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Dates of Interest

June 2015

- 22-26 <u>NAPSR Central Region</u> <u>Meeting</u>, Bismarck, ND
- 29 Comments Due on PHMSA Information Collection re hazardous liquid annual reporting

July 2015

- 12-15 <u>NARUC Summer Committee</u> <u>Meetings</u>, New York, NY
- 20-22 SGA Operating Conference, Nashville, TN
- 26-29 <u>APGA Annual Conference,</u> Broomfield, CO
- 31 Comments Due on Plastic Pipe <u>NPRM</u>

August 2015

- 3-7 NAPSR Southwest Region Meeting, Fort Worth, TX
- Midwest Energy Association
 Gas Operations Technical &
 Leadership Summit,
 Rochester, MN
- 31-9/1 NAPSR National Meeting, Tempe, AZ



Pipeline Safety Update

ISSUE NO. 98 – JUNE 10, 2015

Susan Olenchuk, James Curry, Keith Coyle, Tyson Kade, Frances Bishop, Barbara Deathe

President Obama nominates new PHMSA administrator. PHMSA acting administrator leaves agency. PHMSA releases report on gathering lines. PHMSA rulemaking update. Senators request information from PHMSA following Santa Barbara oil spill. NTSB identifies causes of March 2014 gas explosion in East Harlem and issues safety alert. Select updates from Canada and the states.

President Obama Nominates New PHMSA Administrator

On June 2, President Obama <u>nominated Marie Therese Dominguez</u> as the next Administrator of the Pipeline and Hazardous Materials Safety Administration (PHMSA). Since 2013, Ms. Dominguez has served as Principal Deputy Assistant Secretary of the Army for Civil Works at the Department of Defense. The Senate Committee on Commerce, Science, and Transportation has not announced a confirmation hearing date. Vanessa Sutherland, PHMSA's Chief Counsel, is currently serving as <u>Acting Deputy Administrator</u>, pending her anticipated confirmation as Chair of the Chemical Safety Board.

PHMSA Acting Administrator Leaves Agency

On June 3, it was <u>reported</u> that Acting PHMSA Administrator Timothy Butters has joined the Federal Aviation Administration as a Senior Advisor. Mr. Butters served as Acting Administrator since October 2014 when the previous administrator, Cynthia Quarterman, left the agency. Until the Senate confirms a new administrator, PHMSA Interim Executive Director, Stacy Cummings, <u>will serve</u> as Acting Administrator.

PHMSA Updates

PHMSA releases report on gathering lines. On May 8, as required by Section 21 of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (2011 Act), PHMSA submitted to Congress a "Review of Existing Federal and State Regulations for Gas and Hazardous Liquid Gathering Lines," (Review). The 2011 Act required PHMSA to review existing state and federal regulations pertaining to onshore and offshore gas and hazardous liquid gathering lines, and make recommendations on the sufficiency of those regulations and the impact and practicability of extending federal regulation to gathering lines not federally regulated. The report, which is dated September 4, 2013, provides a survey of state and federal regulations affecting gas and hazardous liquid gathering lines, but does not set forth any recommendations. PHMSA indicates, however, that it is considering the need for additional regulation and is reviewing whether existing regulatory exemptions should be revised.

PHMSA Rulemaking Update. The table below summarizes the status of PHMSA's various rulemakings as reported in DOT's May Significant Rulemaking Report and by the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs (OIRA) in the recently updated Spring 2015 Unified Regulatory Agenda.

On April 28, OMB received PHMSA's draft NPRM regarding the safety of gas transmission lines. Under Executive Order (EO) 12866, OMB reviews proposed rules to ensure they are consistent with applicable law, the President's priorities, and the principles set forth in the EO, and to ensure the proposals do not conflict with another agency's policies or actions. OMB also analyzes the cost-benefit analyses in support of the proposals. While the EO sets out certain deadlines for OMB evaluation, this review period



Regulations and Code Compliance: Upcoming PHMSA State Seminars

PHMSA offers training on gas and hazardous liquid pipeline safety regulations. More information is available here.

