

2025

ANNUAL REPORT



Pipeline SMS

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The implementation of pipeline safety management systems (PSMS) continues to demonstrate the value of industry collaboration in advancing pipeline safety. As we reflect on 2025 and look ahead to 2026, I am grateful for the commitment of operators, contractors, regulators, and other stakeholders who support our shared goal of continuous improvement.

In 2025, the PSMS Team focused on providing practical support to operators implementing management systems. Key efforts included conducting the annual survey, publishing the 2024 Annual Report, developing resources for operators and contractors, conducting operator and contractor assessments, and continuing work on the 2nd edition of RP 1173. Importantly, the RP 1173 revisions included developing guidance tailored for small operators to encourage their commitment to and implementation of a "size-scaled" PSMS approach, originally recommended by the US Department of Transportation's Pipeline & Hazardous Materials Safety Administration.

Looking ahead, 2026 will be an important year for PSMS. The Team will continue advancing annual surveys and reports, completing additional assessments, refining tools and training, and publishing and supporting implementation of the 2nd edition of RP 1173. These efforts will provide the industry with practical, scalable guidance to support the next stage of management system implementation and maturity. They also reinforce our commitment to helping operators and contractors strengthen safety culture, enhance operational performance, and learn from one another.

I encourage all industry stakeholders to commit to implementation or maintain their existing progress in this effort. Whether through participating in assessments, engaging in surveys, sharing lessons learned, or implementing PSMS processes, every contribution helps strengthen our industry's safety performance. Our industry's ability to manage risk and improve safety performance depends on collaboration, transparency, and a shared commitment to excellence.

Together, we can continue building a stronger safety culture and advancing practices that help protect our workforce, the public, and the environment.

Sincerely,

AKILAH CALHOUN

Senior Manager, Field Safety, Phillips 66
2025 PSMS Industry Team Chair

ASSOCIATION UPDATES

RP 1173 UPDATES

The 1st edition of Recommended Practice (RP) 1173 was published in 2015 following a recommendation from the National Transportation Safety Board (NTSB) and several years in development. API standards and RPs are reviewed at least once every five years to determine if further action is necessary, including a five-year reaffirmation, publication of a subsequent edition, withdrawal or a two-year extension. In 2020, the RP received a two-year extension while next steps were determined, with the Task Group then deciding on a five-year reaffirmation in 2022. Leading management system experts had encouraged a minimum ten-year implementation period for operators to understand the 1st edition's requirements and begin their implementation journey before changes were made in a 2nd edition.

In late 2022, the Team and API formed the Standards Policy Group (SPG) to compile a list of potential revisions, focusing on areas of confusion or potentially unclear provisions. The SPG also solicited input from the API Third Party Assessment Program, AGA Peer Review program, other third-party assessments, the safety culture survey and numerous others to improve the 1st edition.

Following this compilation, an RP 1173 Task Group (TG) began meeting monthly in 2023 and throughout 2024 to revise the document. The TG consists of over 100 members from federal and state regulators, safety experts, service providers, public safety advocates and operators. The proposed revisions include an annex for



very small operators, which demonstrates the flexible and scalable nature of the RP for companies with fewer resources, less throughput or smaller customer bases. The annex outlines key considerations and foundational program elements for smaller operators, hopefully driving further commitment to and implementation of PSMS. Revisions also feature characteristics of safety culture for each PSMS Program Element, guidance on aligning PSMS and process safety and leading practices for stakeholder engagement.

With these improvements and more, the TG issued a ballot for the 2nd edition in 2025 through the RP 1173 Voting Group, which is balanced among operators, service providers and general interest stakeholders. During the ballot process, any interested party submitted 366 comments for review and resolution by the TG. The TG is resolving the comments and publication of the 2nd edition is expected by 4Q of 2026.

API PIPELINE SMS ASSESSMENT PROGRAM UPDATES

INDUSTRY PARTICIPATION

API continues to support industry implementation of Pipeline SMS and API RP 1173. From large liquid operators to municipal gas distributors to their supporting contractors, API has published a full suite of programmatic implementation support and assessment services – creating a unified approach across our nation’s pipeline infrastructure.

New to API’s suite of API Pipeline Contractor Assessment offerings, we have created three Contractor Offerings to better meet the needs of the contractor.

