

**Opening Remarks
As Delivered By
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U.S. Department of Transportation**

**Council on Safe Transportation of Hazardous Articles (COSTHA)
Annual Forum and Expo
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Austin, TX
8:30 – 9:30 a.m.
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I. INTRODUCTORY REMARKS

Thank you for that very kind introduction. It is a pleasure to attend this forum with so many stakeholders, and I see many friends in the audience. All of us are here today because we are all dedicated to our common goal of a safer, more reliable, and a more secure transportation system for all Americans.

On behalf of the Bush Administration, and Transportation Secretary Norman Mineta, I would like to thank each of you for your dedication to the safe transportation of hazardous materials.

There is power in your numbers and your alliances. Therefore, those of us at DOT are especially glad to be here because we see opportunities to collaborate with you. Our relationships have been good, but they can be stronger, and better.

I would like to spend a bit of our time this morning talking briefly about several topics. Those are: What creating a new agency really means. What is happening in response to the new SAFETEA-LU legislation, how last year's hurricanes changed us, what hazmat security issues have our focus, what factors affect our overall regulatory philosophy, and a little about expanding our partnerships.

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II. DOT'S REORGANIZATION

February 20th marked the first anniversary of the creation of the Pipeline and Hazardous Materials Safety Administration, PHMSA.

As you may already know, Secretary Mineta spearheaded the administration's reorganization of the research and special programs administration into two distinct modal administrations, PHMSA and the Research and Innovative Technology Administration, or RITA.

Yet, in all fairness, a lot of the credit really belongs to you, the stakeholders, because "stakeholder input" was a crucial component that cemented the program alignment into what we have today.

A unique benefit is for PHMSA's new higher profile is that it helps us highlight the agency's role as the nexus for the federal hazardous materials regulations for all of DOT, and the federal family.

Like any corporate merger, we see benefits to the reorg, and we have challenges to address. Some of the obvious benefits are:

- A higher profile,
- A greater platform to advance safety; and
- More focus on two very important safety programs

We are beginning to look for ways for both the hazmat and pipeline offices to build synergies into PHMSA programs. We will always have an office of hazardous materials safety and an office of pipeline safety. But we are looking for ways to take a much closer look at how each program operates. Unbelievably, both programs are much more closely aligned than one may think. Both involve the transportation of dangerous goods,

III. REGULATING RISK

While taking into account the tangible costs versus benefits to society. Both programs are vitally crucial to the way in which our economy functions.

The new PHMSA has embraced four strategic principles:

1. Be well informed and empower our program managers to seek innovative ways to improve safety while at the same time taking a hard look at ways to maximize safety while minimizing unnecessary costs to the economy;

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2. Support and seek effective partnerships with all stakeholders;
3. With our partners, be good stewards of public safety, the environment, national security, and
4. Be the best regulators we can be.

This strategy is being implemented into PHMSA's day-to-day activities and complements the ever-growing national economy.

IV. RECENT LEGISLATION

Just this past august, president bush signed into law the reauthorization bill known as SAFETEA-LU. Again, the combined and tireless efforts of all stakeholders helped the reauthorization bill become reality.

SAFETEA-LU is important in many ways. Not only does it provide for unprecedented investment in our nation's roads, bridges, mass transit systems, and safety programs..., but it also incorporates significant reforms requested by the bush administration.

Significantly, SAFETEA-LU gives state and local governments the discretion and flexibility to invest in and manage their own transportation systems..., while opening the door to increasing amounts of private sector investment and innovation.

Thanks to the efforts of many in congress, SAFETEA-LU included several important mandates for our agency.

One urges PHMSA to determine what types of research and development could be conducted to improve on emergency response best practices. These are best practices used to protect the public and the communities in which we live and work.

Another requires the agency to enter into a contract with the national academies. The contract covers nine research projects as called for in a recent Transportation Research Board study.

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That study, in which PHMSA, FRA, FMCSA and USCG concluded there is a demonstrated need for a cooperative research program.

Many of the projects identified in this report center on risk analysis and potential mitigation strategies to enhance first responder efforts.

Approximately \$4 million from the highway trust fund will be spent over the next four years to fund this effort.

The greatest value of the work may be as a mechanism to bring a diverse set of stakeholders together. Stakeholders who can define, oversee, and use the products of hazardous materials transportation research.

