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RISK & COMPLIANCE JOURNAL.

Crisis of the Week: Plains All American Tries to Contain Reputation After Spill

By **BEN DIPIETRO**

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Plains All American Pipeline LP gets the crisis treatment this week after the company and one of its workers were indicted by a grand jury in California on criminal charges related to a May 2015 oil spill off the coast of Santa Barbara that spilled around 3,000 barrels of oil. The company was charged with 46 counts, including a felony charge of releasing hazardous materials into state waters, and faces up to \$2.8 million in fines.

Plains issued a statement after the indictment, expressing disappointment with the decision to pursue criminal charges, saying it will vigorously defend itself in court. It said it regrets the accidental spill, and said it's been working tirelessly to clean up affected areas, compensate those who were affected and work with various groups responding to the spill. Federal regulators said the company made "preventable errors" that led to the spill.

Using only what the company said, the experts break down how well it is doing in telling its side of the story. Is it excelling in any way with its message or how it's being delivered? How is it coming up short in its response? What does it do next?

Andrea Bonime-Blanc, chief executive and founder of GEC Risk Advisory: "The Plains All American Pipeline press release of May 17, in response to the filing of 46 criminal counts against the company and an employee, is a relatively good example of a comprehensive statement from a company on a particular crisis at a particular point in time. It is clear—they state how unhappy they are with the filing of criminal charges. It is

proactive—they state in some detail how they have been cooperating with government agencies, local, state and federal. And it is comprehensive—they list all of the actions they have taken since the oil spill and the resolution of some of those actions, such as the reopening of various affected parks. So from an immediate responsiveness standpoint, the press release appears to be fairly solid.

“However, from a larger stakeholder management standpoint—managing key stakeholders like communities, regulators, investors and employees—this press release leaves a bit to be desired. Most importantly, the company states nothing about focusing on preventive environmental, health or safety risk management. The crisis appears to be about poor maintenance, testing and monitoring of pipelines and a general disregard for their consequences, given the recent history of other pipeline breaches.

“While the company is entitled to issue a press release to combat perceived unfair criminal charges, for purposes of long-term stakeholder trust preservation, it is absolutely critical that the company provide public assurances and statements of concrete actions being taken to show it is materially improving its environmental, health and safety monitoring and risk management. Otherwise, next time, the company may suffer more severe financial and reputational consequences as key stakeholders’ trust declines even further.”

Jonathan Bernstein, U.S.-based consultant and crisis manager: “Plains All American Pipeline can’t seem to make up its mind whether it wants to do the right thing in terms of public communication or whether it should, instead, hide behind legal counsel. The company didn’t hesitate to issue a lengthy statement—rife with repeating allegations in the context of denying them—on May 17. Then two days later, faced with a U.S. Department of Transportation report detailing its transgressions further, Plains reverted to not commenting due to pending litigation.

“In the world of crisis management public relations, you can’t have it both ways, it’s inherently oxymoronic. There were some good points in the company’s post-incident and follow-on communications, most notably its sincere-sounding expressions of regret and a pledge to cooperate fully with investigators and share the results of its own internal review of the incident.

Tadd Schwartz, President and CEO of Schwartz Media Strategies:

“A thoughtful crisis plan must be in lockstep with a company’s legal strategy, so it’s understandable that Plains All American Pipeline is exercising caution by adhering to a prepared statement. However, given that California’s attorney general, [Kamala Harris],

may use this issue as a platform in her U.S. Senate campaign, the company would be wise to begin shaping the narrative proactively.

“It can begin by raising the public profile of its executives locally and nationally, making sure their messaging stays within the confines of the statement. At the same time, Plains All American should enlist third-party surrogates from within the energy industry and beyond who can substantiate the company’s commitment to the environment and support for clean-up efforts to date. Most importantly, Plains All American should be publicly emphasizing the steps it will take to prevent future oil spills, including improving its infrastructure and supporting environmental and engineering research.”

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