STATEMENT OF

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ALLIANCE PIPELINE INC.

BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION AND MERCHANT MARINE INFRASTRUCTURE, SAFETY AND SECURITY

REGARDING ASSESSING THE SECURITY OF OUR CRITICAL SURFACE TRANSPORTATION INFRASTRUCTURE

DECEMBER 7, 2016

Good afternoon Chairman Fischer, Ranking Member Booker, and members of the subcommittee. My name is Tony Straquadine, and I am the Manager, Commercial, Government Affairs and Managing U.S. Officer for Alliance Pipeline Inc. I am appearing before you today as a representative of Alliance Pipeline and as a member company representing the Interstate Natural Gas Association of America (INGAA).

Alliance Pipeline consists of a 2,391-mile integrated Canadian and U.S. natural gas transmission pipeline system, delivering rich natural gas from the Western Canadian Sedimentary Basin and the Williston Basin to the Chicago market hub. The United States portion of the system consists of approximately 967 miles of infrastructure including the 80-mile Tioga Lateral in North Dakota. Alliance has been in commercial service since December 2000 and, through an innovative suite of customer-focused services, delivers an average of 1.6 billion standard cubic feet of natural gas per day. Each and every day, Alliance Pipeline staff focuses on the safe and reliable transportation of natural gas for our shippers; those who live and work near our system; and our employees. The abundant and affordable energy we transport is used for heating homes, creating affordable electricity, and revitalizing American manufacturing.

As authorized under the Natural Gas Act, Alliance Pipeline is an interstate natural gas pipeline certificated by the Federal Energy Regulatory Commission (FERC). Alliance is also subject to pipeline design and safety oversight by the Department of Transportation's Pipeline and Hazardous Materials Safety Administration (DOT-PHMSA). Natural gas pipelines also operate with the benefit of the guidance of the Department of Homeland Security's Transportation Security Administration (DHS-TSA). TSA's surface transportation pipeline program is designed to enhance the security preparedness of the nation's natural gas pipeline systems and provide cyber risk management information to surface transportation operations, including the U.S. Computer Emergency Readiness Team (US-CERT).

My testimony today will address a voluntary Cybersecurity Architecture Review recently completed by Alliance Pipeline with staff from DHS-TSA and the FERC Office of Energy Infrastructure Security (OEIS) staff. I will also provide brief comment on S. 3379, the draft bill titled "Surface Transportation and Maritime Security Act."

VOLUNTARY CYBERSECURITY ARCHTITECTURE REVIEW:

During August 2016, led by Alliance Pipeline's President & CEO Mr. Terrance Kutryk and senior Information Services staff, Alliance met for a two-day voluntary Cyber Security Architecture Review (the Review) with members of the FERC OEIS and DHS-TSA's Office of Security Policy and Industry Engagement. This Review was designed to be a collaborative, non-regulatory approach that promotes secure and resilient infrastructure through the sharing of information and best practices. The goal of the Review was to gain a comprehensive understanding of an entity's overall cybersecurity posture, to identify potential areas of concern, and to articulate actionable recommendations and observations that promote positive change to the security posture of the reviewed organization.

This Review encompassed the business environment, governance, risk management, teams and programs, cybersecurity awareness and training, supply chain security, and all company networks, including but not limited to corporate and industrial control systems. While this review was led by OEIS staff, DHS-TSA staff actively participated to better understand the risks and best-practice recommendations in the cybersecurity areas related to natural gas pipeline transmission systems. DHS-TSA clearly acknowledged that they had much to learn in the cybersecurity realm. Alliance Pipeline supports DHS-TSA's efforts to build their competency in this area. I'd also like to acknowledge FERC's OEIS team for their efforts in leading this Review.

In advance of this Review, Alliance completed an assessment against the National Institute of Standards and Technology (NIST) Cybersecurity framework. This NIST framework was acknowledged by OEIS as best practice.

The outcome of this Review was well received by all parties participating, as Alliance Pipeline received numerous best practice recommendations offered by OEIS and DHS-TSA. Alliance is working to implement many recommendations that have been prioritized to ensure ongoing safe and efficient cybersecurity operations. Alliance has also recommended that other pipelines in our industry sector consider participating in a similar Cybersecurity Architecture Review.

ALLIANCE PIPELINE COMMENTS ON THE SURFACE TRANSPORTATION AND MARITIME SECURITY ACT:

Alliance Pipeline has reviewed the Surface Transportation and Maritime Security Act (the Act) draft, dated September 21, 2016. On behalf of INGAA, we support the legislation and offer the following comments.

First, we support the creation of an advisory committee as proposed in Section 8, but suggest that the broad array of different transportation modes being represented under one committee might limit more sector-specific expertise and involvement in the committee. We would suggest either formal or informal subcommittees focused on specific sectors, such as marine or pipelines, which would allow for greater involvement within that sector in the advisory committee decision-making.

Second, we agree with the transportation worker identification credential improvements and oversight contained in Section 17.

We support the mission of TSA in their oversight role, but hope that more emphasis can be placed on having adequate departmental personnel in place to interface with the pipeline sector.

With respect to both cyber and physical infrastructure security in the pipeline sector, we want to note that the energy pipeline industry is experiencing greater numbers of threats from those who want to attack infrastructure as a way to make a political statement about the use of fossil fuels. These threats are disruptive and potentially dangerous, and we note that to date there has been a reluctance to prosecute the perpetrators. Our industry's concern is that this could create the appearance of a "risk-free" environment for future attacks on pipelines. Attacks on pipeline infrastructure should be treated in a consistent manner, whether such attacks come from foreign states or from domestic activists bent on doing something dramatic for media attention.

Conclusion:

Both Alliance Pipeline and INGAA support improving the cybersecurity review capability of DHS-TSA as it relates to the natural gas transmission pipeline industry. We also broadly support the Surface Transportation and Maritime Security Act with the above noted recommended modifications.

Madam Chair, thank you again for the opportunity to provide insight into Alliance Pipeline's focus on maintaining safe and reliable natural gas pipeline operations, which results in the reliable delivery of energy to heat our homes, fuel our economy and help keep our lights on. I would be happy to answer questions at the appropriate time.