

PHMSA Publishes Gas Regulatory Reform Final Rule

On January 11, 2021, the Pipeline and Hazardous Materials Safety Administration (PHMSA or the Agency) published a [Final Rule](#) amending the gas pipeline safety regulations at 49 C.F.R. Parts 191 and 192. Adopted as part of the Trump administration's efforts to reduce or eliminate unnecessary regulatory burdens, PHMSA estimates that the Final Rule will result in approximately \$130 million in annualized cost savings for pipeline operators. Although the effective date of the Final Rule is March 12, 2021, the Agency provided a deferred compliance date of October 1, 2021, for the new amendments.



Additional information about the Final Rule is provided below.

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Distribution Integrity Management Program Exemptions and Farm Taps

- Consistent with the policy announced in PHMSA's March 2019 Exercise of Enforcement Discretion, the Final Rule provides operators with the option to maintain pressure regulating devices on farm taps under either the distribution integrity management program (DIMP) requirements or 49 C.F.R. § 192.740. The Final Rule exempts farm taps originating from unregulated production and gathering pipelines from the DIMP requirements, the overpressure protection inspection requirements in § 192.740, and the annual reporting requirements in Part 191.
- The Final Rule does not amend PHMSA's regulations to provide additional clarity in determining what qualifies as a farm tap or where production, gathering, or transmission piping ends and distribution service line piping begins in farm tap configurations. The Agency stated that these definitional issues will be addressed in a guidance document that remains under development or in a future rulemaking proceeding. In the preamble to the Final Rule, PHMSA emphasized that any portion of a farm tap originating from an unregulated pipeline that meets the definition of service line must still comply with all applicable Part 191 and 192 requirements.
- The Final Rule also exempts master meter operators from the DIMP requirements. PHMSA noted that it would evaluate separately whether to extend the exception to small LPG operators or all distribution operators with fewer than 100 customers.

Corrosion Control

- The Final Rule allows operators to remotely monitor cathodic protection rectifier stations, codifying the position the Agency had already taken in a 2019 [interpretation](#). If operators remotely monitor rectifiers, operators are required to conduct a physical inspection of the rectifier annually. PHMSA also confirmed that the regulations and related interpretations do not specify a particular technology.
- The Final Rule extends the atmospheric corrosion control inspection interval for distribution service lines from 3 years to 5 years, not to exceed 63 months. If atmospheric corrosion is identified, the inspection interval reverts to the 3-year period. Going forward, if no atmospheric corrosion is identified in a subsequent inspection, then the operator could then return to the 5-year inspection interval.

- The Final Rule did not adopt proposals by commenters and the Gas Pipeline Advisory Committee to use remediation as an alternative to the 3-year inspection interval if atmospheric corrosion has been observed. PHMSA explained that the current regulations already require remediation of atmospheric corrosion and operators can use the 5-year inspection interval if no atmospheric corrosion is identified in subsequent inspections. PHMSA also clarified that operators must retain the records of the two most recent atmospheric corrosion inspections to use the 5-year inspection interval in order to support that atmospheric corrosion was not identified on the service line. Finally, PHMSA clarified that consideration of corrosion risks in a DIMP plan includes atmospheric corrosion.

Reporting and Information Collection

- The Final Rule adjusts the monetary property damage threshold in the definition of an “incident” from \$50,000 to \$122,000 to account for inflation. This threshold had not been updated since 1984 and includes losses to the operator and third parties, but not the cost of lost gas. PHMSA committed to updating the monetary damage threshold annually based on the formula provided in newly established Appendix A to Part 191. The Agency will post the updated monetary damage threshold to its website, with the new threshold becoming effective on July 1st each year.
- The Final Rule eliminates §§ 191.12 and 192.1009 (the requirement to submit mechanical fitting failure (MFF) reports). Operators are still required to file incident reports for MFFs that involve a failure of a mechanical joint. Operators also need to include a count of hazardous leaks involving a mechanical joint failure in its gas distribution annual reports.

Standards Incorporated by Reference for Plastic Pipe

- The Final Rule incorporates by reference the 2018a edition of ASTM D2513-18a, “Standard Specification for Polyethylene (PE) Gas Pressure Pipe, Tubing, and Fittings” and adopts corresponding amendments to the plastic pipe design standards to allow a design factor of 0.40 for pipe with a diameter of 24 inches or less.
- The Final Rule also incorporates by reference the 2019 edition of ASTM F2620, “Standard Practice for Heat Fusion Joining of Polyethylene Pipe and Fittings” and corresponding amendments to the requirements for joining procedures in §§ 192.281 and 192.283 to clarify that procedures that provide an equivalent or superior level of safety to ASTM F2620 are acceptable. PHMSA agreed with commenters that 0.099 is an acceptable minimum wall thickness for 1-inch CTS Pipe.

Test Factor for Pressure Vessels

- In response to a 2015 petition for reconsideration, PHMSA amended § 192.153(e) to allow pressure vessels that were tested in accordance with the 1.3 times MAOP test factor after July 14, 2004, to continue operating without retesting.
- Pre-fabricated units and pressure vessels meeting the 1.3 test factor installed after July 14, 2004, are not subject to the strength testing requirements of § 192.505(b) as long as the components were installed before October 1, 2021 (the compliance deadline for the Final Rule). Likewise, these same components are not subject to the duration requirements of § 192.505(c) and (d) as long as they have been tested for duration consistent with § 192.153(a) and (b).
- Pre-fabricated units and pressure vessels installed on or after October 1, 2021, must be tested for the duration specified in §§ 192.505(c), 192.505(d), 192.507(c), or 192.509, as applicable.
- PHMSA also adopted its proposal to accept pre-installation manufacturer pressure tests, with certain conditions, for newly manufactured pressure vessels installed after October 1, 2021. If the manufacturer pressure test is used, the operator must inspect the pressure vessel after it has been placed into service in accordance with the new requirements in § 192.153(e). In response to comments regarding pressure vessels temporarily used on a pipeline facility, PHMSA is also accepting pre-installation manufacturer pressure tests or a prior test so long as the component is promptly removed

after the task is complete. The Agency also adopted requirements pertaining to the pressure vessels that are temporarily removed from a pipeline facility and reinstalled at that location or a different location.

Other Amendments

- The Final Rule adopted a change to § 192.229(b), which provides that welders may not weld with a welding process they have not engaged in within the last 6 months, by extending the time frame to 7 ½ months.
- The Final Rule extends the allowance for testing fabricated units and short segments of pipe prior to installation if a post-installation test is not practicable, which is currently permitted for steel pipelines that operate at a stress level greater than 30% SMYS, to steel pipelines that operate at a stress level less than 30% SMYS and at or above 100 psi. The Final Rule does not extend the pre-testing provisions to pipelines operating below 100 psi, service lines, or plastic pipelines. The Final Rule removes “hydrostatic” from the new § 192.507(d) to allow for the use of test mediums other than water.



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Led by three former Pipeline and Hazardous Materials Safety Administration (PHMSA) attorneys, our Pipeline and Hazardous Materials Safety practice group counsels pipeline and midstream companies, gas utilities, terminal operators, investors, trade associations, and other stakeholders, throughout the United States. James Curry, Keith Coyle and Brianne Kurdock together have more than 25 years of experience with a multitude of pipeline safety issues. They partner with client engineering and legal personnel to address day-to-day compliance questions and develop business and regulatory strategies.