

CNBC Exclusive: CNBC Transcript: FAA Administrator Steve Dickson Speaks with CNBC's Phil LeBeau Today

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The following is the unofficial transcript of a CNBC EXCLUSIVE interview with FAA Administrator Steve Dickson and CNBC's Phil LeBeau on CNBC's "Squawk Box" (M-F 6AM – 9AM) today, Wednesday, December 11th. The following is a link to video of the interview on CNBC.com: <https://www.cnbc.com/video/2019/12/11/watch-cnbc-full-interview-with-faa-administrator-steve-dickson.html>.

All references must be sourced to CNBC.

PHIL LEBEAU: Steve, let's get right to it.

STEVE DICKSON: Good morning, Phil.

PHIL LEBEAU: We're glad you're joining us today here on "Squawk Box" exclusively. The main question everybody has is the 737 Max, the timing when it will be recertified and you will lift the grounding. Boeing says it will happen by the end of this year. What's your sense in terms of when you will recertify this plane?

STEVE DICKSON: Well, thanks for the opportunity to be with you, Phil. It's a pleasure to be with you and your viewers this morning. And how many times have you heard me say that we're not on any timeline? That we're going to follow every step of the process, however long that takes. There are about 10 or 11 milestones left to complete. We're in the portion of the process right now where we're looking at the software – the validation of how the software was developed. That will take some time. But we'll work through every step of the process very diligently.

PHIL LEBEAU: You're on your own timeframe. But, let's be clear here. Will this plane be re-certified in 2019, by the end of this year?

STEVE DICKSON: Well, as I said, there are a number of processes -- milestones that have to be completed. If you do the arithmetic, each one of these processes are going to take some time. There are a few interdependencies and there are some things that run in parallel. For example, once the design is approved, once we do the certification flight, there are pilot training requirements that have to be defined. But, we're bringing in international pilots to help us with that process. And then there will be a report that goes out for public comment. And, if you just do the math, it's going to extend into 2020.

PHIL LEBEAU: So, it won't be recertified this year. Do you expect it by the end of January? Or by the end of February? What would you say is realistic?

STEVE DICKSON: It's impossible to say, Phil. I mean, if I had that kind of a crystal ball, I would certainly be able to share it. But it's very important that our team works closely with the international authorities working with us and with the Boeing team to do this right. We're going to do it diligently because safety is absolutely our highest priority with this airplane, as always.

PHIL LEBEAU: You've made it clear here: there is no plans to recertify this this year. It's not going to happen. And yet, when we talk with Boeing, and we reached out to them last week, they're sticking with the target of 'We expect recertification in December. Potentially commercial service by the end of January.' Are you frustrated that Boeing is putting that out there, when the reality is that the process is not close to that happening?

STEVE DICKSON: Well, again, I understand that a company, a manufacturer in this case, has a project plan with milestones and is devoting resources towards moving things forward. But, again, I've made it very clear Boeing's plan is not the FAA's plan. We're working closely together, but we're going to keep our heads down and support the team in getting this work done right.

PHIL LEBEAU: Has Dennis Muilenburg, CEO of Boeing, or any other Boeing executives – have they made unfair requests, if you will, in terms of put pressure on you and your agency to speed up the process of getting this plane back in the air?

STEVE DICKSON: I've made it clear that I'm going to support my people. And that means I'm going to take whatever time it takes to get this process completed and to do it the right way, the way it should be done. Having said that, I would not say that there have been any requests to cut corners. There have been discussions from time to time about which processes run in parallel, where the interdependencies are. And those are - that's dialogue that is not counterproductive. But I just want to make it clear that we are going to be very diligent about every step in the process, whether it's training, or software development design or mechanical issues with the airplane.

PHIL LEBEAU: Steve, Andrew has a question for you. Andrew.

ANDREW ROSS SORKIN: Steve, there's Wall Street Journal report out this morning suggesting this is going to come up during the hearings so I wanted to ask it to you in advance right now. Which is this internal report from 2018, back in November, where this FAA in terms of analyzing, this is now after I believe the first crash, says that they believe that the Max could have averaged one fatal crash about every two or three years. So, knowing that at that time, can you walk us through a little bit of just the thought process and also the pressures that the FAA may have felt or not felt that they were under, in terms of keeping that plane in the air?

