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Chairman Inouye, Vice-Chairman Stevens, Chairman Lautenberg, and distinguished members of the Committee, on behalf of the Secretary of Transportation, I want to thank you for the invitation to appear today.

I would like to take a moment at the outset to commend the Committee for your leadership and support in passing the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, Public Law 109-468, which the President signed into law last month. The PIPES Act will save lives and foster economic growth by strengthening the pipeline safety program.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is moving ahead to implement the new authority and fulfill the Act's mandates. We will keep the Committee informed of our efforts and progress.

I appear before you today on another important subject: PHMSA's activities and role in enhancing hazardous materials transportation security.

We understand the Committee is considering options to improve commercial surface transportation security, and we look forward to working with the Committee. Working in close coordination with the Department of Homeland Security (DHS), and with the Department of Transportation's (DOT's) Federal Railroad Administration (FRA) and the Federal Motor Carrier Safety Administration (FMCSA), we are moving forward in that effort on several fronts.

When it comes to improving transportation security, we follow a systems risk-based approach, recognizing that safety and security are connected, and that significant safety and economic consequences will flow from our decisions. The success of our efforts over time lies in our ability to mitigate overall risk, while avoiding undue burdens on

transportation systems, operators, and the public. Effective coordination within the federal government is essential to addressing security concerns in the way that the American public deserves.

Improvement should be developed in a transparent manner, with the benefit of stakeholder input, to produce practical approaches suited to the demands of an economy that depends on the efficient movement of hazardous materials. We must focus and prioritize our efforts, preventing incidents that pose the greatest overall risk to the public, property, and the environment, and mitigating the consequences of incidents that cannot be prevented.

Hazardous materials are essential to our citizens, and to our economy. These materials fuel automobiles, heat and cool our homes and offices, and are used in farming, medical applications, manufacturing, mining, and other industrial processes. More than 3 billion tons of regulated hazardous materials – including explosive, poisonous, corrosive, flammable, and radioactive materials – are transported each year.

We oversee the safe and secure shipment of over 1.2 million daily movements of hazardous materials moving through the air; on the railroads, seas and waterways; and over the highways. Many of these shipments require transfer between modes. Programs that increase the security of highway infrastructure and intermodal transfer points are required to maintain the security and safety of these movements. Additionally, large volumes of hazmat are moved by pipelines out of the view of most Americans.

These hazardous materials shipments frequently move through densely populated or sensitive areas where an incident could result in loss of life, serious injury, or significant environmental damage. Our communities, particularly the public and workers engaged in hazardous materials commerce, count on the safe and secure transport of these shipments.

With Congress' active assistance and direction, much progress has been made since 9/11 to improve the security of our transportation systems. Congress confirmed PHMSA's role in the Homeland Security Act of 2002, when it amended Federal law to clarify the agency's responsibility for the "safety, including security," of hazardous materials transportation.

In 2003, we amended the Hazardous Materials Regulations to require shippers and carriers of certain hazardous materials to develop and implement security plans. The regulations established a general baseline for the development and scope of plans, rather than a prescriptive list of specific security measures. Each security plan must include an individualized risk assessment and, at a minimum, address personnel security, unauthorized access, and en route security risks. Plans must be appropriate to the company's individual circumstances, considering the types and amounts of hazardous materials shipped or transported and the modes used for transportation. The regulation establishes a meaningful performance standard for security planning, while providing shippers and carriers with the flexibility necessary to develop security measures addressing their individual circumstances and operational environments.

DOT regulated pipeline operators are subject to different security planning standards, also requiring the development of site-specific security plans. Most pipeline operators follow a set of consensus guidelines that were jointly developed by PHMSA, pipeline operators, and State pipeline safety agencies following the 9/11 terrorist attacks. The security requirements governing operators of liquefied natural gas (LNG) facilities predate 9/11 and are enforced, along with our other LNG safety standards, by PHMSA and our State partners.

