

**FISCAL NOTE**

**20 January 2015**

**Natural Gas Pipeline Safety**

The North Dakota Gas Safety Program is administered by the Public Service Commission pursuant to a grant from the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA).

In its Natural Gas Pipeline Safety grant application with PHMSA, the Public Service Commission certifies that it has adopted each federal safety standard within 120 days before the date of the certification, or is taking steps to adopt such standards. For a standard that has not yet been adopted, the Commission must adopt the standard within 24 months of the effective date, or two general sessions of the State Legislature, whichever is longer.

Failure to adopt the required standards can impact the amount of federal grant funds received to operate the program. The estimated budget for North Dakota's 2015 gas pipeline safety program is approximately \$335,000. If the grant funds 80% of the estimated budget (as is currently the case), and qualification of the North Dakota program is based on a point system, failure to adopt standards in a timely manner could result in a reduction of points and therefore a reduction of grant funds to North Dakota of approximately \$5300. This shortfall in operating funds would need to be made up by general funds.

**Hazardous Liquids Pipeline Safety**

The Commission proposes to establish a hazardous liquids pipeline safety program in 2015. The Commission has requested, and the Governor has included in the executive budget, 3.5 FTEs for the program. The estimated 2015-2017 budget for the program is \$1,191,480. Similar to the gas pipeline safety program, the federal share of the actual program cost is estimated to be between 60% and 80% of the program costs, and is dependent on federal appropriation and number of participating states. The state share of the actual program cost would therefore be between 20% and 40%. As with the natural gas program, failure to adopt standards in a timely manner could result in a reduction of grant funds to North Dakota.