Offering summary

Offering 1 Guided Gap Assessment	Offering 1 Focused Assessment	Offering 1 Full Assessment
- Contractor Prep Time: Low ✓ VIRTUAL ONLY - Personalized Learning Sessions (QA/QC on self-assessment tools) including Q&A - Verbal report out using a pptx and bulleted observations & discussions points for Company on completed assessment	- Contractor Prep Time: Medium ✓ ON-SITE OPTIONAL (daily rate / travel) - Assessment Plan and Document Review of predefined PSMS pick list of elements within 56 requirements statements - Verbal report out delivery of (1) PPTX assessment report for each selected element area(s) - Peer Support (post-assessment)	- Contractor Prep Time: High ✓ ON-SITE INCLUDED - Review of company provided policies and procedures for full gap analysis of all 56 requirements statements - Field verification and analysis by assessor(s) may be added for additional cost - Maturity evaluation that aligns with the industry accepted PSMS maturity model - Benchmarking

These offerings follow the creation of Pipeline SMS: A Contractor’s Guide and the Contractor Implementation Tools, giving contracting companies a unified resource to assist in implementing their safety programs (all available for free on pipelinesms.org). API continues to highlight this work at events and industry conferences throughout the country. For more information about our tools and resources for contractors, please visit pipelinesms.org or reach out to PipelineSMS@api.org.

By the end of 2025, API had conducted 31 Pipeline SMS Assessments at 23 operators and 4 contractors, with 3 operators returning to API for repeat assessments. Figure 1 below shows operator assessments by type, year over year, since the API Pipeline SMS Assessment Program was created in 2020 (with two pilots conducted in 2019 prior to program rollout).

SMS Assessments by Year and by Type of Operator

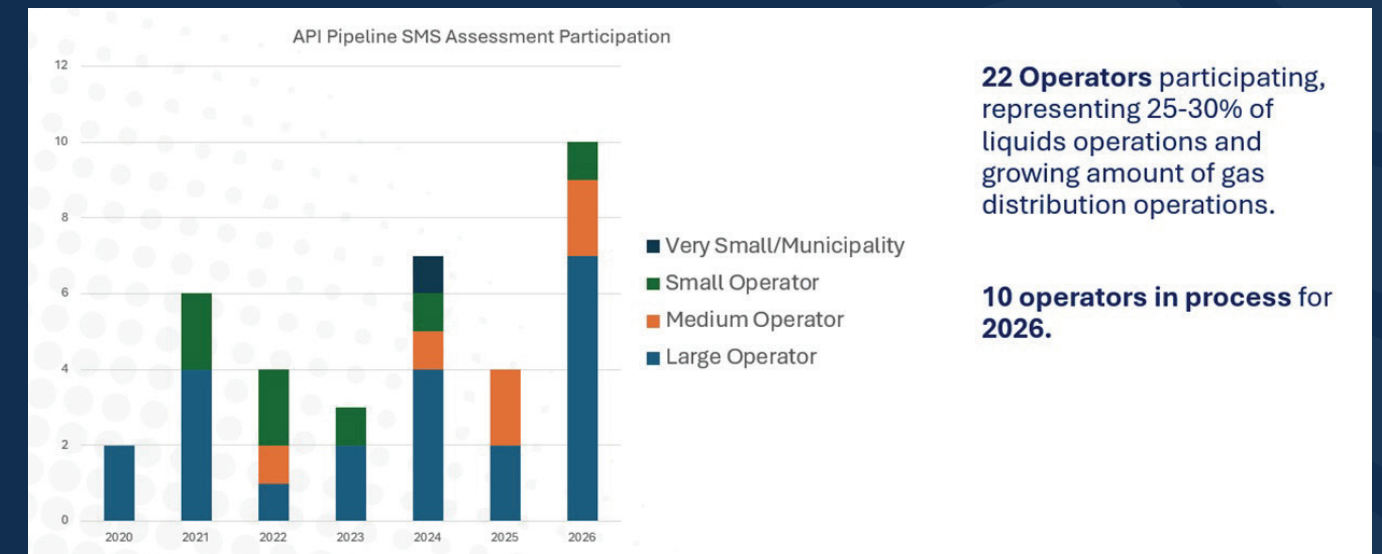


Figure 1. API Pipeline SMS Assessment Participation

API is encouraged by the expansion of interest in API Pipeline SMS Assessments, including operators and contractors of varying sizes and scopes of work. We foresee the program continuing to grow as both operators, **domestic and international**, and contractors move to mature their programs.