Stakeholder interest, involvement, and feedback are vital during the pilot and this is where we would like your ideas and assistance. We look forward to working with COSTHA on this important initiative.

Other SAFETEA-LU items of interest are the increase in criminal and civil penalties for infractions to the federal hazmat regulations, authorization of emergency orders to abate imminent hazards, and authorizing dot inspectors to open and examine packages in limited cases where an inspector has a reasonable belief that the package may contain undeclared hazmat.

Last week we held a public meeting in Washington to discuss how dot should implement this expanded enforcement authority.

I know many of you attended and I look forward to further communications on this important subject.

Just in case you missed the meeting and really wanted to attend, it's not too late to attend the final of the three public meetings we've held around the country. Leave the conference tonight and head over to Seattle where tomorrow, we'll be hosting the final meeting, or more accurately should I say, the final meeting of this phase of the rulemaking project.

Even if you do not attend, it is not too late for you to provide your insights and suggestions to the docket. We encourage your input and welcome your suggestions.

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V. HOW LAST YEAR'S HURRICANES CHANGED US

No sooner was SAFETEA-LU signed, that the nation was rocked by hurricanes Katrina and Rita. These record-setting natural disasters tested and strained our infrastructure.

Even before the storms came ashore, your dot team was already at work..., pre-positioning assets; establishing lines of communication with federal, state, and local governments; and preparing for our response.

PHMSA moved quickly to restore the flow of vital products into, out of, and within the affected areas. Hazmat special permits were approved for the gulf coast states to expedite and facilitate the recovery process.

Working closely with many of you and the regulated community, critical commodities that keep America's economy moving and growing were made available, when and where they were needed most.

It is through our continued collaboration with our stakeholder community that PHMSA and the department succeeds in keeping hazmat transportation safe and secure.

Providing the right tools to the nation's first responder community, and working to build their capabilities, continues to be a primary safety effort for PHMSA. The emergency response community deals with over 500 serious hazmat transportation incidents each year.

PHMSA distributed over 2 million free copies of the emergency response guidebook that we revised in 2004. We issued over \$12.8 million dollars in hazardous materials emergency preparedness grants to states and Native American tribes. We support our "every day heroes," the first responders!

PHMSA is looking at lessons learned from our first year. And one review item is how our agency can further enhance its ability to assist in the initial phases of emergency response.

The direction of PHMSA's future efforts can be influenced by your suggestions and insight as an equal hazmat partner.

VI. CURRENT ISSUES IN HAZMAT SECURITY

It goes without saying that 9/11 had a dramatic impact upon our lives. Our job in protecting the nation's transportation infrastructure is to anticipate, plan for, and respond to any potential act of terrorism.

DOT's hazmat program has historically focused on reducing risks related to the unintentional release of hazardous materials. Since 9/11, the department has moved aggressively to recognize and address security vulnerabilities associated with the intentional release of hazardous materials.

A transportation system involving hazardous materials cannot be safe if it is not secure. DOT takes very seriously its responsibility to ensure both the safe and the secure movement of hazardous materials.

I hope you will take some comfort in knowing that the interagency process of consultation between DOT and other federal, state, and local agencies is working.

PHMSA and TSA have established an excellent working relationship, a relationship with close and continual daily contacts at all levels within the agencies.

We recognize we have more work to do. We will continue to evaluate and implement additional safety and security measures. In addition, we will continue to work with you, and our federal, state, and local partners to maximize the contributions that hazardous materials make to our economy.

While on the subject of security, please let me briefly share with you some of my thoughts on how we plan to address hazardous materials transportation security issues over the next year.

We will continue to seek ways to enhance the security of hazardous materials shipments. As we examine and/or modify hazmat transportation security measures, we will be using risk-based analyses to determine whether additional requirements are necessary and whether there are opportunities to dial back our regulatory posture in areas wherever possible.

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These analyses include factors such as:

- Assessing the relative risk for diversion and misuse of hazardous materials transported in commerce;
- The extent to which additional measures could mitigate or reduce exposure and;
- The potential for harm arising from various combinations of hazardous materials.

We have several specific initiatives planned or under way. For example, in consultation with the department of homeland security, we are considering ways to enhance the security of rail shipments for toxic by inhalation materials.

