



Public Service Commission

State of North Dakota

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May 13, 2020

Kristine A. Anderson
Corporate Attorney & Regulatory Affairs
202 S. Main Street
P.O. Box 68
Le Sueur, MN 56068

RE: Request for Jurisdictional Determination
Case No. PU-20-160

Dear Kristine Anderson:

Thank you for your letter on behalf of Dakota Natural Gas, LLC (DNG) requesting a jurisdictional determination regarding the applicability of N.D.C.C. Ch. 49-22.1 (Siting Act) to a proposed pipeline intending to provide service to end-use retail natural gas customers in Traill County communities.

On May 13, 2020, the Public Service Commission discussed your request at the administrative matters portion of its regular meeting and asked me to respond to you. The Commission concluded that, based on the information that you provided, the Traill Line is non-jurisdictional for the purposes of the Siting Act.

As specified in your letter, the Traill Line will provide natural gas service to residential and commercial customers in Hillsboro and Mayville with the possibility of additional communities in the future. DNG does not intend to transport gas for resale. The Traill Line will be constructed from an interconnect point with the Viking Pipeline in Minnesota and will consist of 4" steel pipe, will pick up gas from the Viking pipeline at the Town Border Station (TBS) near Beltrami, MN where it will be reduced to 270 pounds per square inch gauge (psig) at a DNG owned regulator station and odorant will be added. The Traill Line will operate at less than 20% of system minimum yield strength.

The TBS lies approximately 25 feet from the Viking tap and will run 10.3 miles from the border to a regulator station from which Mayville will be served. Part of the line will continue from the Mayville regulator station four miles to a regulator station from which Hillsboro will be served. From the Hillsboro regulator station, a line may run for approximately one-half mile to a regulator station to serve DNG's large retail customer. At the regulator stations, the pressure will be further reduced to 125 psig maximum allowable operating pressure and will operate at or below that level.

Under the Siting Act, a gas or liquid transmission facility means, “A gas or liquid transmission line and associated facilities designed for or capable of transporting . . . gas.” Distribution lines are non-jurisdictional.¹ In determining the classification of a line, the Commission has obtained guidance from Title 49 CFR Part 192 on occasion. Under Title 49 CFR § 192.3, a distribution line is defined as a pipeline other than a gathering or transmission line. The Traill Line does not fall under the category of a gathering line, as it does not transport gas from a production facility to a transmission line or main.

Under § 192.3, a transmission line is:

[A] pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage field.²

As described in your letter and data request responses, the line will operate at less than 20% of System Minimum Yield Strength and does not transport gas within a storage field. Therefore, the inquiry centers upon whether the pipeline is “functionally equivalent to a distribution main downstream of a distribution center” or pipeline transporting to a distribution center or large volume customer.³ DNG asserts that the Beltrami TBS is a distribution center because it is “a point where gas enters piping used primarily to deliver gas to customers who purchase it for consumption as opposed to customers who purchase it for resale.” DNG also provides that Mayville, Hillsboro, and the customers of or around those communities do not constitute distribution centers due to the purchasing being for consumption rather than resale purposes.

The Commission previously reviewed DNG’s Drayton Line in Case No. PU-18-196, finding that it had the characteristics of distribution line. Many of the characteristics are analogous to the current request.⁴ As long as a large volume customer does not resell gas, the Commission agrees that the Traill Line is functionally an equivalent to a distribution main downstream of a distribution center for the purposes of the Siting Act.⁵

¹ *Minutes of the Public Service Commission*, 6 (June 4, 1985).

² Note: A large volume customer may receive similar volumes as a distribution center, and includes factories, power plants, and institutional users of gas.

³ PHMSA Interpretation, #PI-09-0019 (March 22, 2010).

⁴ In Case No. PU-18-196, the Commission cited the shorter length, smaller diameter, operational location from the transmission line, service purpose, and TBS operation as having the characteristics of a distribution line. *See also* <https://primis.phmsa.dot.gov/comm/glossary/index.htm?nocache=6290#DistributionLine>; and <https://primis.phmsa.dot.gov/comm/NGDistribution.htm> (Pressure is lowered for distribution, and the odorant is added to help users detect leaks.)

⁵ The characteristics listed above are consistent with the June 4, 1985 motion adopting a policy for non-jurisdictional pipelines based upon shorter distances, lower pressures, lower volumes, and generally receive gas from transmission lines for consumption by the end user.

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This determination does not set precedent, or apply to other State or Federal laws, regulations or orders beyond the Siting Act. If there are changes to your proposed plan of construction that may cause the pipeline to fall within the jurisdiction of the Siting Act, please contact the Public Service Commission for further guidance. We thank you again for your request. If we can provide further assistance, please do not hesitate to contact us.

Best Regards,



John M. Schuh
Special Assistant Attorney General