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**KEYNOTE ADDRESS TO THE AMERICAN PETROLEUM INSTITUTE
PIPELINE CONFERENCE AND CYBERNETICS SYMPOSIUM**

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REMARKS FOR CYNTHIA L. QUARTERMAN
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[INTRODUCTION]

- Thank you Becky Roberts [president of Chevron Pipeline and Chair of the Pipeline Subcommittee] for that kind introduction and for inviting me here to speak today.
- Let me say how delighted I am to be here.
- The Obama Administration, Transportation Secretary Ray LaHood, and our team at the Pipeline and Hazardous Materials Safety Administration (PHMSA) all appreciate having your commitment to pipeline safety.
- In the short time that I have been with PHMSA and while previously serving as the Director of the Minerals Management Service, I have experienced the importance of bringing together government and industry representatives to discuss pipeline safety policy and technical issues. These discussions help to raise awareness and to protect the pipeline systems so critical to this country's economic vitality.
- I applaud the dedication to ensure that our pipeline infrastructure remains as safe, efficient, and reliable as possible.

- API's efforts in developing industry-wide standards; providing training and certifications; and educating industry on public policy issues and regulatory requirements are important to pipeline safety.
- These kinds of proactive efforts receive PHMSA's full support. That is why PHMSA representatives are here today. Can the PHMSA representatives please stand up?
- I want to assure you that DOT will continue to support efforts that expand the integrity of pipelines encourage damage prevention. As always, we will work with all stakeholders to protect people, pipelines and the environment.

[Integrity Management]

- As we reflect on the integrity management program, I am reminded that we are approaching the 10 year anniversary of the initial integrity management rule for hazardous liquid pipelines.
- Collectively your industry has made investments to increase the safety focus on approximately 73,000 miles of hazardous liquid pipelines that could affect high consequence areas (HCA), and those investments have proven to be successful.
- Almost all hazardous liquid pipelines within HCA's have been fully evaluated at least once. Some are currently undergoing a second round of evaluations.

- Since the rule's inception, a total of 32,000 repairs on hazardous liquid pipelines that could affect a high consequence area have been completed.
- In addition, 68 percent of repairs were made outside the HCA-affecting areas that were over and beyond those required by the Liquid Integrity Management Rule.
- Overall, the Rule has resulted in a consistent, year-by-year improvement in the integrity of the nation's hazardous liquid pipelines.
- Over the 10 years since the liquid integrity rule has been in place, we've seen an average of three serious incidents per year on hazardous liquid lines. While this average is still more than our goal of zero incidents, it is proof that the rule and industry compliance is working.
- I applaud your efforts in understanding the importance of focusing on the risks associated with operating hazardous liquid pipeline systems and working to reduce those risks. This focus has helped to minimize the potential impacts on people, navigable transportation, and sensitive drinking water and ecological resources.

[Damage Prevention Efforts]

- At the same time, our collective damage prevention efforts are working and we have reason to be proud of our accomplishments.
- The number of accidents related to excavation damage has markedly declined over the past 20 years, but it continues to be one of the most significant threats to pipeline safety.
- From 2007 through 2009, excavation damage caused approximately 27 percent of all serious hazardous liquid pipeline accidents.
- PHMSA recognizes that reducing damages to all underground utilities is a shared responsibility among all damage prevention stakeholders. We continue to encourage all damage prevention stakeholders at the state level to work together to strengthen their state legislation in an equitable way.
- In the past several years, many states have passed new or revised damage prevention laws that have significantly strengthened damage prevention programs in those states. We are also seeing tremendous momentum among the states to implement the nine elements of effective damage prevention programs described in the PIPES Act of 2006.
- Since 1995, PHMSA has supported states by providing over \$14 million dollars in One Call Grants, and since 2008, an additional \$4 million dollars for State Damage Prevention Grants to assist

with the implementation of the nine elements. The results of these grants are extremely encouraging and we commend the states who have received these grants.