API’s Statistics department has worked to understand the current level of pipeline industry participation in the API Pipeline SMS Assessment Program. The **20** operators who have assessed their safety management system with us represent:

- 24% of PHMSA Hazardous Liquid bbl-mi
- 32% of FERC Crude bbls transported
- 23% of FERC Product bbls transported

API is encouraged that so much of the industry has decided to participate in this industry-leading assessment and benchmarking program. With more participants, the Pipeline SMS Industry Team will be able to make more informed decisions about future programming – all focused on ensuring operators have access to leading experts through the assessment program to aid in their maturity journeys.

BENCHMARKING

Benchmarking is inherent with API’s PSMS Assessment approach. For each like-in-kind group of requirements in API RP 1173, our expert assessors evaluate maturity of an operator’s PSMS using the API RP 1173 Maturity Model, found on pipelinesms.org.

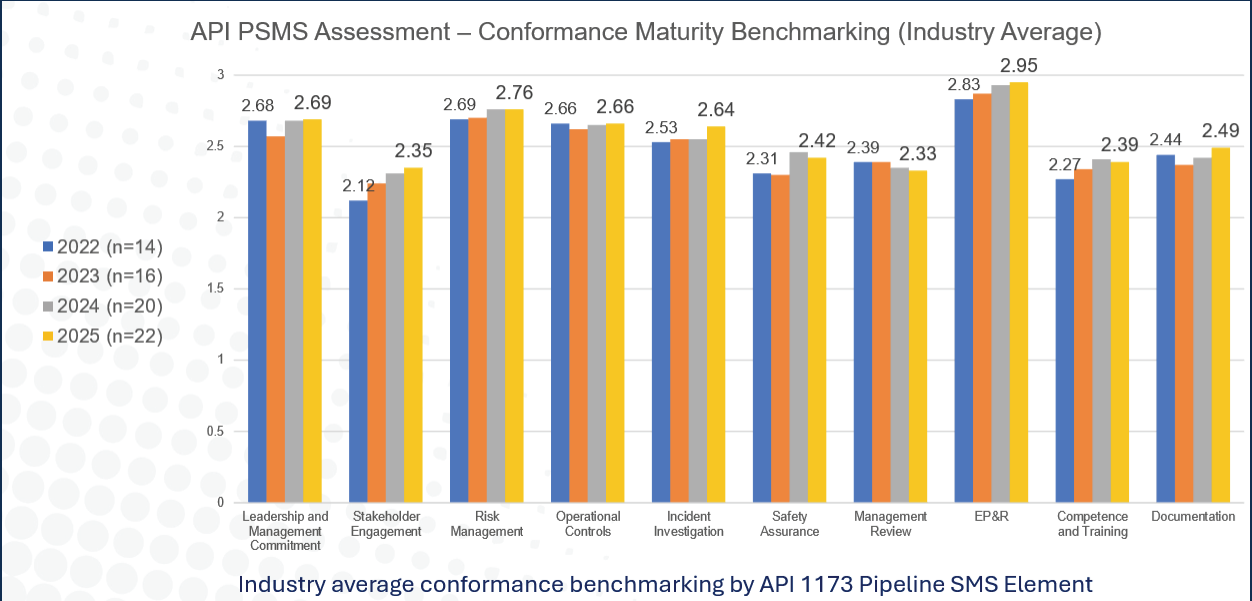


Figure 2. YOY average operator conformance benchmarking by API RP 1173 Element.

Trends in benchmarking continue to support industry and display where operators are seeing their opportunities to improve. There was a positive trend in many elements: Leadership, Emergency Preparedness and Response, Risk Management, etc. There was a decrease in benchmarking for Management Review and Continuous Improvement (MRCI). MRCI had the lowest average conformity score of 2.33. An anecdote from the assessments: consider using MRCI to drive safety awareness and resourcing; this is part of the PSMS “engine”. There was a continued upward trend in Stakeholder Engagement. API RP 1185 continues to be implemented, and improvement was noted in assessments; however, assessment results show that operators still struggle with two-way communications with stakeholders.

While API acknowledges the improvements seen in average conformance maturity scoring in Figure 2 may be viewed as nominally small, context reveals a different story. The Pipeline SMS Industry Team acknowledges that meaningful implementation of these systems takes years, not months, to complete. As we are near the tenth anniversary of the publication of API RP 1173, 1st Ed., it is important to acknowledge that industry is already showing improvement just three years after starting to publish API PSMS Assessment average operator conformance data. Evidenced in Figure 2, API has seen average conformance numbers increase, both for first-time maturity assessments and for operators returning to API for repeated assessments. As operators repeat assessments with API, their previous maturity scores fall out of our database.

