



**REMARKS AS PREPARED FOR CYNTHIA QUARTERMAN
ADMINISTRATOR, PIPELINE AND HAZARDOUS MATERIALS SAFETY
ADMINISTRATION**

**NARUC SUMMER COMMITTEE MEETING
OMNI DALLAS HOTEL, 555 S. LAMAR, DALLAS, TX
COMMUNICATING SAFETY: ARE WE DOING ENOUGH TO REACH THE PUBLIC
--TUESDAY, JULY 15, 2014--**

Thank you/Introduction

- Good morning. Thank you for the opportunity to speak with you today on behalf of the Pipeline and Hazardous Materials Safety Administration, and thank you for all your hard work working with us to help keep Americans safe.
- I'd also like to thank Colette Honorable for her dedication to pipeline safety—not only is she the president of NARUC, but she's also a longstanding member of our Gas Pipeline Advisory Committee. Pipeline safety is an issue that is often overlooked unless something goes wrong, and Colette's efforts to keep focus on pipeline safety have been invaluable in helping us achieve our mission of safety. Her decision to make it a priority during her term at NARUC President speaks volumes as to her dedication to this issue.
- Your organization and the work you do is vital in helping us regulate our nation's more than 2.6 million miles of pipeline.
- These pipelines carry the energy products that heat our homes and cook our food, and that run power plants that provide energy to our

cities' blocks. Pipelines provide energy to the places where we, our families, and our friends live and work, and the public expects their utilities to be reliable, effective, and safe. When it comes to safety, that is where we come in – with your help.

- You have a singular advantage in that you are aware of your states' unique needs—as you may learn in the “Pipeline Safety: Cross Bores” panel later today, led by the Honorable Paul Roberti right here, the safety needs of every state and utility can vary widely, and different systems can affect each other.
- Your hard work to address these differing needs while ensuring safety at affordable rates is critical to our way of life and our economy—and to all of you that have worked to go beyond our minimum Federal safety requirements in your own states, thank you.
- And, as our Nation's energy needs continue to grow along with our rapidly-expanding energy production, your roles in assuring pipeline safety will also grow.
- Our partnership has already led to some great strides in safety.
- 2013 had the lowest number of serious incidents (25) in 20 years, and we also reported 45 percent fewer serious pipeline incidents, those resulting in fatalities or major injuries, since 2009. That count has declined each year since 2009.¹
- That is a good record, and we at PHMSA are committed to work with you to continue to improve these numbers.

Outreach/Transparency

¹<http://www.phmsa.dot.gov/portal/site/PHMSA/menuitem.6f23687cf7b00b0f22e4c6962d9c8789/?vgnextoid=9c7c87c1a3e25410VgnVCM100000d2c97898RCRD&vgnnextchannel=d248724dd7d6c010VgnVCM10000080e8a8c0RCRD&vgnnextfmt=print>

- As you all know, there is a growing demand for transparency, and there should be—the public has a right to know about the safety issues that affect them. This is especially important with pipelines, which are often ‘out of sight, out of mind’ until something goes wrong.
- We believe that transparency is an effective tool to stay ahead of problems both before they happen and after they occur. While meeting the public’s demands, we are working hard to improve how we make information available to all our stakeholders.
- We pride ourselves on providing information to stakeholders in many ways:
 - Our Community Assistance and Technical Service managers—we call them our CATS—interact personally with state and local groups and individuals, often going above and beyond to address any comments from the public.
 - We host multiple public awareness workshops every year to get input from all stakeholders.
 - We work to provide information on pipeline regulations and development materials to landowners.
 - We also require pipeline operators to maintain their own public awareness programs, and we inspect the effectiveness of those programs.
- But we all need to rethink how we get information to our stakeholders. We’ve put a lot of our safety data online, and we will continue to upload more for the public, but there are more and other ways to reach the public.
- The Pipeline Safety Trust has been conducting annual reviews of the transparency of web sites for state pipeline safety agencies and us. I encourage you to use this review as a tool to examine your

transparency from an outsider's perspective. They score agency web sites based on the information provided as well as how easy it is to find that information.

