

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Public Service Commission
Pipeline Safety
Rulemaking**

Case No. GS-21-442

**Statements on Regulatory Analysis, Small Entity Analysis,
and Takings Assessment**

January 18, 2022

The purpose of this rulemaking is to adopt, by reference in state administrative rule, the most recent amendments to pipeline safety regulations adopted by the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA).

This rule change adopts amendments to safety regulations that have been adopted by PHMSA since August 20, 2020, current to December 1, 2021. A summary/explanation of the specific changes to be adopted by reference for pipeline safety is attached.

Regulatory Analysis

N.D.C.C. § 28-32-08 requires an agency to prepare a regulatory analysis if the rule is expected to have an impact on the regulated community in excess of fifty thousand dollars, or if one is requested as provided in the law. The law provides, in part:

2. The regulatory analysis must contain:
 - a. A description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;
 - b. A description of the probable impact, including economic impact, of the proposed rule;
 - c. The probable costs to the agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues; and
 - d. A description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why the methods were rejected in favor of the proposed rule.

North Dakota system operators subject to Commission jurisdiction who may be affected by the federal regulations proposed to be adopted by reference for the state pipeline safety program include intrastate liquefied natural gas facility operators, intrastate natural gas distribution system operators, natural gas and hazardous liquid transmission pipeline operators, and certain natural gas and hazardous liquid gathering system operators.

The Commission acts as agent for the United States 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 and enforcement of safety standards on all liquefied natural gas facilities within the state. This is accomplished by entering into a 601055(a) Title 49 agreement with the United States Department of Transportation that requires North Dakota to adopt all the federal gas safety standards, along with any future amendments to those standards. This rulemaking is a part of that ongoing agreement.

The intrastate natural gas and hazardous liquid transmission pipeline operators, intrastate natural gas distribution system operators, and liquefied natural gas facility operators must comply with the federal amendments and therefore were impacted financially as a result of PHMSA's adoption of the amendments. Adoption of these amendments for the state pipeline safety program will have no additional impact on the regulated community.

A regulatory analysis has not been requested, and the proposal is not expected to impact the regulated community by an amount in excess of fifty thousand dollars (\$50,000.00). Consequently, no regulatory analysis is required.

Small Entity Regulatory Analysis

N.D.C.C. § 28-32-08.1 requires that before adoption of any proposed rule, the adopting agency prepare a regulatory analysis in which the agency considers options to minimize adverse impact on small entities. The law provides, in part:

2. The agency shall consider each of the following methods of reducing impact of the proposed rule on small entities:
 - a. Establishment of less stringent compliance or reporting requirements for small entities;
 - b. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small entities;
 - c. Consolidation or simplification of compliance or reporting requirements for small entities;

- d. Establishment of performance standards for small entities to replace design or operational standards required in the proposed rule; and
- e. Exemption of small entities from all or any part of the requirements contained in the proposed rule.

A small entity regulatory analysis is not required because the proposed amendments to the existing rule for both the natural gas and hazardous liquids pipeline systems are mandated by federal law.

Small Entity Economic Impact Analysis

A small entity economic impact statement is not required because the proposed amendments to the existing rule for both the natural gas and hazardous liquids pipeline systems are mandated by federal law.

Takings Assessment

N.D.C.C. § 28-32-09 requires an entity to prepare a written assessment of the constitutional takings implications of a proposed rule that may limit the use of private real property.

The proposed rules should not limit the use of private property so a takings assessment is not required.

PHMSA latest rulemakings effective date after August 20, 2020
 Summary as of December 1, 2021

Part affected	Amendment No.	Federal Register	Description	Effective date after August 20, 2020
190	No Number	86 FR 1745	Revisions To Civil Penalty Amounts	01/11/2021
191	29	86 FR 2210	Gas Pipeline Regulatory Reform	03/12/21
191	30	86 FR 63266	Safety of Gas Gathering Pipelines: Extension of Reporting Requirements, Regulation of Large, High-Pressure Lines, and Other Related Amendments	05/16/2022
192	128	86 FR 2210	Gas Pipeline Regulatory Reform	03/12/21
192	129	86 FR 63266	Safety of Gas Gathering Pipelines: Extension of Reporting Requirements, Regulation of Large, High-Pressure Lines, and Other Related Amendments	05/16/22
195	103	85 FR 8104	Safety of Underground Natural Gas Storage Facilities	03/13/20

Part 190, Amendment #No Number, 86 FR 1745: REVISIONS TO CIVIL PENALTY AMOUNTS

In accordance with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, this final rule provides the 2020 inflation adjustment to civil penalty amounts that may be imposed for violations of certain DOT regulations. In addition, this final rule makes conforming revisions to Federal Motor Carrier Safety Administration regulations to reflect inflationary adjustments to the statutorily-mandated civil penalties for violations of Federal law.