June 2015

24-26 Missouri (gas)

July 2015

20-24 Louisiana (gas and hazardous liquids)

August 2015

3-7 South Carolina (gas)

State-Specific Association Meetings

June 2015

11-14 California Independent
Petroleum Association's
2015 Annual Meeting,
Coronado, CA

July 2015

- 14-16 Kentucky Oil & Gas
 Association Annual
 Meeting, Lexington, KY
- 15-17 <u>Mississippi Natural Gas</u>
 <u>Association Annual</u>
 <u>Conference</u>, Orange
 Beach, Alabama
- 20-24 <u>Louisiana Gas Association</u>
 <u>Annual Pipeline Safety</u>
 <u>Conference</u>, New Orleans,
 LA

is often extended. Nonetheless, PHMSA's submission of the proposed rule to OMB marks a significant milestone on the way to publication of the NPRM. OMB now has three significant PHMSA rules under review (Gas Transmission, Hazardous Liquids and Excess Flow Valves).

Rulemaking & Next Action	DOT Estimated Date to OMB	DOT Estimated Publication Date	OIRA Estimated Publication Date
Excess Flow Valves; NPRM	April 30, 2014 (actual)	May 29, 2015	August 2015
Issues Related to Use of Plastic Pipe in the Gas Pipeline Industry; NPRM	Not listed in report because deemed non-significant	May 21, 2015 (actual)	May 2015
Safety of Gas Transmission Pipelines; NPRM	April 27, 2015 (actual)	August 6, 2015	August 2015
Safety of On-Shore Hazardous Liquid Pipelines; NPRM	May 1, 2014 (actual)	June 30, 2015	August 2015
Valve Installation and Minimum Rupture Detection Standards; NPRM	July 8, 2015	October 20, 2015	September 2015
Enforcement of State Excavation Damage Laws; Final Rule	June 17, 2015	September 29, 2015	August 2015
Operator Qualification, Cost Recovery, Incident Reporting, CO ₂ , Special Permit Renewal, and Other Issues; NPRM	May 19, 2015	August 31, 2015	August 2015

Van Ness Feldman has prepared redlines of PHMSA's Part 191, Part 192, and Part 195 regulations reflecting changes adopted in PHMSA's Periodic Updates final rule, issued January 5, and Miscellaneous Amendments final rule, issued March 11. Please contact <u>Susan Olenchuk, Jim Curry</u>, or <u>Keith Coyle</u> for complimentary copies.

Senators request information from PHMSA following Santa Barbara oil spill. On May 28, in the wake of the Santa Barbara oil pipeline rupture, Senators Barbara Boxer (D-CA), Dianne Feinstein (D-CA), and Edward Markey (D-MA) sent a letter to PHMSA expressing concern about the ruptured pipeline's lack of automatic shut-off valves and the way local resources were used during the spill clean-up. The Senators requested that PHMSA provide additional information, including an unredacted copy of the ruptured pipeline's oil spill response plan, and information regarding local incident response training and whether PHMSA believes it has authority to require installation of automatic or remote-controlled shut-off valves on the ruptured line as it is repaired.

Updates from Other Federal Agencies

NTSB identifies cause of March 2014 gas explosion in East Harlem and issues safety alert. On June 9, the National Transportation Safety Board (NTSB) released a synopsis of its report identifying the causes of a gas distribution line leak and explosion in East Harlem, New York, in March 2014. The report states that the probable cause of the explosion was (1) a defective fusion pipe joint, installed in 2011, that allowed gas to migrate from the main into the building; and (2) an unrepaired sewer line breach that allowed groundwater and soil to enter the sewer and undermine support for the gas main, causing it to sag and overstress the defective joint. The report makes recommendations to the City of New York, the New



Federal Funding Resource Center

Van Ness Feldman continually identifies and provides updates on federal funding opportunities related to energy, environment, natural resources, and public lands, including PHMSA grants.

www.vnf.com/Funding

To sign up for the weekly updates, e-mail vnf@vnf.com with "FFO Subscribe" in the subject line.

To subscribe to the Pipeline Safety Update visit: www.vnf.com/knowledgecenter.aspx York State Public Service Commission, and Consolidated Edison Company of New York. The NTSB also released a <u>Safety Alert</u> emphasizing that proper cleaning and surface preparation is important to fusion joint reliability in plastic natural gas pipelines.

