

Testimony of

Pete Mutschler, CSP, CHMM
Director of Environment, Health and Safety
CHS Inc.

House Committee on Homeland Security
Subcommittee on Cybersecurity and Infrastructure Protection

Hearing on:

*“Industry Views of the Chemical Facility Anti-Terrorism Standards
Program”*

February 15, 2018

Good morning, Chairman McCaul, Subcommittee Chairman Ratcliffe, Ranking Member Thompson, Subcommittee Ranking Member Richmond and members of the Subcommittee. Thank you for the opportunity to be here today.

My name is Pete Mutschler. I am a Director of Environment, Health and Safety for CHS Inc. and the Secretary of the Board of Directors for ResponsibleAg. I am also here on behalf of The Fertilizer Institute (TFI) and Agricultural Retailers Association (ARA). CHS Inc. is a member of both associations.

CHS Inc. is a leading global agribusiness owned by farmers, ranchers and cooperatives across the United States. Diversified in energy, grains and foods, CHS is committed to helping its customers, farmer-owners and other stakeholders grow their businesses through its domestic and global operations. CHS supplies energy, crop nutrients, grain marketing services, animal feed, food and food ingredients, along with business solutions including insurance, financial and risk management services. The company operates petroleum refineries/pipelines and manufactures, markets and distributes Cenex® brand refined fuels, lubricants, propane and renewable energy products.

As I mentioned earlier, CHS is a member of The Fertilizer Institute (TFI), which is the national trade association representing the fertilizer industry. TFI represents companies that are engaged in all aspects of the fertilizer supply chain. Approximately 50 percent of crop yields are attributable to the use of commercial fertilizers.

CHS is also a member of the Agricultural Retailers Association (ARA). ARA represents the interests of agricultural retailers, who provide farmers with crop nutrients, crop protection, seeds, and other products and services to support our nation's farmers.

We are grateful for your efforts to ensure passage of H.R. 4007 which provided the Department of Homeland Security (DHS) and industry with much needed certainty for the CFATS program. With the current authorization expiring in December 2018, we express our support for a multi-year reauthorization that continues to provide industry with the certainty needed to make long-term facility investments and enables the Department to efficiently run the program. We believe periodic reauthorization is important to allow continued Congressional oversight and review of the program.

It is estimated that there are approximately 6,500 agricultural retail facilities in the United States. Approximately one-third of these facilities are regulated under the CFATS program because they store or handle fertilizer products included in Appendix A: Chemicals of Interest (COI). TFI estimates that the agricultural retail sector accounts for about half (50%) of all CFATS regulated facilities. CHS has approximately 390 facilities registered with CFATS, so we have a great deal of experience with the program.

While the initial rollout of the CFATS program was challenging, we are pleased with the Department's efforts to improve the program and enhance stakeholder engagement. We did need to expend capital resources to comply with the program, but we have seen benefits from

our participation. Today, we are focused on the common goal of both DHS and industry, namely to ensure that the products we handle, and that are critical to America's farmers, are used appropriately. In considering the benefits of our participation, CHS now has a better idea of the security risks at our facilities. Our risks are prioritized which allows us to focus our efforts on the most high-risk facilities and commit the appropriate level of human and financial resources on our low-risk locations. Moreover, CFATS allows us to build stronger relationships with our neighbors and communities, a hallmark of the cooperative system.

We believe it is important that any reauthorization not permit the disclosure of sensitive site security information to the general public, or to anyone who does not have a need to know, or the required security clearance to obtain, such information. The program must ensure that this highly sensitive information is protected from individuals that might pose a threat to the facility's employees or property.

In addition, we are strong supporters of robust public engagement and believe any changes to the CFATS program, including Appendix A, should be done through a formal notice and comment rulemaking.

As I mentioned previously, I also serve on the Board of Directors for ResponsibleAg. [ResponsibleAg](#) is a voluntary, industry stewardship program that launched in 2015 with the goal of assisting agribusinesses to comply with federal environmental, health, safety and security rules focused on the safe handling and storage of fertilizer products, including the CFATS program. At the core of the program is a federal regulatory compliance assessment addressing current federal regulations. These assessments identify any issues of concern, recommendations for corrective action if needed, and provide a robust suite of resources to assist in compliance. ResponsibleAg is designed to protect employees, first responders and the general public through an organized program of periodic and thorough assessments.

CHS is very supportive of ResponsibleAg. Currently, we have 200 facilities that participate in the program and over 100 ResponsibleAg certified facilities. Overall, almost 2,600 agricultural facilities have signed up with ResponsibleAg, 1,900 facilities have been assessed, and nearly 1,000 facilities have been certified. Over one-third of agricultural retail facilities are ResponsibleAg participants. While we continue to encourage more facilities to participate, we are very pleased with the progress to date.

As part of the reauthorization of the CFATS program, I respectfully ask that Members of this Subcommittee consider how ResponsibleAg and other third party audited stewardship programs can complement and enhance the limited resources of the CFATS program. For now, I simply ask that you be willing to work with us to potentially find a way to recognize these stewardship programs in a reauthorization.

Finally, as members of this committee work to reauthorize the CFATS program, I want to stress that any lapse in the program would be a serious concern. It would be highly disruptive to both the regulated community and the Department's efforts to address any potential risks to national

security.

Thank you again for the opportunity to share the views of CHS, TFI, and ARA. Protecting the public, our employees, and our communities is paramount to us all, and we look forward to working with the Committee on this shared goal and a successful reauthorization of the CFATS program.