

PHMSA Issues Proposed Rules for Gas Pipeline Regulatory Reform

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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 the gas pipeline systems. Key reformations include reducing the burden on distribution pipelines associated with the Distribution Integrity Management Program ("DIMP"), streamlining reporting obligations, and easing certain monitoring requirements.

Through the NOPR, the PHMSA proposed two revisions to DIMP requirements to ease the regulatory burden on gas distribution operators: (i) the exemption of farm taps originating from unregulated gathering and production pipelines from both DIMP and incident and annual reporting requirements; and (ii) the exemption of master meter operators from DIMP requirements.

The PHMSA also proposed two revisions to the reporting requirements for distribution operators: (i) eliminating the requirement for operators to submit mechanical fitting failure ("MFF") reports through DOT Form PHMSA F-7100.1-2, and instead, collecting all necessary information by adding a MFF count to the gas distribution annual report form; and (ii) raising the threshold for reporting incidents that result in property damage from \$50,000 to \$122,000.

Regarding monitoring requirements, the PHMSA proposed amendments related to corrosion control. Specifically, the PHMSA proposed to revise the requirement of regular inspection of rectifiers on gas pipelines under Section 192.485(b) of the Regulations. Currently, all onshore gas pipelines exposed to the atmosphere must be inspected once every three (3) years. However, the PHMSA proposed to extend the maximum inspection interval for distribution service lines to five (5) years (unless atmospheric corrosion was identified on the last inspection).

In response to the NOPR, the West Virginia Independent Oil & Gas Association, the Pennsylvania Independent Oil & Gas Association, the Independent Petroleum Association of America, and many oil and gas producers have filed comments discussing the positive and negative attributes of the NOPR.

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