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**Speech as Written for Delivery by  
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**Dangerous Goods Advisory Council (DGAC)  
2010 Conference**

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**REMARKS FOR CYNTHIA L. QUARTERMAN  
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PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
DANGEROUS GOODS ADVISORY COUNCIL (DGAC)  
CONFERENCE  
ALEXANDRIA, VA  
- - MARCH 17, 2010 - -**

[Introduction]

Good Afternoon. Thank you Mike, [Mike Morrissette – DGAC President] for that kind introduction and for inviting me to speak here today.

Let me say how delighted I am to be here and on such a beautiful day.

On behalf of the Obama Administration, Transportation Secretary Ray LaHood, and our team at the Pipeline and Hazardous Materials Safety Administration (PHMSA) let me say that we all appreciate having your commitment to public safety in the transportation of hazardous materials.

I have had the opportunity to meet some of the members and staff of the Dangerous Goods Advisory Council (DGAC) and I look forward to having the opportunity to meet more of you. I have an open door policy and believe it is important to weigh the opinions, experiences and comments of all stakeholders in order to make the best decisions in government and move away from conflict and toward consensus.

I know that shortly after I took the oath of office, Cindy Douglass, PHMSA's chief safety officer came and spoke to your annual meeting. Cindy is here today, as is PHMSA's new Associate Administrator for Hazardous Materials Safety Dr. Magdy El-Sibaie. Before I go any further, I would like to take this opportunity to introduce the newest member of our hazardous materials safety senior leadership team. You probably already knew that last October Secretary LaHood temporarily assigned Dr. Magdy El-Sibaie from the Federal Railroad Administration R&D Office to be the Acting Associate Administrator for Hazardous Materials Safety. But, what you may not know is that just two days ago Dr. El-Sibaie officially assumed his duties as the new Associate Administrator for Hazardous Materials Safety.

Will you please stand. Dr. El-Sibaie will be speaking to you in a few moments about the details of where he plans to take the

hazardous materials safety program over the next few years. He has already done a great deal to address some deficiencies identified by Congress and the Inspector General in that program. Under his leadership, PHMSA has completed the Special Permit Action Plan created by Deputy Secretary Porcari, and is well on the way in implementing two other action plans on Approvals and IT and Data Analysis. I am extremely grateful that Magdy accepted the mantle of responsibility for the Hazardous Materials Safety Program and I think that you will be impressed by his leadership of this program. If you have not already done so, please find time today to meet Dr. El-Sibaie.

As many of you here may be aware, it has been a time of great change within PHMSA and the Hazardous Materials Safety Program. Not only because of the new leadership at PHMSA, with Magdy, Cindy and myself only having been in place a brief period of time, but also because of the significant challenges the program has faced in the past several months.

The evaluation of the program started by the Congress and Inspector General has been a watershed event for the agency. In order to respond more nimbly to those challenges, we have had to make leadership changes not only at the highest levels but

throughout the organization. Some of the former management team that you have probably grown to know well over the years have been asked to lead the effort to respond to the immediate challenges brought on by the investigations. In their place, others are seeing to the day-to-day management of the ongoing operations. The day-to-day operations themselves have changed significantly as we both try to right the ship as we are rebuilding it. For the first time, the program will not rely only on the historic knowledge of individuals to oversee its program and make decisions, but will have in place systems and standard operating procedures to follow so that are processes are consistent, well-documented and transparent.

I know that this organization has had a good working relationship with PHMSA over the years, and we intend to make sure it stays that way. I know you have gone on the record as saying that PHMSA is one of the best organizations in government that you work with, and we appreciate those comments. I believe that we have a way to go to improve our internal processes that I hope at the end of the day will make you say that PHMSA is even better than ever.

Let me provide an overview of activities that have PHMSA's attention in 2010.

- Addressing ongoing challenges with our Special Permit and Approval programs,
- Preparing for Hazmat program reauthorization,
- Updating our Hazardous materials regulations to address important safety issues such as Lithium battery safety, loading/unloading, and incorporating special permits into regulations,
- Modernizing our information technology and improving our data analysis capabilities,
- Leading international hazardous materials standards determinations and harmonizing them where appropriate, and
- Enhancing the agency's overall safety culture.

The special permit and approval challenges I have already addressed to some extent. In a very short time, the PHMSA team has conducted a top-to-bottom review of our Special Permit and Approvals policies, procedures, practices, and staffing. The outcome of that review was a commitment to execute three action plans:

- One for the Special Permits Program,
- One for the Approvals Program, and
- One for IT Modernization and Data Collection and Analysis.