While we have not seen average conformance scores rise for all elements, API notes that some key elements (those viewed as mitigating a higher level of risk) have seen substantial increases in average conformance scoring:

- 1) Stakeholder Engagement (+0.23) – API published RP 1185, *Pipeline Public Engagement*
- 2) Risk Management (+0.11)
- 3) Safety Assurance (+0.12)
- 4) Emergency Preparedness and Response (+0.12)

Noting that a Maturity of between 2 and 3 on the Industry Maturity Model represents the implementation phase, most operators are in the final phases of implementing API RP 1173. Following implementation, operators use the plan-do-check-act model to continuously improve their safety performance.

In 2026, API will continue to provide support for operators, domestic and international, and contractors who are implementing API RP 1173 principles. We anticipate a larger number of assessments with the release of API RP 1173, 2nd Edition (expected soon), as more operators return for repeated assessments and as the contractor community continues to become aware of the resources the Pipeline SMS Industry Team has created for their benefit.



AMERICAN GAS ASSOCIATION

ENHANCED PEER REVIEW PROGRAM

This program allows natural gas utilities to evaluate their peers, share leading practices and identify opportunities to better serve customers and communities. Each review involves AGA staff and the subject matter experts from member utilities who are dedicated to helping the host utility improve. The Enhanced Peer Review Program includes the option for companies to have in-person peer reviews and/or virtual assessments. While every topic incorporates how they relate to RP 1173, Operators can choose from the following topics focused on specific PSMS Elements:

In-Person Peer Reviews:

- PSMS Elements 4/10: Operational Procedures/ System Controls; Documentation & Recordkeeping
- PSMS Elements 6/7: Safety Assurance; Management Review & Continuous Improvement
- PSMS Element 4: Management of Change

Virtual Assessments:

- PSMS Element 5: Incident Investigation, Evaluation & Lessons Learned
- PSMS Element 6 & 7: Safety Assurance and Management Review
- PSMS Element 9: Competence, Awareness, & Training

Over 50 AGA member utilities participate in this voluntary program, which has been in place for over 10 years. SMEs from other gas utilities work together in providing a constructive critique of another company that has selected 2 or 3 topics to be featured. Interviews are conducted and information and company documents are reviewed during the week. At the conclusion, a written report is provided to the executives from the host gas company with a 3-hour discussion that is focused exclusively on how the company can enhance its performance. AGA's Enhanced Peer Review Program is restricted to utility members only and the information is kept strictly confidential.

In 2026, a total of 7 peer reviews are scheduled. 2 Peer Review topics specifically focused on PSMS: PSMS Elements 6&7 and PSMS Elements 4&10. We completed our first PSMS in person peer review focused on MOC. This is the end of the 5-year cycle, all Members will restart and request 3 new topics for this upcoming new 5-year cycle.

AGA IMPLEMENTATION COLLABORATIVE

This group continues to meet for PSMS sharing and collaboration at AGA. This group continues to be instrumental in sharing leading practices, lessons learned, and event learnings. This group of industry leaders in PSMS at their respective Companies have paved the way to our Board commitment of reaching a maturity level of 3 by 2027. This group has provided a great forum for members to share presentations on leading practices, opportunities, and resources on how they've executed on the 10 elements of API RP 1173. Each virtual meeting has always concluded with great engagement, enthusiasm, and Q&A. This year, Jerry Schmitz, from Southwest Gas is chair of the committee.

PSMS WORKSHOP

AGA will once again hold an annual PSMS Workshop this fall in conjunction with the AGA Fall Technical Committee Meetings.



AGA'S MANAGEMENT OF CHANGE (MOC) INITIATIVE (NEW – 2026)

In 2026, the American Gas Association launched a pilot initiative aimed at helping member companies advance their Pipeline Safety Management Systems (PSMS) through improvements to their Management of Change (MOC) programs. Packaged as an offshoot of the AGA Peer Review program, this initiative brought together more than 30 natural gas operators to share their MOC journeys and receive real-time feedback on opportunities to further mature their programs. Participants were organized into six groups based on perceived MOC maturity. Members of each group took turns presenting the history, current state, and future vision of their MOC programs, with a particular focus on areas where peer feedback was desired.

