

**Remarks of Howard “Skip” Elliott, Administrator  
Pipeline and Hazardous Materials Safety Administration  
To the Fall Pipeline Leadership Meeting of the  
Association of Oil Pipelines (AOPL) and the  
American Petroleum Institute  
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Thank you for the warm reception, and for the opportunity to be here today to discuss safety in the pipeline industry with a group brimming with knowledge and commitment to the topic.

Last November, one of my first speaking engagements as PHMSA Administrator was at this same event. I was just getting my legs under me in the position, transitioning from the railroad business, and learning a great deal about our pipeline system and about the energy industry more generally. Since then, I have developed a deeper understanding of how essential our energy infrastructure is to a healthy, growing economy, and an even further commitment to keeping it safe.

The context in which we at PHMSA operate today is exciting. The nation is experiencing an energy renaissance, propelled largely by innovative production technologies, that is powering economic growth – which in turn holds promise to accelerate energy production even faster. For its part, the Administration of which PHMSA is part is committed to smart regulatory reform in pursuit of greater efficiency.

PHMSA’s job is to ensure that the systems it regulates remain safe, and that they improve in that regard. I believe that tangible safety improvements and regulatory reform can proceed

together. If I did not, as a confessed safety zealot, it would be impossible for me to continue in this job.

As many of you have heard me say before, PHMSA has a simple but difficult goal: zero safety incidents. I believe that goal is achievable. But it is a *maximum* goal; it will never be achieved by even perfect drafting and enforcement of *minimum* standards. Those functions are necessary to getting to zero, but they are not sufficient.

As an enforcer of standards, PHMSA must be vigilant, and must stand ready to make judgments and levy penalties where appropriate. I do not shrink from that responsibility – particularly in any case where it appears that someone’s commitment to safety has been less than vigorous. But neither do I imagine that such enforcement is the only responsibility PHMSA has. If we are to make continuous and tangible improvement in safety, our relationship with operators and other stakeholders must be expanded from the one that only regulatory action implies.

I compare PHMSA’s regulation-enforcement efforts to a baseball team playing defense. We must always do it to the best of our ability. But going from 99.997 percent incident-free performance to 100 percent is about eliminating the three failures out of every 10,000 – and that simply isn’t going to happen through regulation alone. The very small number of failures stands as testament that the thousands of people involved in the pipeline industry are, overwhelmingly, making their best efforts to maintain safety – so it is not as though we are going to inspire further carefulness with punitive measures.

Instead, what we must seek is to support the efforts already being made by industry stakeholders...to find ways to enable them to pursue safety in smarter, more consistent, and more effective ways.

One of the reasons this is true is simple arithmetic. PHMSA faces a manpower issue. It is obvious that an agency that employs about 536 people cannot oversee 2.7 million miles of pipeline all by itself. In fact, PHMSA makes no attempt to do so. Most actual safety inspections are performed by our state partners. But in the past year, I have come to understand that for such a small agency with such a large mandate, *leverage* is a vitally necessary element.

PHMSA pursues leverage in a variety of extra-regulatory ways, including education and training, research and development, stakeholder engagement and public awareness, information management and innovative messaging. Leverage is about getting the most out of the energy put in; and frankly, in many cases it is about getting other people to help. For some of PHMSA's extra-regulatory efforts, the people in this room are among the best equipped I know, and the most likely to *want* to offer that help.

From my time in the railroad industry, I know that operators themselves have the detailed knowledge of their own systems that tangible safety improvement often requires. I also know that improved safety is often the result of small, easily overlooked things.

When I speak of wanting to forge partnerships with industry operators and stakeholders, I am not suggesting that PHMSA abdicate its regulatory function. I am suggesting that we need to go beyond it.

PHMSA's small research and development program is focused on identifying specific, current safety problems, and solving them. It has been highly successful, bringing 27 innovations to market in the last 16 years. And we would like it to be even more successful in the future.

While we employ very highly-qualified engineers and other technical experts, the companies that belong to the AOPL and API employ orders of magnitude more of them. And although many energy companies have their own research efforts, they are often focused on things other than strictly safety. PHMSA would benefit from your help in identifying the discrete, specific problems that might be solved by focused examination.

Stakeholder engagement is another area where I believe that incidents can be shaved off those remaining three out of ten thousand. PHMSA appreciates all that your members do to assist us in publicizing the 8-1-1 Call Before You Dig program. Excavation damage continues to be a leading cause of pipeline incidents that can result in fatalities and injuries, as well as significant costs, property damages, environmental damages, and unintentional fire or explosions. PHMSA wants 8-1-1 to become as familiar to the public as 9-1-1, because preventing emergencies in the first place is as important as responding rapidly when they occur.

PHMSA's relatively new development of Voluntary Information-Sharing systems for improving pipeline safety is also benefiting from the participation of your members. And events like this one today are important for PHMSA, because they afford us an opportunity to listen, and to learn what operators think will improve pipeline safety. While we may not always agree on everything, the input of informed stakeholders is always encouraged and carefully considered.

I have one final point to stress, going back to my conviction that regulatory reform and tangible safety progress can and should proceed together.

We call bad regulation "burdensome" when it imposes compliance costs without yielding safety benefits, and PHMSA is committed to its elimination. By definition, this activity releases resources that were previously a cost of doing business. PHMSA's challenge to operators is this: Do not wait for inspections, or for new regulations, to make safety improvements. Operators must be more aggressive than to wait for PHMSA to identify potential problems. Address an issue *before* it becomes a problem; because some problems become incidents, and some incidents become tragedies.

This challenge is worth accepting because safety is a valuable end in itself. But it is also a smart business decision for energy industry participants. There are those who believe that regulatory reform that has anything to do with safety is reckless, because they mistakenly think that more regulations always means more safety. For that reason, any serious safety incident

that occurs during a regulatory reform effort holds the potential to hamstring further reform efforts.

The reason that I take PHMSA's extra-regulatory agenda so seriously is this: when we get to zero incidents, I know it will be those efforts that deliver the victory. My message to you today is the same one I carry to any gathering of influential stakeholders: tangible safety improvements will not result from just the right words in our rules, or even from perfect enforcement of them. It will be the result of dedication...teamwork...improved communication...of building a pervasive safety culture that informs the efforts of thousands of people, every day.

I look forward to building it together.