As the Committee is aware, PHMSA also has been actively involved in government-wide security planning and coordination efforts led by DHS. In accordance Homeland Security Presidential Directives and Executive Orders, we regularly provide technical expertise and consultation on security initiatives with DOT partners in the areas of pipeline operations and hazardous materials transportation. We contributed to the recently-completed National Infrastructure Protection Plan and participate in the Government Coordinating Councils for the Rail, Highway, Chemical and Pipeline sectors.

Most recently, PHMSA and the Transportation Security Administration (TSA) have established a joint working group to improve interagency coordination on transportation security and safety matters, and to develop and advance plans for improving transportation security. As you know, PHMSA and TSA signed an Annex to the Departmental Memorandum of Understanding (MOU) executed by DOT and DHS. The Annex recognizes TSA's lead role in transportation security and reflects the agencies' shared commitment to a systems risk-based approach and to the development of practical solutions, recognizing that each agency brings core competencies, legal authority, resources, and expertise to this shared mission.

In entering into the Annex, PHMSA and TSA pledge to build on and not duplicate the various security initiatives and efforts already underway. At the same time, we thought it was important to outline the key program elements and approaches necessary to effective Federal action and to use that framework to identify specific areas for improvement.

Enhancing security requires that we start with the data – understanding the problem and identifying any gaps in existing solutions, including gaps in understanding the risks and consequences of incidents. PHMSA's technical staff has knowledge about hazardous materials and transportation systems that can and should be brought to bear in the Federal effort to enhance security.

The joint agency working group established under the PHMSA-TSA MOU Annex is looking at ways to leverage the information that each agency possesses and collects. We are doing this in order to enhance our understanding of all risks connected with hazardous materials transportation and to bring that information to bear on an ongoing basis in all elements of our safety and security programs.

Under Executive Order 13416 and as delineated in the Annex, PHMSA and TSA are looking for ways to improve standards, recognizing that solutions need to be tailored to

risks and transportation needs, both of which will change over time. Enhancing transportation security does not necessarily mean that we must impose regulatory requirements. We must be open to the range of possible solutions, driven by information about systems risks and security gaps.

Where it is appropriate to impose new standards, close coordination and consultation between the agencies – and active outreach with stakeholders – will help to ensure effective results. Better communication and outreach with affected stakeholders are important elements of the approach to enhancing transportation security reflected in the MOU Annex.

Inspection and enforcement also present opportunities for improvement. PHMSA and TSA are looking for ways to maximize the use of Federal resources by cooperating in these efforts.

Research and development are important parts of a coordinated Federal strategy. Our joint agency working group will put in place measures to ensure that we are making the best use of Federal resources by sharing research results and collaborating in the development of future projects.

Working with our DOT colleagues and TSA, we continue to consider ways to enhance the transportation security of hazardous materials. Last month, PHMSA and FRA issued a notice of proposed rulemaking (NPRM), proposing to revise current requirements applicable to the safe and secure transportation of hazardous materials by rail. Specifically, we are proposing to require rail carriers to compile annual data on specified shipments of hazardous materials, use the data to analyze safety and security risks along rail routes, assess alternative routing options, and make routing decisions based on those assessments.

The same notice proposes clarifications of the current security plan requirements to address enroute storage, delays in transit, delivery notification, and additional security inspection requirements for hazardous materials shipments. We have planned two meetings in early February, one here in Washington and one in Dallas, to solicit public input on the rail security proposals.

In consultation with the other DOT operating administrations and TSA, we also are taking a close look at the scope of our hazmat security plan requirements. In the three years since the requirements went into effect, we have gained experience evaluating security risks associated with specific hazardous materials and transportation environments and identifying appropriate measures to address those risks. In response to two industry petitions for rulemaking, PHMSA recently initiated a project to reconsider and refine the list of hazardous materials for which security plans are currently required. The industry petitioners asked PHMSA to amend the security plan regulations to create a distinction between hazardous materials that present a significant security risk while in transportation and the vast majority of hazardous materials that pose minimal security risks in transportation. To this end, we have initiated a rulemaking project, in

cooperation with the DOT operating administrations and TSA; we published an ANPRM on September 21, 2006, and hosted a public meeting on November 30. We expect to issue a proposal by early summer of 2007.