Updates from Canada

On June 4, Canada's Standing Committee on Energy, the Environment, and Natural Resources reported without amendment, Bill C-46, which previously passed the House of Commons. The bill would establish certain "polluter pays" financial responsibility requirements for pipeline operators. Provisions include subjecting pipeline companies to (1) unlimited liability if the company's fault or negligence results in an unintended or uncontrolled product release; (2) a \$1 billion liability limit, without proof of fault or negligence, if the company transports 250,000 barrels of oil per day either through a single pipeline in the aggregate or through several pipelines; (3) the requirement to maintain the financial resources necessary to pay such liability amounts. In addition, the bill would provide for the establishment of pipeline claims tribunals that would be authorized to adjudicate claims against pipeline operators for environmental damage costs. If passed by the Senate, the bill will take effect 12 months after receiving royal assent by the Governor General.

Select Regulatory and Legislative Updates from the States

(New items are marked with an "*"; updated information appears in italics)

ALABAMA

SJR 56: This Senate Joint Resolution establishes the "Alabama One-Call Notification System Study Commission," which will study and make recommendations to the Legislature and the Governor regarding: 1) the expediency and validity of having a single One-Call notification system to serve the entire state of Alabama; 2) the adequacy of the enforcement provisions of current law; and 3) other items related to the One-Call law that may increase the level of safety for its citizens. The Senate Joint Resolution was introduced on May 7.

HB 61 (Greer): This bill would increase the civil penalties for pipeline safety violations to conform with federal limits of \$200,000 for each violation, not to exceed two million dollars for any related series of violations. The bill passed the House on May 19 and the Senate on June 4. The bill was sent to the Governor on June 4.

CALIFORNIA

CPUC ALJ issues decision recommending adoption of revised natural gas pipeline safety regulations. On April 27, Administrative Law Judge (ALJ) Bushey issued a proposed decision recommending that the California Public Utilities Commission (CPUC) adopt Revised General Order 112-F, setting forth revised safety and reliability regulations applicable to gas transmission, distribution and gathering pipelines. The proposed decision modifies the July 2014 proposed regulations. The revised regulations would become effective January 1, 2016. On June 4, ALJ Bushey issued a revised proposed decision that would postpone the effective date of the revised regulations to January 1, 2017, and notes several minor technical revisions to General Order 112-F in response to comments. The CPUC is scheduled to consider Proposed General Order 112-F at its June 11, 2015 meeting.

SB 119 (Hill): This bill proposed numerous modifications to California's One-Call laws. Of note, the proposed legislation would (1) remove the Department of Transportation exemption from participating in the state one-call program; (2) create the California Underground Facilities Safe Excavation Authority (Authority) to enforce excavation laws by hearing stakeholder complaints and assessing civil penalties; (3) modify the one-call exemption for owners of real property to exempt only owners of residential real property using hand tools not requiring a permit; and (4) authorize the CPUC and the Office of the State Fire Marshal to enforce certain requirements against operators of natural gas and hazardous liquid pipelines. The bill was amended by the Senate on June 1 and ordered to the Assembly on June 2.



Additional Van Ness Feldman Publications

<u>Electric Reliability Update –</u> <u>May 29, 2015</u>

Hydro Newsletter – Vol. 2, Issue 6 – May 29, 2015

Northwest Land Matters
Update – May 2015

SB 18 (Hill): As originally proposed, this bill would authorize the CPUC to require that the \$1.4 billion fine proposed by CPUC administrative law judges against PG&E for violations relating to the 2010 San Bruno accident be held in a separate account and not deposited into the state's General Fund. Most of the funds would be used to offset investments in pipeline replacements in the company's service territory that otherwise would be recovered from ratepayers. A portion of the funds also would be allocated for an independent monitor to oversee the company's pipeline operations and provide seed money for a pipeline safety trust that would advocate on behalf of utility consumers. On February 4, the bill was amended to require that moneys collected as a result of citations issued to gas and electric corporations be deposited in the Safe Energy Infrastructure and Excavation Fund, which would be used to fund the California Underground Facilities Safe Excavation Authority.