Specifically, we are examining the feasibility of specific security enhancements, which may include:

- Improvements to security plans;
- Modification of methods used to identify shipments;
- Enhanced requirements for temporary storage;
- Strengthened tank car integrity; and
- Implementation of tracking and communication systems.

Based in part on petitions from COSTHA and American Trucking Association, we are also considering whether the list of hazardous materials triggering security plans should be revised. We are seriously considering the COSTHA and ATA petitions.

The department of transportation has considerable expertise in assessing both the safety and security risks associated with the transportation of hazardous materials, and we look forward to continue working very closely with DHS on these issues.

VII. FACTORS AFFECTING OUR OVERALL REGULATORY PHILOSOPHY.

We recognize the transportation sector is the workhorse that drives the American economy. Trains move almost two billion tons of freight annually, and trucks haul over nine billion tons of freight each year. The movement of goods, whether by air, sea or land, is crucial to not only our economy, but to our global economy.

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The nation's pipeline infrastructure delivers over one and half billion tons of oil and natural gas to factories, homes and service stations. Compared to all measures of ton freight recorded by dot each year, PHMSA regulates 30 percent. That is quite a task for the 2nd smallest agency by funding and full time employees in all of dot. And one that enjoys the best safety record.

With insightful input from you, we can continue to move forward ensuring key transportation safety programs, and the issues surrounding them, get the attention they deserve. Together, we can move the nation's hazmat safely, and move our economy to new heights.

Regulations are an important component of an effective safety, or for that matter, security program. This administration pledges to you that we will take a very hard look at all proposed regulations and we will listen to stakeholders during every phase of the rulemaking process.

It is our responsibility to ensure we promulgate rules that are clear, well written, risk-based, and narrowly tailored to address the specific purpose for which they are promulgated.

We strive to regulate in a way that maximizes our return on safety, while at the same time minimizing costs to our economy.

PHMSA will do its best to live up to these goals as we move forward together. To be successful however, it is crucial that we solicit, and carefully consider all points of view for planning our oversight.

At PHMSA, we pride ourselves in making every effort to obtain both public and industry comment when regulations are proposed. We won't work in a vacuum!

By the same token I need your help. I need you to help me get the word out to industry and the public that they, you, need to be actively engaged in molding regulations.

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VIII. EXPANDING OUR PARTNERSHIPS

Before closing, i would like to take just a moment to talk a little more about our vision for expanding partnerships. I've spoken a little about this partnership throughout my presentation but let me give it one more go.

Some of you or maybe all of you in the room today may be asking, what exactly is PHMSA's vision for expanded partnerships? How do we as federal regulators advance our common interests of improved hazmat safety and security, while at the same time trying to expand our economy?

Our vision is multi-faceted.

Our vision is to work jointly with partners to break down barriers, to reach across industry programs.

Our vision is to discover better ways to publicize available resources for hazmat education and training. Our vision is to improve outreach at the regional and local levels.

Now, how do we fulfill that vision? Let me walk you through a partnership that is still evolving between PHMSA and the North American Automotive Hazmat Action Committee, which, many of you in the room here today, are active members.

One of these endeavors has been the formation of an automotive dealer hazmat training program. Representing auto companies, NAAAH is working to make standardized, web-based hazmat training available to thousands of car dealer employees.

PHMSA applauds this training program and encourages similar industry-based initiatives to improve hazmat safety. I know the group met yesterday and i look forward to hearing more from you all soon.

Our door is always open and like the Motel-6 commercial, we'll leave the light on for you. We'd appreciate your feedback on ways to initiate or expand partnerships. PHMSA's new vision as one agency is not static. We plan on moving forward, and seek to do so together with you.

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We are all partners in a very fluid global transport system. Together, we can develop and promote key programs and issues needed to keep us safe, secure, and competitive on the world stage.

As PHMSA matures, think about the opportunities that open up and ask these questions.

- Do we have the best informed basis to plan, to improve, to define our problems?
- Can we support each other better in a more structured partnership?
- Is our stewardship as good as it can be?

On behalf of the men and women of PHMSA, let me say that we all look forward to working with each of you. Thanks again for allowing me to be a part of your event.

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