



**REMARKS FOR CARL T. JOHNSON
ADMINISTRATOR
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION
API CONFERENCE AND CYBERNETICS SYMPOSIUM
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Thank you Mark for such a great introduction and thanks to each of you for welcoming me here today.

Before I start, I would like to recognize Mark and his company, Shell Pipeline, for their commitment to damage prevention and their significant support of this important safety initiative.

On behalf of the Bush Administration, Secretary of Transportation Mary Peters, and the Pipeline and Hazardous Materials Safety Administration (PHMSA), your commitment and leadership is deeply appreciated. The enormity of PHMSA's mission -- its complexity and reach into the lives of every citizen -- makes it imperative that we work together to succeed.

The recent completion of the ambitious PHMSA Strategic Plan, drives all actions of the agency. This Plan makes our job easier. It focuses on building our capability to make best use of information to drive down risk.

PHMSA strives to be a model agency -- one that inspires confidence in our stakeholders because we have a risk-based rationale to guide our work that is transparent, meaningful, and easy to understand.

We are advancing safety in many ways. While the year since the PIPES Act has been unusually challenging in unexpected ways, and has led us down some unexpected paths, I believe we are doing just what we have promised in our Strategic Plan. We are making better use of information to make critical safety decisions that come our way. We have improved our ability to investigate safety issues -- at the first indication of concerns.

We have been particularly challenged this year working to respond to integrity issues for several pipelines of strategic importance to our national fuel supply and which have

experienced failures. Many of these involved extensive investigation, necessary to determine the extent to which the cause of failure was systemic and what was necessary to restore safe operations. Despite these accidents noted, the record in pipeline safety is good.

Over the past 20 years, all the traditional measures of risk exposure have been rising—population, energy consumption, pipeline ton-miles. At the same time, the number of serious pipeline incidents—those involving death or injury—has declined by an average of ten percent every three years. This is “no accident.” It’s a reflection of aggressive programs to reduce risk and protect the public and we aim to continue this long-term trend.

We routinely examine operators’ safety performance and identify what makes the difference in improving safety. We inevitably come to the conclusion that individual corporate executives’ commitment to safety and effective management of information to drive down risk is critical.

We are promoting focus on safety culture as a way to improve performance. We hope to inspire improved performance – to create an environment in which risk information is valued, managed and tracked. We hope you are building the best possible scientific basis for assessing and deciding how risk control is measured.

As the nation realizes the need to work toward the President’s goal of reduced oil consumption over the next ten years, many different opportunities surface for PHMSA, and they confront us with great urgency. The first is the challenge of managing a new set of products -- with properties not previously managed on a large scale in pipeline transportation. Some like ethanol bring new technical issues we are confronting together.

The second challenge is the need to increase the reliability of the infrastructure in place. Another challenge is the need to work with the communities through which these products will be transported and help them understand the need for these products, the benefits they provide, the protections in place, and most importantly, how to respond to them in the event of an accident. Our concern is less “if” these new products can be moved safely, but “how” can they move safely, and how can we contribute to making it happen easier and sooner.

Beyond alternative fuels work, there are many opportunities we see for harmonizing regulatory approaches to simplify the program logic for the industry – to examine what various regulatory structures try to achieve, where there are gaps, where there are overlaps and where there are occasions to simplify. We have been testing this concept in Alaska as we work with state and federal agencies to plan for improved safety performance in the future.

We think there are broader opportunities for application of a policy of “no gaps, no overlaps” to other areas of PHMSA responsibility. As to pathway of meeting the PIPES Acts mandates, there are many aspects to the provisions and intents.

Of high priority to PHMSA was the emphasis on enforcement programs, and particularly the need to make more transparent to the public the vigor and comprehensiveness of our enforcement efforts.

On May 1, 2007, PHMSA rolled out its new enforcement transparency website, ahead of the schedule set in the PIPES Act. We believe this website is already leading to improved performance. We have been working on all the statutory mandates of the PIPES Act.

We are helping states with more resources for oversight of the entire 1.7 million miles of infrastructure under their jurisdiction and helping all pipeline safety stakeholders reduce damage to pipelines. Working with the Common Ground Alliance and all the underground damage prevention stakeholders, we target states whose risk of construction related damage is the greatest or those states in which the potential for improvement is real. We have also invested in a pilot research effort in Virginia to test ways of improving excavation location and communications technology so that the one call notification system is more accurate, works faster, and contributes to a safer work place. And of course, we have supported educating the public on the importance of calling 811, to help prevent damage to pipelines during an excavation.

There are other ways to help communities live safely with pipelines and one of the most important of these is guiding communities to make safe land use decisions. Pipeline and Informed Planning Alliance (PIPA) is helping communities understand where pipelines are located, who owns and operates them, and what other information is available for community planning.

There are three significant regulatory mandates in the PIPES Act: 1) Distribution Integrity Management (DIMP), 2) Low Stress Pipelines, and 3) Control Room Management, including the risk of fatigue and confidence in and adequacy of alarms. For each of these initiatives, PHMSA's regulatory actions are well developed, supported with thorough regulatory analyses, and at advanced stages of review.

For DIMP, the mandate to include installation of excess flow valves required additional work and it is completed. We are moving the DIMP proposal to publication.

For Low Stress Pipelines, the statutory requirement to apply all the elements of Part 195 required work beyond our original proposal. We are in the final stages of completing the first phase of this rule to cover the low stress lines that pose the highest consequence to the environment.

On Control Room Management, we are rapidly moving that proposal to publication.

In each of these projects over the past year, PHMSA found ways to strengthen our original concepts and added additional elements to the initiatives. Another mandate of the PIPES Act addressed the need for PHMSA to evaluate leak detection technology.

PHMSA examined the issue, and provided the technical findings for public comment at the end of last year. We are about to finalize this report and another on the adequacy of our corrosion protections.

A long standing concern of the Committee is the issue of availability of public information on pipeline operations to the communities in which they operate. We have been working with a few of you to develop concepts for this project which we could “pilot test”.

We have understood this initiative to be about open communication between operators and communities. The focus is assistance to communities so they can identify information they need on operators’ performance, to make that information meaningful and understandable, and hopefully to use that information to benefit the safety of the community.

We are working diligently to address all mandates of the Act and our work will be apparent shortly. This is all part of the PHMSA “Enterprise Approach” to solving problems -- coming together with you, Federal agencies, State and local governments and communities - - working together to enhance safety.

As we move along, we will always welcome input from you to tell us if we’re headed in the right direction. With your insight, we can continue to give pipeline safety programs the attention they deserve and keep the nation’s energy products moving reliably.

All of us at PHMSA and across the Department of Transportation stand ready, and willing, to work with you and are proud to be your partners in pipeline safety.

Thank you again.

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