



**REMARKS AS PREPARED FOR CYNTHIA QUARTERMAN
ADMINISTRATOR, PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
AOPL-API LEADERSHIP MEETING
WASHINGTON, D.C
- - THURSDAY, NOVEMBER 8, 2012 - -**

Thank you, Todd Denton. Good afternoon, and thank you for always extending an invitation to PHMSA for important events like this one. First, I'd like to acknowledge Andy Black and Peter Lidiak of AOPL and API, respectively. It's hard to believe that I have already served almost three years as PHMSA's Administrator, and now I have witnessed yet another general election! You both have led your organizations with commendable professionalism and a readiness to collaborate; it has been a pleasure to work with you both. I also send my sincerest appreciation to staff and members of both associations. I know we have kept you busy over the past 3 years.

At PHMSA, we really do recognize and value our relationship with the Association of Oil Pipe Lines and the American Petroleum Institute. It's at events like this one where different, but equally-important pipeline stakeholders get the unique opportunity to *collectively* identify emergent trends, develop solutions, and set integrated, realistic goals for the future of the pipeline industry. We already know that domestic energy production and pipeline investments are up and will likely continue to grow. But, how will we stay ahead of shifting demands? How will we maintain the integrity of underground pipelines as shale regions continue to develop? I believe that we can work together to answer these questions, and that's because— at the core of our organizations— we really do have common goals of safety and efficiency. Of course, we serve different groups and carry out our missions differently. But the bottom line is that we all ensure the safety of America's hazardous liquid pipeline network—and an important responsibility. With that being said, executive engagement is mission-critical.

So let's get straight to why we're here today. The Election has finally come and passed. And as you know, the federal government is undergoing a transition, one less disruptive perhaps than if the Administration had changed. In the meantime, however, pipelines aren't going to stop operating because of activity in Washington. There may be several moving parts over the next year, but excellence in pipeline safety must remain a constant—which is why it's especially important to step back, review our progress, and focus our efforts on next year's goals. I ask that you, our partners in pipeline safety, consider how our accomplishments and goals can present even more opportunities for an overall safer industry.

It's been over a year since the Secretary issued the Call to Action, following devastating incidents in Marshall, Michigan, San Bruno, California and Allentown, Pennsylvania. Although

surrounding media coverage may have died down, I want to remind everyone that we must *continue* to work diligently to prevent incidents, as well as the degree of severity if they do occur. Our priorities in pipeline safety are threefold: 1) anticipating and averting high-consequence events; 2) building and broadcasting to improve the public's understanding of our safety efforts and the risks; and 3) cataloging and curtailing the highest risks. And although we will always have work ahead of us, PHMSA has made significant strides this year—that includes preparing first responders, educating the public, implementing better laws, and, of course, improving current regulations.

We opened 2012 with a bang; as you may recall, the President signed the Pipeline Safety Act of 2011 in January. I'd like to reiterate that PHMSA's mission is to protect the American public—and we simply can't do that without the necessary authority or resources to actually make it happen. The signing of the Act was followed on by the President's request to significantly increase our resources in his FY2013 Budget Request. As of the end of FY2012, we have managed to increase our inspection and enforcement staff to the limits of our authority, but we continue to seek ways to increase the resources available to us.

As to our first priority, anticipating and averting high-consequence events, we have plans to continue our efforts to refine the integrity management rules. We are looking to move forward with our draft hazardous liquid notice of proposed rulemaking as well as to reviewing the results of the studies on leak detection and valves. Later this year, we are expecting the outcome of the DOT study the NTSB requested with respect to the integrity management program. Next year, we will begin to use all those findings as we talk about IMP 2.0. We have been through two cycles of IMP assessments and it is now time to reassess where we are with its implementation.

As to the second priority, building and broadcasting the public's understanding of our safety efforts and the risks, with your valuable input and help, PHMSA has been able to conduct focused meetings and amplify safety messages such as "Call 811 Before You Dig." We all agree that one of the best ways to prevent critical damage is to amplify the "Call 811" message. If you've been following us online, you know that we've stepped up public awareness with a TV and radio public service announcement, more updates on the website *and* on Twitter, and with the 811 Promise. Thank you for sharing this message with your members; and please continue to educate people on safe digging practices all year long.

Also, please remember PIPA—the Pipelines & Informed Planning Alliance! I continue to ask that you support risk-informed development near transmission pipelines. Encourage your member companies to document and manage critical documents so that local governments and property developers can be fully informed when planning land use.

We have published several guides to facilitate this process; we have also worked hard to keep emergency responders involved with our workshop last December. We need you to help ensure that first responders are informed and ready for any pipeline incident.

We released a demo video on how to use our Public-Viewer application, which empowers users with maps of pipelines in their area. Please stay tuned in 2013 as we continue to improve

that viewer and our website; we would appreciate your involvement on helping us make our site more user-friendly.

The 2010 Marshall, MI incident demonstrated the need for better coordination and communications among agencies. PHMSA's plan of action includes improvement of plan review practices; consideration of alignment with EPA and Coast Guard standards; better integration of the oil spill plan with the Pipeline Safety Inspection Program; and a review of the NTSB's findings and recommendations. As representatives of pipeline owners and operators, you know these pipeline systems the best. You work directly with and for the companies operating oil pipelines so please get ready to bring your expertise to the table in 2013.

Last, but not least, in terms of cataloging and curtailing our highest risks, we are going to continue the push the Pipeline Safety Action Plan established by Secretary LaHood. We need to better understand pipeline integrity challenges; repair, replace or rehabilitate the highest risk infrastructure; identify construction, corrosion, material failure and any time-related challenges; and to ensure our pipeline systems are fit for service. A part of this analysis will include increased R&D funding and work.

This summer, we held a very successful Research & Development forum among members of the government and industry. It resulted in a national research agenda for solutions to numerous pipeline safety challenges.

We also *would have* held our Pipeline Data Workshop last week to identify data gaps to improve data collection, as well as our data analysis. That the workshop has been rescheduled to early January—we do want your participation. I cannot stress enough how important data collection is not only for PHMSA to carry out its mission, but also for all members of the pipeline industry. We really do need more and better data to improve safety.

Data has been major item in 2012 and will continue to be in 2013. I have a vision for more comprehensive, user-friendly safety data and performance measures. I always emphasize three areas of concern:

1. We need to broaden the scope of pipeline data that PHMSA collects and fill critical data gaps;
2. We need to analyze the data we have more to support our decision making; and
3. We need to make our data easier to use for us, operators and the public.

Many of your members are directly impacted by current data collection procedures and, therefore, know what could be useful and what isn't. Again, please stay tuned for PHMSA's Pipeline Data workshop in January.

In addition to improving data, we want to reach beyond mere compliance with our regulations to address the highest risks. We want to spend more time with you discussing quality and safety management systems that the industry can champion to improve safety culture and pipeline safety.

Of course, these are high-level priority items for 2013 and beyond. There are many opportunities for you to become involved and engaged in our efforts. If I were to identify the top 3 things we need you to help with in the coming year, it would be: 1) improving data; 2) reaching out beyond a mere compliance mentality; and 3) continuing to improve public awareness. Please visit our website for the most up-to-date information, as we will continue to spread information online. Again, that's PHMSA dot D-O-T dot GOV.

We look forward to another year of your contributions to our public meetings; comments submissions; and amplification of key safety messages online. Everyone's safety really depends on it. Thank you.

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