The plans address:

- The process and procedures used to manage the program;
- The criteria used to assess and document an equivalent level of safety;
- The process for evaluating the fitness of applicants and their safety performance;
- The need for increased compliance audits and oversight of special permit holders;
- The requirement of enhanced accountability of those operating under the terms of special permits; and
- The need to modernize the IT system that supports the program.

PHMSA has completed the tasks within each of these plans on schedule and is on target to fulfill each action plan. In fact, the IG recently released its audit report on special permits and approvals and concluded that PHMSA had successively implemented half of its recommendations.

In February, as part of a temporary reorganization of the Hazmat Safety Office, we designated a special team to review all active special permits – about 1,250 – and identify those that should be incorporated into the HMR. In addition, we greatly increased the special permit and approval staff to focus on the significant backlog in that area. We expect things to be back to normal in April.

And in an ongoing process, the hazmat team will routinely review recently granted special permits each year and will initiate a rulemaking to propose incorporating them into the HMR, as warranted.

PHMSA is committing significant new budget and staffing resources to the Hazmat Safety Program and will continuously review and improve processes and regulations related to Special Permits and Approvals. We have seen budget and staff increases in the past year and are requesting more in 2011.

These actions will promote the efficiency of our overall safety, oversight and regulatory service.



[Hazmat Reauth]

Another issue big on our radar screens is hazmat reauthorization. 2010 is shaping up to be a busy Congressional year for PHMSA as the Hill takes action on H.R. 4016, the “Hazardous Materials Transportation Safety Act of 2009.”

We look forward to continuing to work closely with Congress to address the reauthorization of both our hazardous materials and pipeline safety programs.

We have worked very hard with both the House and Senate committee staffs to address the need for more hazmat investigators in the field. We are also doing an internal review to begin to think about what resources are needed across the agency to ensure that we are adequately fulfilling our responsibilities.

One issue that I know is of interest to this group is training. I understand that DGAC and PHMSA partnered in 2007 to develop hazmat instructor best practices and training. As we look to fill important gaps in our program, we may call on you to assist us in our training effort.

[Regs]

As we continue to reengineer our program, we cannot stop making ongoing improvements to our regulations. As you probably know, one hazmat issue with transportation and safety risk consequences is the movement of lithium batteries, especially by air. We are in the middle of a rulemaking on that issue right now and plan to move forward quickly to issue a final rule.

That is not the only regulatory issue of importance that we plan to tackle this year. We are also looking closely at wetlines and, an issue of particular interest to this group, loading and unloading. We hope to have notices of proposed rulemaking out about those two issues later this year. We have also started and will continue to look for opportunities to incorporate as many special permits into regulations as appropriate.

{IT}

On the IT and data analysis front, data should drive the decisions within PHMSA, however, it is evident that that has not necessarily been the case and there is a great need to improve how we gather and analyze data.

PHMSA's Hazmat Information System has surpassed its useful life and is a liability and a limiting factor in PHMSA's ability to effectively and efficiently execute its mission.

Using 21<sup>st</sup> Century IT solutions, PHMSA will move towards a more robust technology platform that removes stove-pipes; leverages automation; provides for transparency; and promotes more timely collaboration and access to information for users and stakeholders. You will begin seeing positive changes to PHMSA's systems in the next several months that will show where we hope to go in the future to improve our IT in ways that help not only us but you too.

[international]

Another issue of ongoing importance to PHMSA is the harmonization of our Hazardous Materials Regulations with international standards where appropriate.

PHMSA plans to continue to take a leading role in the development of international transportation regulations consistent with U.S. safety and security interests. Our commitment to this effort has not diminished in the least.

Just last week, PHMSA published a revised hazmat security plan rule that is a good example of our ongoing international harmonization efforts. The revision is largely consistent with the list of materials in the UN Recommendations on the Transport of Dangerous Goods that are designated as high consequence dangerous goods.

The rulemaking narrows the list of materials subject to a security plan, which reduces the cost and paperwork required for a number of shippers and carriers of hazmat.

As the U.S. representative, we will continue to work to ensure U.S. regulations remain compatible to the greatest extent practicable with international regulations. We recognize that a harmonized regulatory framework promotes compliance, enhances safety, and helps ensure the U.S. remains competitive in a global economy.

