Gas Transportation Projects.

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Yet today, as PHMSA's new Deputy Administrator, for the first time since 1977, I have refocused my efforts to not be Alaskacentric. So now, I will be building relationships with all of you. When I say all of you, I really mean that. Not just with our partners in the states, territories, and the tribes, but also with you, members of the public from all walks of life and with a shared concern for safety. I will be listening closely to your perspective on how we can achieve better safety outcomes as energy and other hazardous materials are moved around the country.

I want to hear your thoughts on ways we can meet our shared safety goals of protecting our communities and the environment from pipeline and hazmat transportation failures.

We have a New Administrator – Skip Elliott

I was PHMSA's Acting Administrator until Monday, but I am officially the Deputy Administrator.

Before joining PHMSA, our new Administrator – Skip Elliott - was the Vice President of Public Safety, Health, and Environment with CSX Transportation (CSX) in Jacksonville, Florida. He is a recognized leader throughout the transportation industry in hazardous materials transportation safety, as well as environmental, railroad policing, and homeland security initiatives and policy.

We are excited to have Skip joining PHMSA – and we look forward to leveraging his experience to improve safety in both our pipeline and hazardous materials programs.

PHMSA's Vision and Priorities

Infrastructure is the backbone of our economy. It keeps our country moving and raises the standard of living for America's workers. However, our critical infrastructure is aging, congested, and in need of repair.

At PHMSA, we are guided by Secretary Chao's three main priorities, which are:

- maintaining and strengthening safety, using sound science and risk-based analysis;
- rebuilding and refurbishing our country's critical infrastructure; and
- creating a regulatory environment that fosters innovation.
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Our nation's pipeline system is already incredibly safe – pipelines have a 99.9997% safety record. Our goal is to get to 100% and we are working to set standards for today and tomorrow. I look forward to working with you to keep making strides towards ensuring safety while encouraging growth.

Common Pipeline Issues

Internal corrosion and third-party excavation damage are two major threats to pipeline safety. A third is concern regarding the effectiveness of internal assessment technology in the prevention of failures. We know these tools are good and can provide great information about what is occurring to the pipeline - but they are not silver bullets and over-reliance on any imperfect tool can lead to overconfidence and the potential for problems. PHMSA combats these and other issues through a variety of inspection and investigation programs, engineering assessments, outreach, training and research.

811

Another way PHMSA fights a key threat to public and environmental safety is via the promotion of 811: the national “Call Before You Dig” number. 811 encourages people and companies to call before they start an excavation project in their yards, thereby helping to save lives and reduce the potential for environmental damage by minimizing damages to underground utilities such as pipelines and electric systems.

Accidents can occur anywhere.

Research proves that if someone does call 811 before they dig, they have a 99 percent chance of there being no incident, no damage to the environment and no one getting hurt

I would ask that each of you make an effort to help us increase the visibility and reach of this program. Our goal is to make 811 as commonly known as 911.

By the way, I’m very concerned about exemptions – put in place by legislators and PUCs in various states. In some states, farmers are exempt. In some places, it’s local governments and their contractors. In Virginia, it’s the entire DOT. And, all railroads are exempt. Statistics prove that states with exemptions have a higher number of accidents than those without exemptions.

New Data, New Metrics

Our first priority is to prevent failures and the 811 program is helping to reducing entirely preventable releases. The second priority is to minimize, as much as possible, the consequences of a failure. One of the ways PHMSA helps to do that is by making data and geographical information systems, or GIS, information available to first responders.

GIS – along with the development and dissemination of pipeline data – enhances regulatory compliance, making it easier for industry to comply with pipeline safety regulations and for the public and other stakeholders to understand the importance of the role they play in pipeline safety.

Every day, new ways to generate and assess data are developed.

We have found the collection and analysis of data to be incredibly beneficial, using it to continuously improve data quality and analytic capabilities to identify, assess, and manage safety risks. Analyzing data enables us to better understand industry trends, as well as the impacts of our actions – guiding us in determining what is working well and what needs improvement.

Blaine Keener, our data expert, spoke earlier about our use of performance metrics and how they can help identify emerging safety trends.

R&D

Speaking of new technology, since 2002, PHMSA has funded 270 projects with \$109 million from PHMSA, and \$101 million from resource-sharing across a wide range of stakeholders. And our research

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and development investment brought 27 new technologies to market – technologies that are focused on preventing damage, identifying/minimizing leaks, and detecting defects in difficult-to-inspect pipelines.

Some examples of our R&D successes include:

- The Advanced Development of PipeGuard Proactive Pipeline Damage Prevention System project, which improved a sensor system that can provide buried pipelines with protection for up to thirty miles, and
- The Free-Swimming Acoustic Tool for Liquid and Natural Gas Pipeline Leak Detection project, which developed and leveraged a preexisting free-swimming acoustic leak detection tool for use with oil product pipelines, as well as evaluating its use with natural gas pipelines.

Implementers of Regulatory Reform

At PHMSA, we are carrying out an ongoing regulatory review. We are reevaluating our current and planned regulations, and will continue to work to ensure that our regulations increase safety and cost efficiency. In order for them to be effective both today and tomorrow, we are moving toward using performance based rather than prescriptive regulations where appropriate.