Part 191, Amendment #29, 86 FR 2210: GAS PIPELINE REGULATORY REFORM

PHMSA is amending the Federal Pipeline Safety Regulations to ease regulatory burdens on the construction, maintenance, and operation of gas transmission, distribution, and gathering pipeline systems without adversely affecting safety. The amendments in this rule are based on rulemaking petitions from stakeholders, and DOT and PHMSA initiatives to identify appropriate areas where regulations might be repealed, replaced, or modified, and PHMSA's review of public comments. PHMSA also, as of the effective date of this final rule, withdraws the March 29, 2019 "Exercise of

Enforcement Discretion Regarding Farm Taps" and the unpublished October 27, 2015 letter to the Interstate Natural Gas Association of America announcing a stay of enforcement pertaining to certain pressure vessels.

Part 191, Amendment #30, 86 FR 63266: SAFETY OF GAS GATHERING PIPELINES: EXTENSION OF REPORTING REQUIREMENTS, REGULATION OF LARGE, HIGH-PRESSURE LINES, AND OTHER RELATED AMENDMENTS

PHMSA is amending the Federal Pipeline Safety Regulations to ease regulatory burdens on the construction, maintenance, and operation of gas transmission, distribution, and gathering pipeline systems without adversely affecting safety. The amendments in this rule are based on rulemaking petitions from stakeholders, and DOT and PHMSA initiatives to identify appropriate areas where regulations might be repealed, replaced, or modified, and PHMSA's review of public comments. PHMSA also, as of the effective date of this final rule, withdraws the March 29, 2019 "Exercise of Enforcement Discretion Regarding Farm Taps" and the unpublished October 27, 2015 letter to the Interstate Natural Gas Association of America announcing a stay of enforcement pertaining to certain pressure vessels.

Part 192, Amendment #128, 86 FR 2210: GAS PIPELINE REGULATORY REFORM

PHMSA is amending the Federal Pipeline Safety Regulations to ease regulatory burdens on the construction, maintenance, and operation of gas transmission, distribution, and gathering pipeline systems without adversely affecting safety. The amendments in this rule are based on rulemaking petitions from stakeholders, and DOT and PHMSA initiatives to identify appropriate areas where regulations might be repealed, replaced, or modified, and PHMSA's review of public comments. PHMSA also, as of the effective date of this final rule, withdraws the March 29, 2019 "Exercise of Enforcement Discretion Regarding Farm Taps" and the unpublished October 27, 2015 letter to the Interstate Natural Gas Association of America announcing a stay of enforcement pertaining to certain pressure vessels.

Part 192, Amendment #129, 86 FR 63266: Safety of Gas Gathering Pipelines: EXTENSION OF REPORTING REQUIREMENTS, REGULATION OF LARGE, HIGH-PRESSURE LINES, AND OTHER RELATED AMENDMENTS

PHMSA is revising the Federal Pipeline Safety Regulations to improve the safety of onshore gas gathering pipelines. This final rule addresses Congressional mandates, Government Accountability Office recommendations, and public input received as part of the rulemaking process. The amendments in this final rule extend reporting requirements to all gas gathering operators and apply a set of minimum safety requirements to certain gas gathering pipelines with large diameters and high operating pressures. The rule does not affect offshore gas gathering pipelines.

Part 195, Amendment #103, 85 FR 8104: SAFETY OF UNDERGROUND NATURAL GAS STORAGE FACILITIES

The Pipeline and Hazardous Materials Safety Administration is publishing this final rule to amend its minimum safety standards for underground natural gas storage facilities (UNGSTFs). On December 19, 2016, PHMSA issued an interim final rule (IFR)

establishing regulations in response to the 2015 Aliso Canyon incident and the subsequent mandate in section 12 of the Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016. The IFR incorporated by reference two American Petroleum Institute (API) Recommended Practices (RPs): API RP 1170, "Design and Operation of Solution-mined Salt Caverns Used for Natural Gas Storage" (First Edition, July 2015); and API RP 1171, "Functional Integrity of Natural Gas Storage in Depleted Hydrocarbon Reservoirs and Aquifer Reservoirs" (First Edition, September 2015). The IFR required each provision in the API RPs to apply as mandatory (i.e., each "should" statement would apply as a "shall") unless an operator provides written justification for not implementing the practice, including an explanation for why it is impracticable and not necessary for safety. Based on the comments received to the IFR and a petition for reconsideration, PHMSA has determined that the RPs, as originally published, will provide PHMSA with a stronger basis upon which to base enforcement than the IFR. This final rule also addresses recommendations from commenters and a petition for reconsideration of the IFR by modifying compliance timelines, revising the definition of a UNGSF, clarifying the states' regulatory role, reducing recordkeeping and reporting requirements, formalizing integrity management practices, and adding risk management requirements for solution-mined salt caverns.