As of the end of July, the MOC industry initiative is approximately 50% complete. While a comprehensive review of lessons learned and emerging industry trends will take place during the AGA PSMS Workshop in Louisville, Kentucky, this October, several common themes have already emerged. Participants have consistently sought feedback on how to strike the right balance between governance-driven consistency and the flexibility needed to encourage stakeholder adoption; whether to maintain multiple loosely connected legacy MOC programs or consolidate them into a single enterprise-wide framework; how to explicitly define MOC triggers and determine what constitutes a significant change; and how to effectively assess and manage the risks associated with proposed changes.

AMERICAN PUBLIC GAS ASSOCIATION



COMING SOON!

Coming soon! The APGA Security & Integrity Foundation (SIF) is collaborating with Energy Worldnet (EWN) to offer the SIF PSMS Tool, a tool for small operators looking to implement pipeline safety management systems (PSMS). The SIF is a non-profit 501(c)(3) organization focused on enhancing the pipeline safety of gas utility operators of all sizes.



GPA MIDSTREAM ASSOCIATION

WEBINAR: DEVELOPING A PIPELINE SAFETY MANAGEMENT SYSTEM - GPA MIDSTREAM

WATCH: GPA MIDSTREAM WEBINAR ON ESTABLISHING A PIPELINE SAFETY MANAGEMENT SYSTEM - GPA MIDSTREAM

Watch the free webinar GPA Midstream presented on March 11, 2026 discussing resources available to help companies establish and grow a Pipeline Safety Management System under API Recommended Practice 1173.

Safe, clean, and efficient operations are of paramount importance to midstream companies and the communities where they operate. Industry organizations, including GPA Midstream, collaboratively develop and maintain an array of resources to help companies establish their own PSMS programs.

Joining GPA Midstream Vice President, Federal Affairs Stuart Saulters were American Petroleum Institute's Colin Frazier and Sam Minifie, who walked attendees through information about API RP 1173, including why and how to get started, and a look at the trove of free resources available at pipelinesms.org.

THE NORTHEAST GAS ASSOCIATION

The Northeast Gas Association (NGA) represents gas distribution companies, transmission companies, liquefied and compressed natural gas suppliers, and associated member companies. NGA member companies provide natural gas services to over 13 million customers in 11 states (CT, MA, ME, NH, NJ, NY, PA, RI, VT, DE, and MD).

NGA members continued to embrace fundamental principles of PSMS and embedding these principles in day-to-day operations. The collaborative continues to grow and remains one of the largest PSMS implementation efforts in the country focused on local distribution company operations. Membership continues to focus on integrating practical aspects of PSMS elements and principles into day-to-day operations and efforts to demonstrate at the boots-on-the-ground level how adopting plan-do-check-act principles with every decision and every action mitigates operational risk.

In 2025, several unique PSMS engagement initiatives were launched to ensure PSMS implementation sustainability through operational ownership. These efforts include significant expansion of the NGA PSMS Resource Center which is a clearing house of technical, operational and safety behavior influencing "tools". The Lessons Learned monthly forum has grown substantially and was expanded to participation by engineers, front line supervisors, construction and maintenance technicians and others across the organization in an effort to learn from one another and prevent incidents from occurring. The specific topical areas of discussion remain focused on day-to-day operations to once again reinforce the safety value of PSMS and connecting individuals to the process in their routine work. The operational areas of continued focus include overpressure or unintended loss of pressure, damage prevention, welding, corrosion, and more.

The Collaborative has embraced efforts to help “connect the dots” of process safety, pipeline safety and personal safety. These safety silos have the unintended consequences of viewing management system approaches as independent programs rather than an integrated philosophy built on a strong common PDCA foundation. Operationalization of strategy is an on-going focus of NGA membership and implementing tools to influence safety behaviors is essential to influence sustainable change and maximize safety value. In 2025, these tools including further integration Intent-Based Leadership (IBL) approaches to PSMS Leadership with front line supervision. IBL is a leadership framework that encourages operational ownership and when applied to RP 1173 elements, drives front line supervisors to communicate elements of pipeline safety intent & purpose rather than giving detailed instructions. This approach to pipeline safety management system engagement emphasizes empowering teams by providing emphasis on direction and goals, while also granting autonomy in decision-making and safety ownership. The approach was embedded into operationalization-of-strategy tools including the PSMS Tactical Guides to further enhance a culture of learning, collaboration and innovation in adopting and living PSMS core elements, including PDCA, every day with every decision and action.

