

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

**Public Service Commission
2009 Gas Pipeline Safety Rules
Rulemaking**

Case No. GS-09-67

STAFF TESTIMONY

September 16, 2009

Good morning! My name is Alan Moch. I am employed by the Public Service Commission as Director of its Testing and Safety Division. I am also designated as one of the State's two Gas Pipeline Safety Inspectors.

The North Dakota Public Service Commission participates in, and receives some funding from the Federal/State Gas Pipeline Safety Program. The Commission acts as agent for the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA), in the enforcement of the minimum gas pipeline safety standards on all gas distribution and intrastate transmission facilities within the State. This is accomplished by entering into an agreement with the U.S. Department of Transportation which requires North Dakota to adopt all of the Federal gas safety standards, along with any future amendments to those standards. The initial adoption took place on June 1, 1984, with additional rulemaking proceedings, such as this, held annually, if necessary, to continue to amend the standards. The rules offered here today come to the Commission as Final Rules from the U.S. Department of

Transportation, Pipeline and Hazardous Material Safety Administration's Office of Pipeline Safety rulemaking proceedings.

The 2008/2009 Gas Pipeline Safety rule amendments enacted by the federal government and to be adopted by reference into state administrative rule, consist of the following changes to the federal gas safety standards:

49 CFR Part 192 - Amendment No. FR 20055 - This final rule requires operators to use design and construction features in new and replaced gas transmission pipelines to reduce the risk of internal corrosion and related pipeline failures. This is accomplished by reducing the potential for accumulation of liquids and facilitating operation and maintenance practices that address internal corrosion. The effective date of this final rule was May 23, 2007.

49 CFR Part 192 - Amendment No. 104 – This final rule amends the existing integrity management regulations for both hazardous liquid and natural gas transmission pipelines. The modifications include changing the notification requirements for operators of hazardous liquid and natural gas pipelines; and repealing a requirement for gas operators to notify local authorities. This action is intended to improve pipeline safety by clarifying the integrity management regulations and providing operators with increased flexibility in implementing their integrity management (IM) programs. The effective date of this final rule was August 16, 2007.

49 CFR Part 192 - Amendment No. 105 – This final rule relaxes regulatory requirements governing public awareness programs conducted by operators of master meter systems and certain operators of petroleum gas systems. These operators

typically manage property and incidentally provide gas service to customers located on the property. The change provides a less burdensome means for these operators to satisfy public awareness needs. The effective date of this final rule was January 14, 2008.

49 CFR Part 192 - Amendment No. 106 – This final rule adopts, with minor modifications, an interim final rule issued by PHMSA on March 28, 2008, conforming PHMSA’s administrative procedures with the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 by establishing the procedures PHMSA will follow for issuing safety orders and handling requests for special permits, including emergency special permits. The rule also notifies operators about electronic docket information availability; updates addresses for filing reports, telephone numbers, and routing symbols; and clarifies the time period for processing requests for written interpretations of the regulations. This final rule makes minor amendments and technical corrections to the regulatory text in response to written public comments received after issuance of the interim final rule. The effective date of this final rule was February 17, 2009.

49 CFR Part 192 - Amendment No. 107 – This final rule amends the existing pipeline safety regulations to prescribe safety requirements for the operation of certain gas transmission pipelines at pressures based on higher operating stress levels. The result is an increase of maximum allowable operating pressure (MAOP) over that currently allowed in the regulations. Improvements in pipeline technology assessment methodology, maintenance practices, and management processes over the past twenty-five years have significantly reduced the risk of failure in pipelines and

necessitate updating the standards that govern the MAOP. This rule will generate significant public benefits by reducing the number and consequences of potential incidents and boosting the potential capacity and efficiency of pipeline infrastructure, while promoting rigorous life-cycle maintenance and investment in improved pipe technology. The effective date of this final rule was November 17, 2008. However, a notice published in the Federal Register on December 1, 2008 stays the effective date of this final rule, published on October 17, 2008 (73 FR 62148). In accordance with the Congressional Review Act, this final rule became effective on December 22, 2008, 60 days after the final rule was transmitted to Congress

49 CFR Part 192 - Amendment No. 108 – This final rule amends the design factor and design pressure limits for natural gas pipelines made from new Polyamide-11 (PA-11) thermoplastic pipe. Together, these two changes in the regulations allow pipeline operators to operate certain pipelines constructed of new PA-11 pipe at higher operating pressures than is currently allowed for other plastic pipe materials. The effective date of this final rule was January 23, 2009.

49 CFR Part 192 – Amendment No. 109 - This final rule incorporates by reference the most recent editions of API Specification 5L “Specification for Line Pipe” and API 1104 “Welding of Pipelines and Related Facilities.” The purpose of this update is to enable pipeline operators to utilize current technology, materials, and practices to help maintain a high level of safety relative to their pipeline operations. PHMSA is not eliminating the use of the current referenced standards but simply allowing the additional use of these new standards. PHMSA may in the future propose to eliminate

the incorporation of the existing referenced standards. The effective date of this final rule is April 14, 2009

49 CFR Part 199 - Amendment No. 24 – This final rule conforms PHMSA's administrative procedures with the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 (PIPES Act) by establishing the procedures PHMSA will follow in issuing safety orders and handling requests for special permits, including emergency special permits. This interim final rule also notifies operators about electronic docket information availability; updates addresses, telephone numbers, and routing symbols; and clarifies the time period for processing requests for written interpretations of the regulations. This interim final rule does not impose any new operating, maintenance, or other substantive requirements on pipeline owners or operators. The effective date of this final rule was March 28, 2008.

A Statement on Regulatory Analysis, Takings Assessment, and Small Entity Regulatory Analysis was prepared and submitted on July 22, 2009, for this gas pipeline safety rulemaking proceeding. A preliminary analysis of the Amendments, as outlined above, showed that the impact to the State's regulated community would be less than \$50,000, and have no affect on takings.

The Commission has not received any written comments concerning this proceeding.

This concludes my testimony. I would be happy to answer any questions on the above rules at this time.

agm