On March 26, the bill was substantially <u>amended</u> by replacing the above proposals the requirement that the CPUC appoint an attorney to represent the people and the CPUC in all matters involving questions under the Public Utilities Act, a CPUC order or other action; to commence, prosecute, and expedite the final determinations of actions and proceedings directed or authorized by the President; and to advise the CPUC with regard to its powers and duties. The Senate passed the bill, as amended on May 21, and ordered it to the Assembly on May 28. On June 4, it was referred to the Assembly Committee on Utilities and Commerce.

ILLINOIS

The Illinois Commerce Commission (ICC) has <u>proposed</u> to amend its gas pipeline safety regulations to (1) incorporate by reference the federal pipeline safety rules in effect on October 1, 2014, and (2) require that owners and operators of gas pipeline facilities submit to the ICC plans, procedures, and programs required or necessary to implement the gas pipeline safety standards. Comments on the proposed amendments were filed December 22, 2014. The proposed amendments were reviewed at the Joint Committee on Administrative Rules' May 12 meeting.

LOUISIANA

<u>HB 400</u> (Schexnayder): This bill would authorize the Commissioner of Conservation to regulate the location, construction, operation, and maintenance of intrastate LNG facilities, and intrastate pipeline facilities and persons engaged in the intrastate transportation of gas. This bill also would require the Office of Conservation to adopt pipeline safety regulations that are consistent with federal law. *The bill was sent to the Governor for approval on June 9*.

MAINE

On March 31, the Maine Public Utilities Commission (MPUC) <u>proposed</u> to amend its gas pipeline safety regulations, in pertinent part, to: (1) require gas utilities installing natural gas facilities with trenchless technology to implement, as part of their public awareness programs, a stakeholder outreach campaign specific to the use of this technology; (2) require operators to include new construction tasks as covered tasks in their operator qualification programs; (3) include a utility accommodation policy that requires gas utilities to make appropriate accommodations, including temporary removal or relocation of facilities, to ensure safety when another utility performs excavation in proximity to a gas line in order to access an adjacent utility facility; (4) require tracking of components and materials used in the installation and maintenance of mains and service lines; and (5) require documents filed with the MPUC pertaining to pipeline integrity to be signed by a Maine-licensed professional engineer. Comments were filed May 20.

MICHIGAN

HB 4540 (Heise): This bill would amend Michigan's Freedom of Information Act to exempt from disclosure critical energy infrastructure information, such as specific engineering, vulnerability, or detailed design information that: (1) relates details about the production, generation, transportation, transmission, or distribution of fuel or energy; (2) could be useful to a person in planning an attack; and (3) provides more than the general location of critical infrastructure. The bill would exempt information



regarding both existing and proposed infrastructure. The bill was introduced and referred to the Committee on Oversight and Ethics on May 5.

NEVADA

SB 86: Enacted on May 6 and effective July 1, this bill will increase the civil penalties for pipeline safety violations to conform with the federal limits of \$200,000 for each violation, not to exceed two million dollars for any related series of violations. This bill also will increase the maximum civil penalty for violations of provisions relating to excavation damage to \$2,500 per day, not to exceed \$250,000 for any related series of violations within a calendar year, and remove the distinction between negligent, willful, and repeated violations. For any excavation damage violation that occurs less than 24 inches from a high consequence subsurface installation, this bill will allow the Public Utilities Commission of Nevada to triple the maximum penalty upon consideration of certain factors. A high consequence subsurface installation will be defined as: a natural gas pipeline operating at greater than 100 psig; a petroleum pipeline; a pressurized sewage pipeline or force main; certain high-voltage electric supply lines, high-capacity water and telecommunications lines; a hazardous materials pipeline; or any other subsurface installation that if damaged would interrupt an essential public service.

NEW JERSEY

<u>A 2711</u> (Handlin): This bill proposes to create the New Jersey Taskforce on Underground Utility Lines for the purpose of studying issues related to placing overhead utilities underground. The bill was referred to the Assembly Committee on Telecommunications and Utilities on February 24, 2014.