NGA launched the safety culture reassessment in 2025 building on the original collaborative LDC focused safety culture assessment conducted in 2022. Results of the assessment demonstrated areas of improvement in PSMS engagement, demonstrating the effectiveness of implementing tools to address initial findings. The assessment also identified additional areas of focus including opportunities to improve front-line listening, targeted leadership engagement, enhancing understanding of management of change in field operations leadership and a closer alignment of process safety, pipeline safety and occupational safety. Opportunities that surfaced in 2025 will be addressed in the 2026 collaborative work plan.

NGA members also focused on PSMS scalability and how each element can apply in practice within any size and scale operation by using the “build-on” philosophy and connecting existing programs and practices to elements commensurate with the size of the organization. A Small Operator Written Plan Framework work group was formed to extract leading practices in implementing core principles of PSMS within smaller organizations. The framework document will be published in 2026.

Finally, NGA brought together a work group of operators to explore findings of the 2024 Pipeline and Hazardous Materials Safety Administration (PHMSA) report to Congress, “Implementation of Safety Management Systems by Gas Distribution Pipeline Operators”, which showed that the two elements that had the least number of in-place procedures by operators are Safety Assurance and Management Review & Continuous Improvement. The key objective of the work group was to develop improved execution guidance for both Safety Assurance and Management Review & Continuous Improvement. The work product included a consensus based technical guideline to support the execution of RP 1173 Safety Assurance and Management Review activities within member company organizations. Included within this technical guidance document are considerations and practical approaches for the use of assessments, evaluations, and management review to determine the conformance and effectiveness of an operator’s Pipeline Safety Management System (PSMS) to meet the requirements included in the Safety Assurance and Management Review & Continuous Improvement Elements of API RP 1173. While the emphasis is on distribution systems, the principles, processes, and considerations are applicable to gas transmission, LNG facilities, and other distribution assets as well.



LINKEDIN GROUP



Scan the QR code to join

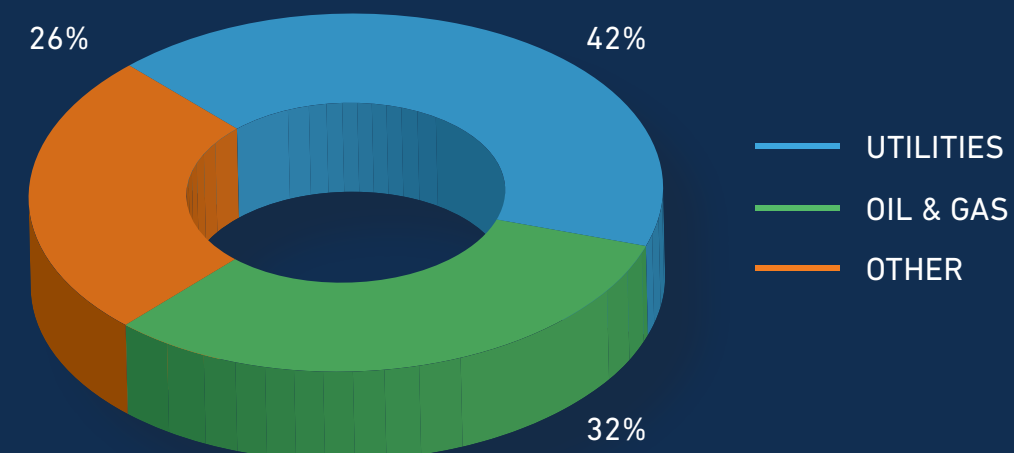
Founded in 2018, the PSMS LinkedIn Group is a Community of Practice focused on the implementation of the American Petroleum Institute's Recommended Practice 1173 (API RP 1173) – Pipeline Safety Management Systems. Our members represent all corners of the utility sector and routinely work across the aisles with the common goals of advancing pipeline safety, nurturing transformative safety cultures and collaborating with all of our great industry's stakeholders.

As API RP 1173 implementation continues to mature across the industry, engagement within the PSMS LinkedIn Group continues to rise. More PSMS experts, advocates and contributors continue to find their way to the group to share their unique perspectives, insights and industry contributions.

The group currently has over 3300 members with a goal of reaching 5000 by its 10-year anniversary in 2028.