- I am proud to say that last year, PHMSA earned a score of 29 out of 32 points, falling short only in the category of providing pipeline company contact information. This April, we significantly revised our operator profile pages to improve consistency, and we will continue to our operator reports.
 - And I would like to applaud Washington and Arkansas for earning scores of 31 and 30, respectively.² We plan to surpass you soon.
- We're also working to make information not just available but also accessible and understandable: We're uploading safety videos to YouTube, and our twitter account has over 2,000 followers.
- Social media is providing us with new ways to learn about safety issues from the public. We're learning that social media is a two-way street: Our stakeholders can provide us with information, but a visible online presence also holds us all to higher standards.
- One way that I think we can really see our outreach efforts make a difference is in addressing pipeline damage as a result of digging.
- Excavation damage still accounts for a third of all serious pipeline incidents, which makes it the leading cause of serious incidents.
- Just last year, excavation damage caused over 36 gas distribution pipeline incidents. These incidents caused over \$10 million in property damage, 19 injuries, and 5 fatalities.³

² <http://pstrust.org/trust-initiatives-programs/transparency-of-pipeline-information/state-pipeline-safety-website-transparency-review/statewebreview2013>

³ <https://hip.phmsa.dot.gov/analyticsSOAP/saw.dll?Portalpages>

- All of these losses of life and property were avoidable—and we are working to prevent excavation damage by using all of the tools in our toolbox—from outreach efforts to working to strengthen state damage prevention laws.
- We recently announced the One Call Grant recipients—we gave over \$1 million in total to 27 states, as well as Washington, DC, and Puerto Rico, to improve damage prevention efforts and to promote and improve One Call systems.
- But we've also been working on preventing excavation damage through our own outreach efforts—we recently celebrated the 7th National Safe Digging Month, during which groups including gas companies, state safety agencies, and public groups like the Boy Scouts shared the message to Call 811.
- And we're already looking forward to some fun events planned for the upcoming Call 811 day in August in Washington.
- And these efforts have concrete benefits: Since we started celebrating Safe Digging Month in 2008, gas distribution incidents and leaks caused by excavation damage have both gone down:
 - In 2007, there were 55 gas distribution incidents caused by excavation damage, and over 160,000 leaks.
 - Last year, there were only 36 comparable incidents and less than 70,000 leaks.⁴
- Those are some pretty significant changes, but it shows we will have work to do. I'd especially like to thank those of you that participated in this campaign—we've seen so many of you host events and promote these efforts over social media, and your work has made a real difference.

⁴https://hip.phmsa.dot.gov/analyticsSOAP/saw.dll?Portalpages&NQUser=PDM_WEB_USER&NQPassword=Public_Web_User1&PortalPath=%2Fshared%2FPDM%20Public%20Website%2F_portal%2FExcavation%20Damage

Aging Infrastructure/Call to Action

- Speaking of improvements, I want to thank you for all the hard work that you've done towards encouraging replacement of cast iron and other higher risk pipe.
- As you know, our primary job and focus has always been safety. We want to continue to raise minimum standards to keep pace with new technology and assure the integrity of our Nation's pipelines.
- Back in 2007, there were only infrastructure cost recovery mechanisms in 11 states.⁵ In 2011, when Secretary LaHood's Call to Action there were only 18 states with full cost recovery programs⁶, today that number has more than doubled, and I'd like to applaud the 38⁷ states that have accelerated replacement programs in place. I won't identify the 12 states that have not done so, but let me offer to help you get on this list so the map is completely covered.
- I am also looking forward to seeing those states implement their own innovative infrastructure replacement programs, perhaps using ideas from the "Natural Gas Infrastructure Replacement" panel from yesterday [moderated by the Honorable Diane Burman].
- We know that replacing aging infrastructure can come at a high cost—but infrastructure modernization has so many other secondary benefits.