<u>S 2422</u> (Greenstein & Bateman): This bill would require natural gas pipeline utilities to repair or replace leaking natural gas pipelines within time frames to be established by the Dept. of Environmental Protection (DEP). In consultation with the Board of Public Utilities, the DEP would adopt implementing regulations to prioritize time frames for the repair and replacement of pipelines based on the severity of leaks, best practices and repair standards, and de minimis exceptions to the repair and replacement requirements. The penalties for noncompliance would be those set forth in the Air Pollution Control Act (1954). The bill was referred to the Senate Economic Growth Committee on September 18, 2014.

<u>A 4260</u> (Eustace): This bill is the Assembly version of S 2422, currently pending in the Senate. The Assembly bill was introduced and referred to the Telecommunications and Utilities Committee on March 2.

NEW YORK

*AB 7965 (Rodriguez): This bill would amend the Public Service Law to require gas corporations to file with the NYPSC a plan addressing aging and leak-prone pipelines. Plans must: (1) prioritize the replacement of cast and wrought iron pipeline; (2) include completion timelines; and (3) establish workforce development plans to train and increase the number of laborers qualified to repair and replace leak-prone pipe. Gas corporations also would be required to file an annual summary documenting projects completed within the previous year. If approved by the NYPSC, gas corporations would be able to recover infrastructure replacement costs up to 1.5 percent of annual revenue. The bill was introduced and referred to the Committee on Appropriations, Authorities, and Commissions on June 2.

AB 5083 (Paulin): This bill would amend the Public Service Law to require (1) the Department of Public Service to establish a uniform system for classifying gas leaks; (2) gas companies to annually report the location, classification, date, and date of repair of each leak; and (3) the Department to promulgate regulations to implement the classification system and oversee annual reporting. The bill also would require the NYPSC to determine whether New York should require winter surveillance of cast or ductile iron pipelines. The bill was referred to the Corporations, Authorities, and Commissions Committee on February 12. The bill was amended on May 7 and referred to the Committee on Rules on June 8.



<u>SB 5206</u> (Griffo): This bill is the Senate version of AB 5083. The bill would establish reporting requirements for various classifications of gas leaks by utility corporations. The bill was introduced and referred to the Senate Energy and Telecommunications Committee on May 7.

AB 730 (Lentol): This bill would require that the Department of Environmental Conservation, prior to the issuance or renewal of a major facility license, require applicants to demonstrate implementation of state and federal regulations for prompt detection of petroleum discharges from tanks and connecting pipelines, including installation of proper detection equipment. The bill was introduced and referred to the Standing Committee on Environmental Conservation on January 7.

AB 2547 (Rodriguez): This bill would require operators of gas distribution and gas utility facilities to accelerate the repair, rehabilitation, and replacement of pipeline or equipment that is leaking, may pose a high risk of leaks, or may no longer be fit for service. The bill also would require the NYPSC to adopt a cost recovery program, develop timelines prioritizing the repair of all leaks based on severity, require the use of best available technologies to detect gas leaks, adopt standard methodology for calculating and reporting lost and unaccounted for (LAUF) gas, and adopt limits on cost recovery for LAUF gas. The bill was referred to the Energy Committee on January 16.

AB 2648 (Pretlow): This bill would amend the Public Service Law to define "excavation" as including the use of hand tools, and would require excavators to request mark outs for excavation using hand tools through the One-Call notification system. Tilling soil for agricultural purposes, routine residential or right-of-way maintenance, and landscaping activities are exempt provided the activity is performed with non-powered equipment. The bill also would amend the definition of "underground facilities" to include all facilities that an operator uses to provide "services or materials," regardless of whether the operator installed the facility. The bill was referred to the Corporations, Authorities, and Commissions Committee on January 20.

AB 2777 (Brennan): This bill would require gas corporations to file an annual gas safety report with the Department of Public Service. The report would include a description of the strategic planning and decision-making methodology employed in prioritizing pipeline replacement projects, the corporation's operations and maintenance activities relating to gas safety, the corporation's intrastate inspections policies, and a list of pipeline replacement projects. The Department must report deficiencies in the gas corporation's project prioritization or administration of pipeline infrastructure to the Public Service Commission, which could order reasonable improvements. This bill was referred to the Corporations, Authorities, and Commissions Committee on January 20. On March 24, the bill was passed by the Assembly and referred to the Senate Committee on Corporations, Authorities, and Commissions.