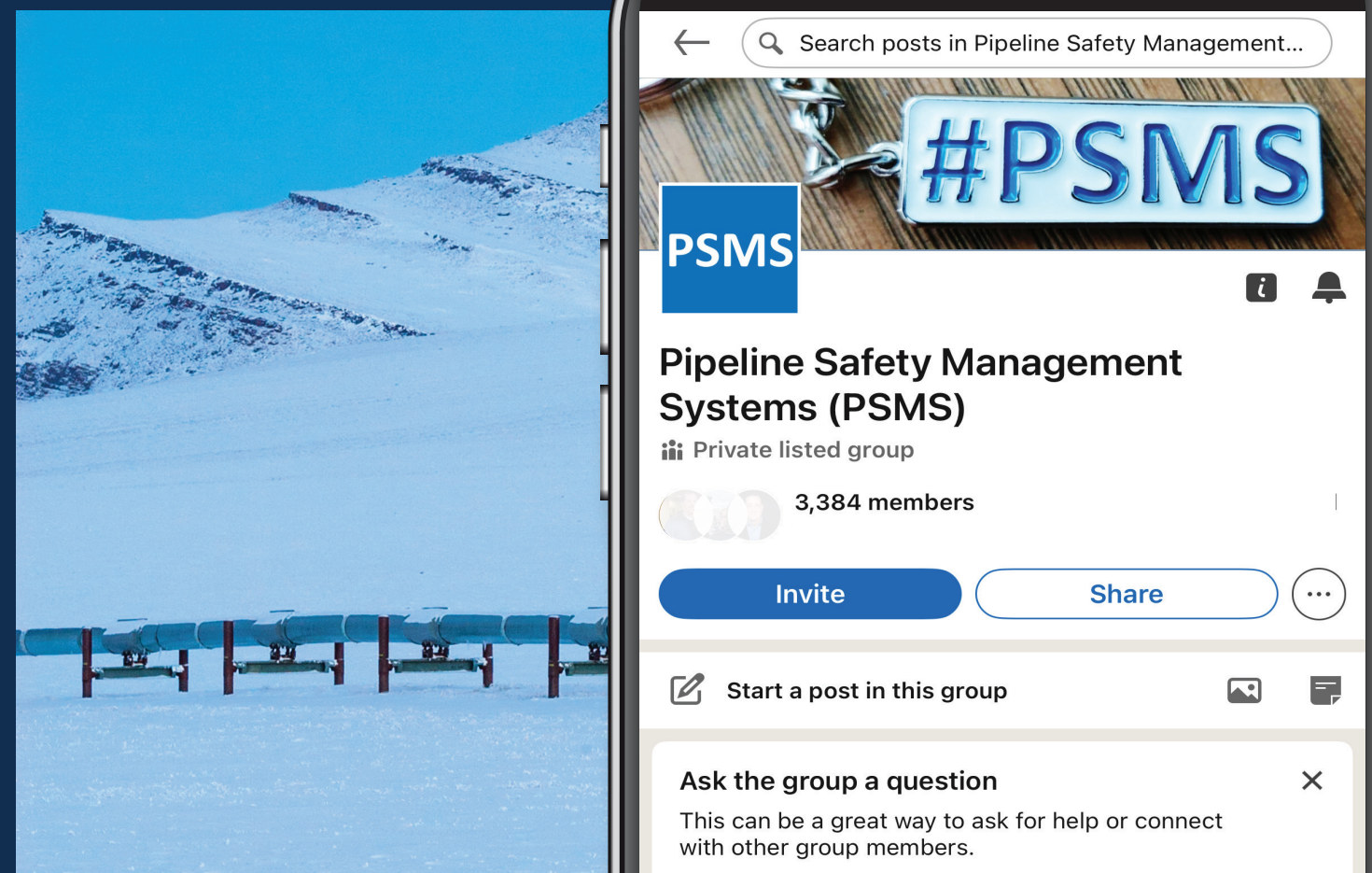
- **Table Events:** This was our main offering for the first six years and most often involved subject matter experts from all parts of the industry presenting on their journey to implement PSMS.
- **Pop-Up Workshops:** Our past workshops have been shorter, educational workshop style events design to deliver practical tips and tools in a straight-forward format.
- **The Practice Exchange:** A first-of-its-kind opportunity for any organization on the PSMS implementation journey to engage with a panel of some of the industry's top thought leaders (in a public or private virtual session) and receive feedback that is fit for their organization's purpose.
- **Group Discussion:** Members share their thoughts, ideas and opinions in the group discussion channel and engage around a number of topics.
- **Offline Engagement:** Members often make connections with other professionals in the group channel and then carry on more targeted conversations offline. We continue to hear success stories of how operator and contractor members met subject-matter experts in consulting or services in the PSMS LinkedIn Group.

PSMS LINKEDIN GROUP MEMBERSHIP INDUSTRY REPRESENTATION



In 2026, we've been focused on a different kind of engagement. Lots of PSMS knowledge quizzes and pushing out FREE PSMS-themed 1-pagers for all to share. Come check them out!