⁵ <http://www.aga.org/SiteCollectionDocuments/RatesReg/0712INFRASREPLAC.pdf>

⁶ <http://www.aga.org/our-issues/RatesRegulatoryIssues/ratesregpolicy/Documents/2011%20May%20Infrastructure%20Investment%20Rate%20RoundUp.pdf>

⁷ PHMSA numbers as of 2/2014

- When we invest in our nation's infrastructure—to repair, rehabilitate, and replace aging or at-risk pipelines—we achieve so much more than our safety goals.
- Replacing at-risk cast iron pipelines improves reliability and reduces the risk of methane emissions, making natural gas even more environmentally friendly—as you learned about yesterday in [with the Honorable Susan Rabon and] the panel on Methane Emissions in Transmission and Distribution.
- These replacement projects also provide much-needed jobs to communities across America.
- And right now, we're in the middle of a domestic energy boom that is transforming the industry, making affordable energy available to more Americans. The time is ideal to shape up our gas distribution infrastructure.
- While we remain a net importer of natural gas, that could be changing: The Department of Energy has approved 6 LNG export projects, and FERC has given construction approval to 2—with a total of 43 export projects applications pending.
- U.S. imports of natural gas have been falling since 2007, and natural gas production in the United States is climbing to record highs.
- So now, while production is growing and the price of gas is low, is our opportunity to use innovative rate-making to spur infrastructure improvements with high safety and economic benefits.
- We may set the safety standards for pipelines and look for risks, but the work you do is what gets these projects done—raising the

bar for safety, providing jobs to Americans, and strengthening our infrastructure for future generations.

- Your work balancing safety with costs, and finding innovative rate recovery solutions to make these replacement projects happen, isn't just a safety issue. It's an investment in our country's future.

Joint Responsibility/Federal and State Partnerships

- I'd also like to take a moment to address State Pipeline Safety Program and talk about the importance of our partnerships.
- Earlier this year, we received an IG report that followed our own internal action plan that made several recommendations to continue to improve our program. We always welcome the opportunity for continuous improvement and have already taken action to close 5 of 7 recommendations.
 - In fact, over the past couple years, we've implemented almost all of the recommendations from our State Program Action Plan, including:
 - Improving oversight by conducting more in-depth evaluation of state programs and increasing our communications with quarterly conference calls
 - Improving the grants process by aligning the certification and grant application process so that States have certification in place before the calendar year begins
 - Increasing transparency and data sharing by posting scoring and program evaluation documents to our website
- We are working hard to address the study's remaining recommendations—when it comes down to it, we know that we

can and must always improve and we will continue to do everything we can to improve in any way we can.

- We are committed to our partnerships with the States.
- Over the past few years, we've almost doubled our funding for the states—right now, we fund up to 80% of state costs, up from 50% of funding in 2006.⁸
- Your role in pipeline safety is indispensable—you oversee the lines where people live and work – where the risks are highest and the costs are greatest. At the same time, your mission requires that you balance safety with reliability and affordability.
- We know that is a difficult balance. We appreciate all of your efforts towards safety, and we will continue to support you in your work.
- Of course, pipeline safety is a responsibility that is shared amongst all stakeholders—from the pipeline operator to the Federal and State agencies, and down to individual homeowners or contractors.
- Working with stakeholders—including some non-traditional stakeholders—to forge stable consensus solutions that have to be implemented over a number of years, will be important as the industry grows and changes.
- This has been an exciting time for pipeline safety outreach—when Victor Espinoza rode California Chrome in his bid for the Triple Crown, an estimated 15 million people⁹ watched him and saw the 811 logo that he was wearing. There was a near-record number of visits to the Call 811 web site on the day that California Chrome won the Kentucky Derby.

⁸ <http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title49-section60107&num=0&edition=prelim>

⁹ <http://www.reuters.com/article/2014/05/15/dc-commongroundallian-idUSn8ppsH7+82+PRN20140515>

- I think those numbers really illustrate how creative partnerships and finding new ways of reaching the public can really make an impact in spreading our safety messages.
- So I am very pleased to see this panel share lessons learned and new outreach strategies to reach the public.
- Your partnership with us is extremely important. As I've said many times, pipeline safety is a responsibility for everyone, and when we find better ways to reach out and educate our stakeholders, the safer our country's pipelines are for everyone.
- So are we doing enough to reach the public on pipeline safety – we are doing a lot, but we can and should be doing a lot more.
- Thank you.