

American Gas Association Executive Leadership Safety Summit
November 7, 2017
Washington, DC

**Speech as Written for Delivery by
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Introduction & Your Background:

Thank you, Pierce for your kind introduction. (Pierce Norton, AGA Chairman, and President & CEO of ONE Gas, Inc.)

And, thank you all for the opportunity to be with you today.

This is actually my very first speaking engagement after being sworn in as PHMSA Administrator last week.

As you might already know, I come to PHMSA from the freight rail industry where I focused on public safety, the environment, occupational health, hazardous materials transportation safety and security.

I retired from CSX Transportation in Jacksonville, Florida, in March of this year after a wonderful 40-year career.

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And, I would guess that would make at least some of you wonder, why would I un-
retire and leave sunny Florida to go to work in the federal government?

Well, it's simple, really. I truly do believe that if you are asked to serve this great
country of ours, you should – if you can – make that commitment.

I also believe that there is much more we can do – together – industry and
government – to deliver even further improvements in the safe transportation of
hazardous materials and energy related products, both by pipeline and other
modes of transportation.

Moreover, as I was going through the selection process, I was deeply impressed
with Transportation Secretary Chao's own commitment to safety and her clear
vision of investing in infrastructure and driving innovation and technology that
improves safety and the performance of our nation's transportation system.

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I also fully support the President's goal of streamlining regulations.

Secretary Chao's Priorities, PHMSA's Vision/Priorities, and Your Vision/Priorities for PHMSA

Infrastructure is the backbone of our economy.

It keeps our country moving and raises the standard of living for all Americans, as well as workers who are employed in the vast pipeline industry.

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

- Maintaining and strengthening safety;
- Rebuilding and refurbishing our country's critical infrastructure; and
- Creating a regulatory environment that fosters innovation.

In my Senate confirmation hearing, I said that if confirmed as PHMSA's administrator, I would push to explore how technology can be deployed in other ways to enhance the safety of pipelines and other forms of transportation. And, to encourage research and development efforts that will improve, create, and apply cutting-edge technology to safety solutions.

When we look at the Secretary's priorities, and what I think we can achieve through technology and R&D, it's evident that even though we come from different backgrounds to DOT and PHMSA, we all share the same forward-looking commitment to helping PHMSA fulfill its safety mission.

So, as I start at PHMSA, using these as our guiding principles, we are supporting the current administration's infrastructure and rebuilding initiatives, conducting ongoing regulatory review, and formulating policy that fosters safety without presenting an undue burden to industry by ensuring valuable resources are used for the best benefit to pipeline safety.

PHMSA Objectives for 2018 and Beyond

PHMSA is working to actively support the expansion of our country's energy infrastructure while providing the oversight needed to preserve the safety and integrity of the infrastructure in place.

To reach the President's goal of U.S. energy dominance, our nation needs a top-notch transportation system to move energy products.

As such, PHMSA will work to ensure all rules we issue, including the gas, hazardous liquid, and underground storage rules, are consistent with the administration's regulatory reform initiatives.

Additionally, we foster a culture of ongoing regulatory review of current and planned regulations – I will speak more about this later.

As you know, PHMSA's primary role is to establish minimum safety standards, provide oversight of these standards, and impact safety performance beyond mere compliance with our regulations.

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Our focus is ultimately on performance, and we believe that it is the responsibility of industry to understand and manage the risks inherent in the transportation of energy and hazardous materials.

I appreciate the AGA and the gas industry's role in safely providing gas to millions of American homes and businesses.

It is evident that your hard work in areas such as damage prevention, safety management systems, control room management, and transmission and distribution integrity management has resulted in an energy delivery system that is very safe, overall.

We also very much appreciate the significant efforts undertaken to rehabilitate and replace high risk pipeline infrastructure. This effort alone has truly helped move the safety ball forward.

Supporting the Administration – Energy Infrastructure/High Risk Infrastructure

Infrastructure. We've heard that word a lot this year, from the President, the Secretary, Members of Congress, on the news, and elsewhere.

I understand from my briefings that some pipelines from the 19th century are still in operation.

But, I am here to tell you that this Administration is fully committed to improving the country's infrastructure – including pipelines.

We will do our part to help be enablers of infrastructure renewal.

While we invest in new and expanded infrastructure, we must also take care of what is currently in place.

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.

We appreciate the financial and permitting challenges you face in replacing and upgrading lines.

