On June 9, 2020, the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) issued a Notice of Proposed Rulemaking (“NOPR”) to revise the Federal Pipeline Safety Regulations (“Regulations”) to reduce regulatory burdens associated with construction, operation, and maintenance of gas pipeline systems. The NOPR is in response to a series of executive orders (E.O. 13771, 13777, and 13783) calling on agencies to reduce or eliminate regulatory burdens. According to PHMSA, the value of the annualized cost savings associated with the proposed amendments is approximately $129 million (at a discount rate of 7 percent). The key reforms, which ease certain monitoring requirements, streamline reporting obligations, and reduce the burden on distribution pipelines associated with the Distribution Integrity Management Program (“DIMP”), are summarized below.

**DIMP Requirements**

PHMSA has proposed two revisions to DIMP requirements to ease the regulatory burden on gas distribution operators. The NOPR would provide operators of farm taps originating from regulated source pipelines the flexibility to choose between inspecting pressure regulators pursuant to their DIMP, or the inspection requirements of § 192.740 of the Regulations, which currently requires pressure
regulators and overpressure protection equipment to be inspected and tested at least once every three calendar years. The NOPR proposes to exempt farm taps originating from unregulated gathering and production pipelines from both DIMP and incident and annual reporting requirements.

The NOPR also proposes to exempt master meter operators from DIMP requirements. Given the small and simple nature of master meter systems, PHMSA determined that requiring a DIMP for these systems has provided little safety benefit and imposed a significant burden. Master meter operators would still be subject to the rest of the pipeline safety regulations under Part 192 of the Regulations, such as operations and maintenance requirements, continuing surveillance requirements, and failure to investigate requirements.

**Reporting Requirements**

The NOPR proposes to streamline reporting requirements for distribution operators by eliminating the requirement for operators to submit mechanical fitting failure reports ("MFFs") through DOT Form PHMSA F-7100.1-2. Instead, PHMSA will collect necessary information by adding a MFF count to the gas distribution annual report form.

PHMSA also proposes to raise the threshold for reporting incidents that result in property damage from $50,000 to $122,000. This threshold, which hasn’t been revised in over 30 years, is being revised to account for inflation. Adjusting the threshold will significantly decrease the number of reportable incidents. PHMSA intends to update the monetary damage threshold on a regular basis in the future.

**Monitoring Requirements**

The NOPR also proposes amendments related to corrosion control. PHMSA proposes to revise the requirement of regular inspection of rectifiers on gas pipelines under § 192.485(b) of the Regulations to clarify that operators may inspect rectifier stations onsite or remotely. Remote monitoring of rectifiers should coincide with when the operator conducts a cathodic protection test, which currently occurs once each calendar year.

Currently, all onshore gas pipelines exposed to the atmosphere must be inspected once every three years. PHMSA proposes to extend the maximum inspection interval for distribution service lines to once every five calendar years, unless atmospheric corrosion was identified on the last inspection. If an operator identifies atmospheric corrosion on a service line during an inspection, then the interval for the subsequent inspection would be once every three years. In other words, absent atmospheric corrosion, operators are permitted to inspect once every five years.

In addition to the cost savings, the proposed reforms, which are largely deregulatory in nature, benefit gas pipeline operators by reducing unnecessary regulatory burdens, increasing flexibility and administrative efficiency, and clarifying existing regulations. Eliminating and streamlining redundant reporting requirements, exempting certain operators from DIMP requirements, and increasing the monetary threshold for reportable incidents would reduce the volume of information shippers
will have to review and will enable PHMSA to focus on other important safety and compliance activities.

Comments on the NOPR are due by August 10, 2020.

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