STEVE DICKSON: Sure. The process that you're referring to is a risk management process. And one of the reasons that we have the safest aviation system in the world in the United States is because we are very data driven. And our data systems have become much more sophisticated over the years. And as you have in many industries, you use those -- that data and those tools to analyze risk. And so, there were immediate actions and emergency airworthiness directives after the Lion Air crash. And then the team came together as data came in to develop a decision support tool to determine how quickly we needed to move forward with the manufacturer with modifications of the airplane.

JOE KERNEN: Steve, the fixes that were suggested at the time were inadequate, I think. But I have a question, it says that some of this data-driven stuff is very conservative and that it's sort of looked at it as this is a worst-case scenario that's not really reality. And we're talking about if it's the absolute worst case, this is what would happen. So, it seems like you're saying, so we don't need to take it that serious. I bet you from now on the worst-case scenario will be thought of as de facto. I mean, wouldn't that be a better way to -- I mean, why do the data, why do the analysis, if you're not going to take it seriously?

STEVE DICKSON: Well, remember, the -- grounding an airplane is really an unprecedented decision. It's really only happened three times in our history. And we need to understand what the causes of an accident are. And remember, MCAS didn't bring down this airplane by itself. We had maintenance issues with the aircraft. There were issues with how the aircraft was operated. Again, all of these things acting together create a certain level of risk that we need to manage and bring down to an appropriate level. And we also need to recognize, I would be the first to say, that what we have done historically in terms of safety is not going to -- is not good enough today and it's going to be good enough tomorrow. So, we need to continue to refine and improve these processes.

BECKY QUICK: Okay, Steve. Just another question about the airline overall. We've been talking about this for months and months. But the idea of, is this an incremental change to the aircraft? And I think that gets at the question of what sort of pilot training will be required? What are your thoughts on that?

STEVE DICKSON: Well, we haven't made a decision on pilot training. We don't want to keep our thumb on the scale on that, frankly. And, you know, Boeing will make a proposal as part of this process and we will have a team of 16 U.S. and international pilots of various experience levels and various backgrounds that will validate the training proposal in the simulator. And then, after that, we will produce an addendum to the flight standardization report which is the process by which the airplane is certified from a training and operations perspective. We want to wait for the outcome of that process to make that final determination.

PHIL LEBEAU: And that question of the process for the pilot training, this gets into, there's going to be a public comment period--

STEVE DICKSON: Yes, there will.

PHIL LEBEAU: --behind some of these steps. Which, some of those may be, what, 10, 15 days.

STEVE DICKSON: Yes. Yes, absolutely.

PHIL LEBEAU: So, even if you add that in, we're looking at a plane that may not be recertified until the end of January.

STEVE DICKSON: Well, and you have, also, even right now with the Master Minimum Equipment List, the maintenance requirements, we're in a 30-day comment period for that, which started about a little over a week ago. So, again, you can just -- as I said, just doing the arithmetic on these processes. You see that it pushes into next year.

PHIL LEBEAU: Steve, one last question: have you heard from President Trump about the Max or from anyone in the White House, who has said, 'Look, we're coming up on 9 months, it will be a year, we need to get this plane back in the air. We need to get Boeing delivering planes again. It's good for the economy.' Have you received any pressure at all from the White House?

STEVE DICKSON: No, I have not. No, I have not. This is my decision. This is the agency's decision. Secretary Chao has been very supportive. And the White House has been very supportive, as well.

PHIL LEBEAU: Steve, thank you very much.

STEVE DICKSON: Alright. Thanks, Phil.

PHIL LEBEAU: Steve Dickson, the Administrator for the FAA, joining us exclusively here on "Squawk Box." Guys, just to put a point on this, am I correct: no certification this year. It's not likely to happen, or it won't happen?

STEVE DICKSON: That's correct. And I'm going to fly the airplane as well.

PHIL LEBEAU: Well, we can't wait to be out there to see what you think when you land it. Guys, back to you.