<u>SB 5811</u> (Perkins): This bill is the Senate version of AB 2777, and would require gas corporations to file an annual gas safety report with the Department of Public Service. On June 4, the bill was referred to the Senate Committee on Energy and Telecommunications.

NORTH DAKOTA

On November 10, 2014, the North Dakota Public Service Commission (NDPSC) issued a notice that it is proposing to amend its pipeline safety regulations to include PHMSA's gas and hazardous liquid safety regulatory requirements adopted through November 6, 2014, and on January 7, issued an Order submitting the proposed rules to the Attorney General. The Order notes that, although the NDPSC has the authority to regulate the safety of the state's hazardous liquid pipelines, it currently does not have a certified hazardous liquid safety program with PHMSA. The proposed rules were published in the April 2015 North Dakota Administrative Code Supplement 356.

OKLAHOMA

Oklahoma Corporation Commission adopts rules relating to damage prevention and enforcement. On March 15, the Oklahoma Corporation Commission (OCC) <u>adopted proposed rules</u> that provide the OCC with authority to enforce violations of the Oklahoma Underground Facilities Damage Prevention Act



with respect to pipelines. The rules also require excavators to immediately notify local emergency responders in the event of an uncontrolled or unintentional release of flammable, toxic or corrosive gas or liquid from a pipeline or pipeline system. The rules were submitted to the Governor and the Oklahoma Legislature for approval.

OREGON

HB 3410 (Helm): This bill would establish a nine-member Task Force on Secure Pipelines to study and report on state and federal safety standards, new technologies for safer pipeline transportation of petroleum, natural gas, and other flammable substances, costs related to such technologies, and incentives to encourage the use of such technologies to construct or retrofit pipelines and related facilities. The Task Force would be required to report its findings by September 15, 2016. The bill was referred to the Committee on Energy and Environment on March 6, with a subsequent referral to the Joint Committee on Ways and Means.

PENNSYLVANIA

SB 561 (Rafferty): This bill would amend the Gas and Hazardous Liquids Act to replace the Pennsylvania Public Utility Commission with the Department of Transportation of the Commonwealth as the entity with safety jurisdiction over pipelines. The bill also would require the newly created Department to seek certification from PHMSA to enforce pipeline safety requirements for intrastate gas and hazardous liquid pipelines, and to act as an interstate inspection agent on behalf of PHMSA. The bill was referred to the Consumer Protection and Professional Licensure Committee on March 6.

HB 445 (Baker): This bill would amend the Underground Utility Line Protection Law to impose additional duties on facility owners, including submitting reports of alleged excavation damage violations, to establish an annual fee for excavators requesting information from the One Call System, and to create a Damage Prevention Committee to review reports of alleged violations and issue informal determinations imposing administrative penalties. The bill was referred to the Consumer Affairs Committee on February 11.

SB 418: This bill would amend the Underground Utility Protection Law to require the exclusive use of steel products produced in the United States for the construction, alteration, repair, improvement, and maintenance of gathering lines. The bill was referred to the Consumer Protection and Professional Licensure Committee on February 12.

SB 367 (White): This bill would amend the definition of "line" and "facility" in the Underground Utility Protection Law to include gathering lines used to gather natural gas from unconventional gas wells. The effect of this legislation is to make these lines in Pennsylvania subject to the state's One-Call system. This bill was referred to the Consumer Protection and Professional Licensure Committee on January 30.

RHODE ISLAND

<u>HB 5959</u> (Azzinaro): This bill will expand the authority of the Division of Public Utilities and Carriers to adopt federal pipeline safety standards. *The bill was signed by the Governor on June 8*.

FOR MORE INFORMATION

Van Ness Feldman counsels clients on pipeline safety compliance, enforcement, and litigation under the Pipeline Safety Laws and Regulations and related statutes. If you are interested in additional information regarding pipeline safety matters or any PHMSA or pipeline related matter, please contact <u>Susan Olenchuk</u> at (202) 298-1896 or <u>sam@vnf.com</u>, <u>Jim Curry</u> at (202) 298-1831 or <u>jbc@vnf.com</u>, <u>Keith Coyle</u>, at (202) 298-1811 or <u>kjc@vnf.com</u>, or any member of the firm's Pipeline & LNG practice group.

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