With DGAC now holding UN observer status, you might want to put on your calendar a public meeting PHMSA will sponsor at DOT headquarters on June 19th. A Federal Register notice with more details will be published soon. Your feedback on a number of issues will help to develop U.S. positions that will be considered at the UN this year.

[safety culture]

Finally, I would like to discuss what I think is a most important topic – Safety Culture.

None of the efforts at DOT and our hazmat stakeholders can succeed unless we all foster an overall Safety Culture. All of us in this room can attest to the fact that our primary mission is in one way or another tied to transportation safety. And, it is not a job that we can do alone or take lightly.

A true Safety Culture begins with the leaders and managers of an organization who focus the attention and needed resources to meet the safety goals and mission of that organization.

There has to be encouragement and open communication by and between supervisors and employees to bring up and address safety issues.

That Safety Culture then grows and spreads to those outside organizations we work with or come in contact with on a regular basis. Nothing great happens in a vacuum, it requires interaction and cooperation.

The only way we can truly improve on public and environmental safety is to work together on our common safety goals.

We at PHMSA are here to extend our hand to anyone willing to join us in improving hazmat transportation safety.

[Undeclared Shipments]

Two areas where we could certainly use DGAC's help is with undeclared shipments of hazardous materials and with increasing registration of hazmat shippers and carriers.

Your continued efforts to spread the word among your association members about the dangers posed by undeclared shipments would greatly increase industry awareness of the issue. It is extremely important that all shippers and carriers of hazmat know the importance of proper packaging and hazard communication as a lynchpin to a safer transportation environment.

Also your encouragement and identification of companies that operate without proper registration will assure that the costs of the registration program are more fairly distributed.

[Conclusion]

With the insight and input of DGAC and its members, we can continue to ensure that key transportation safety programs, and the

issues surrounding them, get the attention they deserve. One key issue of concern to the administration right now is distracted driving. You probably have seen this topic discussed recently in the news as well as on popular TV shows like Oprah. Well, I am no Oprah, but I can say every single time someone takes their eyes or their focus off the road - even for just a few seconds - they put their lives and the lives of others in danger.

Distracted driving is unsafe, irresponsible and in a split second, its consequences can be devastating.

I ask your assistance in spreading the word on the serious dangers posed by distracted driving. Make distracted driving a DGAC safety priority.

Together, we can keep the nation's hazmat moving safely.

I would like to thank you again for having me here today.

All of us at PHMSA, and across the Department of Transportation, stand ready and willing to work with you.

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I know this is a very important issue to the DGAC membership.

Batteries which are misused, mishandled, improperly packaged, overcharged, or defective can overheat and ignite. Once ignited, fires can be especially difficult to extinguish.

An estimated 3.3 billion lithium cells and batteries were transported worldwide in 2008 by all modes of transportation. This represents an 83 % increase since 2005.

While DOT understands the safety record associated with the transportation of lithium batteries is very good, the result of a lithium battery incident in the air could have catastrophic consequences. How to manage such a low probability, high consequence risk poses a great challenge to DOT.

Since 1991, PHMSA and the Federal Aviation Administration (FAA) have identified over 40 air transport-related incidents and numerous additional non-transport incidents involving lithium batteries and devices powered by lithium batteries.



This past January, PHMSA, in consultation with the FAA, published a notice of proposed rulemaking on the transportation of lithium cells and batteries.

This proposed rule represents another step in PHMSA's continuing process to ensure the safe transport of lithium batteries and builds on regulations published in 2004, 2007, and 2009.

The rulemaking will strengthen the current regulatory framework by imposing more effective safeguards, including design testing, packaging, and hazard communication measures.

Several of the proposals are based on recommendations issued by the National Transportation Safety Board.

This rulemaking is important for the protection of the traveling public and many of those who work in the aviation industry. We have to make sure lithium batteries, or any other hazardous materials taken on planes, are carried in the safest way possible. This rule will help us achieve a safer aviation environment without imposing a ban on the transport of lithium batteries by air.

The proposed changes are intended to enhance safety by ensuring that all lithium batteries are designed and packaged to withstand normal transportation conditions, as well as hazard communication that ensure appropriate and careful handling by air carrier personnel.

I was told that DGAC representatives attended the public meeting we held last Friday on lithium batteries. Hearing DGAC's pros and cons on the lithium battery issue is important to our improving the Hazardous Materials Regulations.

All of your comments will be carefully considered as we move forward to develop a final rule by December 2010.

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