

# Gas utilities need more rate support for safety programs, federal regulator says EXTRA

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State utility regulators should authorize more financial support for gas companies' voluntary safety activities, said the chief federal pipeline safety overseer, noting that just complying with standards is not enough to advance safety.

Gas utilities that choose to go above and beyond minimum regulations or choose to adopt voluntary safety programs can run into cost recovery obstacles when the operators turn to their regulators for approval, Howard Elliott, [administrator](#) of the U.S. Pipeline and Hazardous Materials Safety Administration, told the gathering of state utility commissioners in Washington, D.C.

"Operators may go beyond [federal] standards," Elliott said at the National Association of Regulatory Utility Commissioners' meeting. "It can be a challenge for operators to get reimbursed for going beyond the minimum standards, but remember: Our goal is not meeting standards. Our goal is improving safety."

Difficulty collecting funds from ratepayers for non-obligatory safety activities can be a deterrent for companies that do not want to siphon money away from investors or that do not have access to the cash required for more ambitious programs, Elliott said.

He highlighted [safety management systems](#) — an industry [recommended practice](#) that involves a cyclical, holistic approach to [understanding and mitigating risk](#) — as an area that has drawn more interest from the industry in recent years, and he encouraged regulators to keep an open mind to company requests for money to implement the systems.

"If you see operators requesting rate adjustments for cost recovery of SMS [safety management system] implementation, remember that SMS can help operators manage the multiple facets of pipeline safety, fundamentally improving day-to-day operations by incorporating a focus on safety into every aspect of pipeline management," Elliott said. "When we help operators commit to safety management systems, we're doing everything possible to achieve our mutual goal of zero pipeline incidents."

Steve Allen, the Indiana Utility Regulatory Commission's director of pipeline safety, noted that the costs associated with carrying out an SMS program are often an investment in long-term savings, as well. Careful evaluation of operations and gap analyses can find inefficiencies and prevent catastrophic — and costly — incidents down the line, Allen said. "Ultimately, an organization that begins this journey will benefit from reduced costs," Allen told the commissioners.

Elliott also encouraged the utility commissioners not to focus too narrowly on funding any one aspect of pipeline safety, underscoring the value of the progress utilities have made on removing aging infrastructure and the potential in supporting companies interested in deploying advanced technologies.