

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

**Speech as Written for Delivery by  
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**Association of Oil Pipelines (AOPL) American Petroleum Institute (API)  
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## **Introduction & Your Background:**

Thank you, Dave (Dave Murk, API Pipeline Director), for your kind introduction.

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

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.

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.

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

In my short time with PHMSA, I have come to be truly impressed by the capability and dedication of the team.

I fully support the Secretary's vision of investing in infrastructure and driving innovation and technology that improves safety and the performance of our nation's transportation system, as well as streamlining regulations without sacrificing safety.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

## **Secretary Chao's, PHMSA's, and Your Vision/Priorities**

Infrastructure is the backbone of our economy.

It keeps our country moving and raises the standard of living for all Americans, to include the 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 both 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.

We are also 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 Accomplishments and Objectives**

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.

I am honored to work with such dedicated and driven employees.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

To reach the President's goal of U.S. energy dominance, our nation needs a top-notch transportation system to move energy products, and PHMSA is a great team that has made some great strides towards that goal.

### *Safety Management Systems*

One thing I'm really appreciative of is the work done recently on Safety Management Systems – SMS – to foster continuous improvement in safety performance while making our regulations less of a burden on industry.

You may know that PHMSA is a big proponent of SMS, both internally and for operators, but I've been a fan of management systems since long before my time here. I want to applaud all that you've done in this area – your commitment to Pipeline Safety Management Systems, your steps taken to ensure transparency, and your work bringing together stakeholders to develop RP 1173. These are all great examples of how industry can embrace SMS and create solutions.

We fully support the implementation of RP 1173 and are excited to see how industry is aligning with the standard.

We were also pleased that the National Transportation Safety Board recognizes this recommended practice as exceeding the Safety Board's expectations.

We all agree that RP 1173 is a proactive, system-wide approach to reducing risks and provides operators with a comprehensive framework to address risk across the entire life cycle of a pipeline.

The standard promotes pipeline safety, while implementing guidelines for continuous improvement.

Moving forward, PHMSA will continue to work with states and other stakeholders to encourage the implementation of RP 1173 and Safety Management Systems concepts across the pipeline industry.

SMS will provide a clear path forward for our stakeholders to demonstrate their safety management capability.

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.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

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.

It is evident that your hard work in areas such as Safety Management Systems and public outreach has helped make America's pipeline system one of the best in the world.

### ***811***

Another area where PHMSA has made great progress is damage prevention.

A key way we fight excavation damage is via the promotion of 811: the national "Call Before You Dig" number.

As you know, we encourage people and companies to call 811 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 811 is a top priority for PHMSA.

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.

PHMSA is working to increase the visibility and reach of this program.  
Our goal is to make 811 as commonly known 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.

I believe our work with states on damage prevention is going to continue to improve the safety record of pipelines in our country.

### ***Inspection Process***

I appreciate the time that Dave, Andy, and John spent with me – dialogue is important to our relationship.

One of the things they called to my attention was concerns about our inspection process and the burden it can cause operators.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

I want you to know that we have heard those concerns and have already made changes to improve.

We're taking a different approach to our inspection planning by working to be more collaborative in both our inspection planning and execution, to minimize the impact to the operator and more effectively ensure safety.

We hold inspection planning meetings collectively with all five PHMSA regions in parallel. At these planning meetings, our regions identify where they have common inspection links and then pre-coordinate to get information from the operator – this allows us to reduce the burden on the operator.

This year, we used this process to avoid holding multiple scheduled inspections with a single large operator.

Instead, we were able to prioritize what needed to be reviewed this year, and what could be reviewed at a later time to avoid excessive burden on the operator.

We've also standardized our inspection plan format, and we also hold collective briefings with all regions present.

We will continue to prioritize inspections based on assessed risk.

## **Regulatory Reform**

I also believe PHMSA can do more to simplify and combine complex rules to make compliance less burdensome to operators – 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.

I want to see you take advantage of this time to show that your resources and efforts can make notable strides towards safety without burdensome regulations.

PHMSA is working to ensure all rules we issue, including the hazardous liquid rule, rupture detection and valve rule, 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.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

PHMSA is supporting the Administration by carrying out an ongoing regulatory review, and reevaluating our current and planned regulations.

We will continue 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.

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.

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.

### **Supporting the Administration – Energy Infrastructure/High Risk Infrastructure**

This Administration is also fully committed to improving the country's infrastructure – including pipelines.

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

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.

### **Research and Development**

As I said earlier, I believe that exploring how technology can be deployed in other ways to enhance pipeline safety.

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.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

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 and minimizing leaks, and detecting defects in piggable and difficult-to-inspect pipelines prior to failure.

In the spirit of continuous improvement, we are refining our overall systematic process and sub-processes via an ongoing improvement review of program effectiveness – but we also can't do it alone.

We need you to use your resources and your expertise to help find new solutions to common pipeline issues.

### **Outreach and Stakeholder Participation**

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.

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 this November 29-30 in the Washington, D.C., area.

We hope to see many of you there.

But we also have opportunities like today.

When we come here to the AOPL-API Fall Leadership Meeting and listen to what you tell us, we learn.

We learn what you think may be improving safety and what you think is ineffective.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

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.

## **Conclusion**

And this reinforces my belief that PHMSA is a partner for industry.

We're all in this together, and while we might not always agree, we want to keep that dialogue open, and we'll always listen to your concerns.

I believe that there are ways we can help each other improve pipeline safety. We heard your concerns about our inspection process, and we are taking steps to make sure inspections are more efficient.

So, I want you to help us as well. 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. Let's change that narrative.

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.

I strongly encourage industry to take advantage of the time we have together to right-size regulations that meaningfully enhance safety. Now is the best time to move forward on safety initiatives that you believe will increase 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. While the industry safety record is impressive – make the move to be "all-in" on SMS!

The advancement of R&D, innovation and new technology should be full-throttle at API-AOPL and your respective companies. Now is the time to invest in finding new technologies and creative strategies to prevent large-scale incidents.

AOPL-API Fall 2017 Pipeline Leadership Meeting  
November 15, 2017  
Washington, DC

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

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.

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.

I believe that together, we can make this country's pipeline system the safest and most efficient it's ever been.

Thank you.

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