As we refine our understanding of system risks, we've also taken a careful look at how we regulate access to PHMSA's National Pipeline Mapping System (NPMS). The NPMS is a comprehensive database including geospatial and other information about all PHMSA-regulated liquid and natural gas pipelines and their relationship to populated and unusually sensitive environmental areas. In the immediate aftermath of 9/11, we pulled the NPMS from the agency's website and restricted public access out of concern that information in the system could be used in planning or targeting a terrorist attack. In the meantime, we have taken a careful look at the nature and quality of publicly available information about pipeline facilities and the safety and security implications of providing public access. We have discussed the issues with DHS and all pipeline stakeholders, safety advocates, and security experts, and we have developed an approach that we believe will minimize risk, while satisfying legitimate public right-to-know concerns.

I would like to mention that in the coming months, PHMSA will be rolling out changes to its NPMS website that will permit members of the public to access certain maps and data on a county-by-county basis. The level of detail accessible to the public will make the site useful for emergency response and local planning efforts, helping communities manage risks of development and other human activities near existing pipelines.

Our decision to restore public access to NPMS data illustrates how a data-driven, systems risk-based approach improves risk mitigation. From a systems risk perspective, public access to information is desirable, because it facilitates environmental protection, emergency response, and safety-conscious land use planning. Further, this determination may pave the way for making NPMS data available in efforts to reduce other transportation risks. As we move ahead on the rail routing rulemaking, for instance, we will consider whether access to NPMS data concerning environmentally sensitive areas may be useful in making safety and security conscious rail routing decisions.

With Congress' support, a systems risk-based approach will be carried forward through the Hazardous Materials Cooperative Research Program, now in its first year of program management by the Transportation Research Board of the National Academies. Four initial research projects recently cleared the selection process. They are: (1) Hazmat Commodity Flow Guidance to States and Localities; (2) Enhanced Incident Data Quality for Root Cause Analysis; (3) Assessing Hazmat Emergency Response Capabilities; and (4) Emerging Technologies Applicable to Hazmat Transportation Safety and Security. PHMSA is closely monitoring the progress of that research.

Finally, like Congress, we are focused on improving the ability of States and local governments to prepare for and respond to hazardous materials incidents, whatever their cause. PHMSA is proud of its partnerships with the National Association of State Fire Marshals, the International Association of Fire Chiefs, and the International Association of Fire Fighters. Each organization has assisted in capability building across the country.

At the end of this month, PHMSA and the National Association of State Fire Marshals will co-sponsor another meeting of emergency responders, hazardous materials industry representatives, and pipeline operators. This joint effort covers a variety of initiatives intended to strengthen response capabilities and preparedness, including a recent PHMSA Advisory Bulletin on the appropriate response to ethanol spills and plans for the 2008 edition of the Emergency Response Guidebook (ERG). PHMSA publishes and distributes the ERG free of charge to the nation's first responder community. For years, the ERG has been an important resource for first responders, providing critical guidance during the initial phase of a hazardous materials incident. For the first time, the 2008 ERG will be expanded to include a response section applicable to pipeline incidents.

Like Secretary Peters, PHMSA takes very seriously our responsibility to ensure the safe and secure movement of hazardous materials across our transportation system. Although we recognize that there is always room for improvement, we believe that we have a strong regulatory framework in place for hazardous materials transportation security. Together with DHS, we seek to achieve the highest level of safety and security possible, while at the same time, minimizing the burden and associated cost.

We look forward to working with the Members of this Committee, the Congress and our stakeholders as we embark on a serious and open discussion with all interested parties to further enhance the safe and secure transportation of hazardous materials.

Mr. Chairman, I commend you and the members of this Committee for your leadership on this very important topic. Thank you again for this opportunity today. I am happy to take your questions.

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