We are also moving forward on our current rulemakings. The new departmental regulation steering committee, which oversees the activities of the entire department, is working with us to schedule these rulemakings and keep moving forward.

Underground storage

PHMSA is developing a brand new regulatory program for underground natural gas storage facilities that builds upon the programs a number of states already have in place.

In December 2016, we issued an Interim Final Rule that set the first minimum federal standards for underground gas storage facilities. It is a new area for us and we, like many others, are on the sharp edge of the learning curve understanding the risks to people and the environment and how best to improve safety at these facilities. The extremely large natural gas release at Aliso Canyon two years ago taught everyone some painful lessons. I will be visiting Aliso Canyon next week while I'm visiting our Ontario Regional offices.

I want to assure you that we have heard your comments and concerns and will address issues brought up in our stakeholder public comments. While we believe that we allowed sufficient opportunity for all affected stakeholders to provide input to the Underground Storage IFR, we reopened the comment period on October 19, 2017, so all interested parties can comment on its merits and claims of the petition. The comment period ends November 18.

We look forward to considering your comments and continuing to work with you as part of the ongoing rulemaking process.

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Communicating Pipeline Risk

As we see with 811 damage prevention efforts, pipeline safety is a shared responsibility between all stakeholders, which means that outreach is an essential component of PHMSA's mission.

Raising awareness and communicating with stakeholders is paramount in advancing collective pipeline safety efforts in communities across the country.

Safety is also improved through active, and informed, stakeholder participation. When we come here to the Pipeline Safety Trust Conference and listen to what you tell us, we learn. We learn what you think may be improving safety and what you think is ineffective. While we might not agree on everything, it is critical we, as regulators, stop and listen to what you are telling us. I will share with you that informed stakeholders are especially valuable in helping us make good decisions.

In 2016, PHMSA established a new voluntary information-sharing system advisory committee that will advise the Secretary of Transportation on the need for and development of an information-sharing system to improve pipeline safety. The committee's next public meeting will be on November 29-30, 2017, in the Washington, D.C., area.

Dr. Murray directs our Pipeline Outreach and Engagement Division. Her team, Pipeline Community Liaisons, interact with the public and other stakeholders, provide consultation on regulatory requirements, encouraging damage prevention initiatives and conduct training and other public awareness activities with a wide variety of stakeholders. With a focus on pipeline safety and answering questions at the community level, they are, in a way, our ambassadors around the country. Please use them – they are great resources.

SMS

Changing behavior. It is a theme at PHMSA.

Have you heard of SMS? Safety Management Systems? I know Linda is joining Bruce Brabec and others on a panel tomorrow to discuss the opportunities, and challenges, of implementing SMS throughout the pipeline industry. At its heart, SMS is about changing behavior and actions to put safety first. It is about **doing the right thing when no one is watching**. It's about not answering your phone while you are driving. It is **Safety Culture**. Safety Culture is the glue that holds together the different aspects of SMS, like incorporating lessons learned into future actions or creating a safe environment for people to tell the boss unpleasant, costly news about a safety issue.

Industry acknowledges the value of SMS in advancing a company's safety culture and overall performance. And PHMSA is currently working with industry to incorporate the principles of Safety Management Systems into their programs to improve safety.

Many companies are working to institute SMS. Two examples are:

- Vectren Corporation, a company based in Evansville, Indiana, that delivers gas and electricity to more than one million customers; and

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- Marathon Pipe Line, LLC, which operates approximately 6,400 miles of underground pipelines in 16 States and transports crude oil and petroleum products to and from terminals, refineries, and other pipelines.

Both of these companies have demonstrated their leadership on SMS by aggressively implementing the SMS consensus standard API Recommended Practice 1173.

There is no one-size-fits-all method for creating an SMS. The implementation varies from company to company. It may be vastly different for a large company than for a small one. Still, a commitment to SMS could 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.

My mantra after observing major sectors for many years, including government, is that ANY company/agency is only as good as its worst contractor and their worst subcontractor. That's where SMS can help, by impacting all levels of an organization, including its contractors, helping to ensure that safety culture is pervasive and all-encompassing.

PHMSA Stands by Our Regulations

At PHMSA, we stand by our regulations. We are constantly seeking ways to improve them by eliminating unnecessary and overly burdensome requirements that distract for more beneficial requirements. We believe the integrity checks, inspections, and training we currently require provide for an ever improving pipeline safety.

. Now, that's not to say that PHMSA-regulated pipelines will never experience failures. I wish that was the case. I believe our continued safety actions, optimized safety requirements, more effective inspections, improved technology and stakeholder engagement – all complemented by a learning culture, will steadily improve safety.

We believe that the regulations we have in place are adequate to protect the greatest pipeline system in the world and you won't see us adding additional conditions on top of our current regulatory requirements unless we are absolutely certain they are necessary.

Conclusion

Thank you for taking the time to be here, which demonstrates your passion for pipeline safety. We at PHMSA believe that protecting the public and the environment are our most important responsibilities, and this annual conference continues to aid in that pursuit.

The annual Pipeline Safety Trust conference is an excellent opportunity to move the needle on pipeline safety initiatives, to discuss and explore pipeline safety issues, and to share and build relationships between representatives from the public, safety advocate groups, and federal, state, local, and tribal governments.

Thank you for coming, and for partnering with us in our shared safety mission.