And PHMSA stands ready to help as you work with your state regulators and siting authorities on infrastructure projects.

We do understand the importance of making the safety case as rate mechanisms are developed to address infrastructure replacement.

A crucial part of PHMSA's mission is supporting the growth of pipeline infrastructure to meet the United States' ever-growing demand for energy.

You are the front-line experts, and we continue to welcome your ideas on how we at DOT can help transform, renew, and expand the pipeline infrastructure.

Supporting the Administration – Regulatory Reform

Our confidence in our regulations doesn't stop us from searching for ways to increase efficiency without sacrificing safety.

We have a unique opportunity to work together to improve regulations and safety, and to invest resources where they are needed most.

PHMSA is supporting the Administration by carrying out an ongoing regulatory review, reevaluating our current and planned regulations, and continuing to work to ensure that our regulations increase safety and cost efficiency and are not unduly burdensome for industry.

The department issued a Federal Register notice seeking comments for the Regulatory Review – the comment period for this notice was just extended until December 1, so please give us your thoughts on existing rules and other agency actions that are good candidates for repeal, replacement, suspension, or modification.

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

Believers in Safety Management Systems

So, how do we foster continuous improvement in safety performance while making our regulations less of a burden on industry?

At PHMSA, we are strongly promoting the implementation of Safety Management Systems, or SMS, both internally and for operators.

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 an SMS may be vastly different for a large operator than for a small one.

Still, a mutual 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.

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.

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.

I want to take this time to applaud the AGA for your support of the Safety Management System process for and for your participation in the development of API Recommended Practice 1173.

We also applaud your participation on our own SMS Working Group charged with developing key performance measures that will help us measure the progress and challenges of SMS implementation.

Your industry commitment to voluntarily promote and implement Safety Management Systems demonstrates we are doing everything possible to achieve our mutual goal of zero pipeline incidents.

811 and Damage Prevention

Another area we are focusing on at PHMSA is damage prevention.

A key way we fight excavation damage is via the promotion of 8-1-1 – the national “Call Before You Dig” number.

As you know, we encourage people and companies to call 8-1-1 before they start an excavation project, minimizing damages to underground utilities such as pipelines and electric systems.

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 does call 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.

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PHMSA is working to increase the visibility and reach of this program.

And our goal is to make 8-1-1 as familiar as 911.

We are also working hard 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.

Outreach and Stakeholder Participation

As we see with 8-1-1 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.

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Safety is also improved through active, and informed, stakeholder participation.

When we come here to the AGA Executive Leadership Safety Summit 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.

Research and Development

As I said earlier, I believe that exploring how technology can be deployed in other ways to enhance safety on pipelines, and encouraging research and development efforts that will create and apply new and cutting-edge technology and automation to safety solutions is critical to moving safety forward.

PHMSA is proud of our work and partnership in research to do just that.

Since 2002, PHMSA has funded 270 projects with \$109 million from PHMSA, and \$101 million from resource-sharing across a wide range of stakeholders.

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

We aren't stopping here.

In the spirit of continuous improvement, we are refining our overall systematic process and sub-processes via an ongoing improvement review of program effectiveness.

Conclusion

With a long career in industry and as a former railroad executive, I am here to say that now is not the time for industry to celebrate the administration's efforts at regulatory reform.

Being new to the job, there is certainly a lot that I don't know yet about some of the hazmat and pipeline programs, but, I am hard at work learning the details so I can get up to speed quickly.

And, while I might have much to learn, I am impressed at what I've already seen of the PHMSA staff and the important work that they do.

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And it reinforces my belief that PHMSA is an enabler for industry.

Like it or not, we're all in this together.

The public doesn't think about us when everything is running smoothly.

But when there's a major incident – that's when everyone hears about us.

So, I strongly encourage industry to take advantage of time we have together to right-size regulations that meaningfully enhance safety.

Be on your "A-Game" to drive safety as we collectively strive for that aspirational – but I do believe some day achievable - goal of zero incidents.

The advancement of R&D, innovation and new technology should be full-throttle at AGA and your respective companies.

And, while the industry safety record is impressive– make the move to be "all-in" on SMS!

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Also, tell us your success stories of how you are achieving new levels of safety so we can promote to Congress and the public on how industry has voluntarily taken the lead on reaching record levels of safety without the need for unnecessary, burdensome safety regulation.

If you do, then we can all be proud of having the most innovative – and safe – energy transportation system in the world.

Thank you.

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