If your work, interests or passions intersect with Pipeline Safety Management Systems, we would love to see you in the group!



2025 ANNUAL SURVEY RESULTS

Pipeline operators responded to the 2025 Annual Survey in either the new implementer survey for organizations three or fewer years into their journey or the seasoned implementer survey for those with more mature programs. The Team also continued surveying contractors to better understand implementation progress, awareness of available resources, and operator expectations. The results below compare key 2025 metrics with 2024 and highlight continued progress in implementation and maturity across the industry.



↑+11%

increase in operators verifying existing operations and safety practices are improving pipeline safety.

↑+16%

increase in operators reviewing safety performance to determine if additional actions are necessary to improve pipeline safety.



77%

of seasoned respondents established a management review process and conducted at least one management review.

85%

of seasoned respondents assessed safety culture since 2022.



96%

of seasoned respondents participate in external sharing and learning events.

88%

of seasoned respondents agreed or strongly agreed that PSMS improves safety at their company.



STORIES - OPERATOR TESTIMONIALS ON PSMS
IMPACT ON SAFETY



FRONTLINE RISK IDENTIFICATION AND SHARED RISK MEETINGS

One operator established Shared Risk Meetings to bring employees closest to the work into discussions about operational threats. Since 2021, the meetings generated 188 improvement ideas. One identified concern involved employees and contractors working in or near vehicular traffic. The company conducted a risk assessment, formed a team to review existing controls, and developed additional preventive and mitigative measures. Progress was presented to leadership, with a follow-up risk review planned to evaluate whether the changes reduced the threat.

CLOSING THE LOOP ON SAFETY CULTURE FEEDBACK

After reviewing results from the API Safety Culture Survey, one operator created an action tracker to ensure senior leaders followed up on issues raised during employee engagement sessions. More than 90 percent of the identified items were closed within three months. The company also renewed its focus on PSMS education and communications so employees could better connect their individual goals and daily work to personal, process, and public safety.

PSMS REVEALS GAPS IN PROCEDURES, TOOLS, AND RECORDS

PSMS implementation helped one operator identify opportunities to improve procedure effectiveness reviews, contractor expectations, near-miss reporting, training visibility, management of change, and records management. The company identified needs for software to track procedure reviews and associated changes, manage change, and report near misses and safety concerns. It also advanced work to convert paper documents into electronic forms so critical records would be more readily accessible.

NEAR-MISS REPORTING BECOMES A VISIBLE SAFETY SYSTEM

One operator described its PSMS as a ‘golden thread’ connecting near-miss reporting, investigation, corrective actions, procedure updates, emergency response improvements, and targeted training. The company also established an employee recognition program for high-quality near-miss reports and appropriate use of stop-work responsibility. Actions are shared through the PSMS intranet, while quarterly governance reviews monitor initiatives, metrics, and progress.

PSMS SUPPORTS A 33 PERCENT REDUCTION IN PIPELINE SAFETY INCIDENTS

One operator reported a 33 percent reduction in pipeline safety incidents from 2017. It also cited a lower risk tolerance for certain incident types, improved safety culture survey results, increased good-catch and near-miss reporting, stronger public awareness efforts to reduce damage rates, and quality assurance programs intended to improve operational performance.

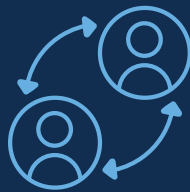


2026 UPCOMING ACTIVITIES



PROVIDING OPERATOR & CONTRACTOR SUPPORT

- Conduct 2026 Annual Survey of both new and seasoned implementers and contractors
- Publish very small operator annex in the 2nd edition of RP 1173 to facilitate operator implementation of PSMS



ENGAGING STAKEHOLDERS

- Publish the 2025 Annual Report demonstrating implementation progress and maturity
- Engage PHMSA, NTSB, state regulators and public advocates on industry progress and improvements included in the 2nd edition



SUPPORT OPERATOR & CONTRACTOR JOURNEYS

- Increase industry awareness of leading practices at 2026 API Pipeline Conference
- Conduct at least eight operator and contractor assessments and update benchmarking report as appropriate
- Update implementation tools and resources based on revisions made to the 1st edition of RP 1173



ENSURING GOVERNANCE & OVERSIGHT

- Finalize and publish the 2nd edition of RP 1173, including the annex for very small operators to demonstrate flexibility and scalability
- Prepare for 2027 safety culture survey among transmission pipeline operators



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