- Additionally, we are putting employees in the field to help explain the benefits of effective damage prevention and have invested in research to improve excavation location and communications technology so that the one call notification system is more accurate, works faster, and contributes to a safer work place.
- PHMSA recognizes that damage prevention is not a one-size-fits-all endeavor. For example, there are several damage prevention law enforcement models that work quite well. Each presents its own advantages and disadvantages, but we can all recognize the role that effective and fair enforcement plays in reducing excavation damage to underground infrastructure. Strong and effective enforcement needs to be a part of all damage prevention laws.
- To be frank, a key challenge in achieving our goals is the need for state-level stakeholders to come together, engage with one another, consider the importance of credible data to measure state programs, and address the gaps that exist in state damage prevention laws and programs.
- One concern that I have made clearly known is the continued usage of exemptions in state one call laws. I believe that in order

for one call laws to be truly effective and fair, all underground utilities, one call centers, locators and excavators must play by the same rules. The use of exemptions allows for preferential treatment to a group of stakeholders and allows them to play by separate rules.

- I challenge API to step up their participation on one-call boards and with states to lift one call law exemptions.
- I recognize that this is easier said than done, and I know that there have been some significant and very encouraging efforts in recent years at the state level that prove that it's possible, but we still have a way to go. Now is the time to act.

[Collaboration]

- It is apparent through the reduction in accident rates, that there is no limit to what can be accomplished through collaboration.
- PHMSA worked with the API and industry to provide public awareness guidance on Recommended Practice 1162 that was incorporated by reference into regulations, in May 2005. API's Operations and Technical Committee is in the process of revising that recommended practice.
- PHMSA does not plan to automatically adopt the 2nd revision of RP 1162, but will wait to see if the existing guidance is working

through the upcoming public awareness workshop and the inspection process. PHMSA may incorporate the RP into a rule at a later date. We appreciate the opportunity to continue working with the RP 1162 Revision Workgroup and providing input into what will hopefully result in more streamlined and efficient public awareness recommended practices.

- PHMSA is also partnering with the Pipelines and Informed Planning Alliance (PIPA) to develop recommended practices for local communities to make better informed land use decisions regarding development near transmission pipelines. I encourage all stakeholders to consider using the recommended practices as soon as they are published. I also want to commend the leadership of API and AOPL [Association of Oil Pipe Lines] for your assistance in working with PHMSA and the other stakeholders to resolve remaining PIPA issues so that we can finish the PIPA Final Report. We at PHMSA recognize the challenges with new construction sitings and we want to encourage future development of new construction guidelines.

[Reauthorization]

- Pipeline reauthorization is a key priority for this Administration.

- I have taken time to speak to all the major stakeholder groups, including API, and there is a general sense of satisfaction with the hard work and progress made over the past 4 years.
- I have a better appreciation for the large amount of work that has been accomplished in a relatively small amount of time.
- We still have more work to do to complete the Congressional mandates from the last reauthorization. In the fall, we intend to move forward with a Notice of Proposed Rulemaking (NPRM) for Low Stress Phase II to extend the existing pipeline safety regulation to rural hazardous liquid pipelines operating at low stress that are currently unregulated. We also plan to move forward with an NPRM in the fall for Excavation Damage Enforcement on Third Parties.
- Furthermore, this Administration is considering what, if any, legislative proposals to put forward. We don't expect to propose any major new initiatives. As the proposal gains traction, more details will be shared.
- We look forward to continuing to work closely with Congress to address the reauthorization of both our hazardous materials and pipeline safety programs.

[Recap & Challenge]

- As we approach the 10 year anniversary since the initial hazardous liquid integrity management rule became effective, I want to challenge the liquid industry to go beyond pipeline rights-of-way that could affect high consequence areas and apply the same understanding of risk and standard of care to reduce spills and accidents across all your pipeline facilities.
- The number of significant accidents in onshore facilities remains a concern. In 2004, 40% of the onshore significant accidents occurred in onshore facilities; the number remained high and constituted 48% of the onshore significant spills in 2008.
- Also, between 2004 and 2008, the number of significant accidents in facilities within an HCA, increased from 17 to 28.
- While many facility spills are contained, it is essential to step up the scrutiny of spills within your pipeline facilities.
- April is National Safe Digging Month. PHMSA is providing support through a variety of means in cooperation with the Common Ground Alliance and our state and industry partners around the country.
- I hope you share my feeling that National Safe Digging Month is a great opportunity to reach new audiences and educate them on calling 811 before digging and on the role they play in reducing excavation damage.

[Conclusion]

- In short, great progress has been made in the hazardous liquid industry. The API and liquid pipeline operators have proactively and collaboratively worked with PHMSA to find better ways to address pipeline safety challenges.
- All of us at PHMSA, and across the Department of Transportation, stand ready and willing to continue to work with you on pipeline safety matters.
- Thank you again for the opportunity to speak with you today.
- I offer you my best wishes for a successful conference.

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