

2013 HOUSE ENERGY AND NATURAL RESOURCES

HB 1064

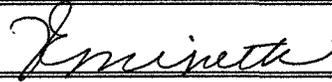
2013 HOUSE STANDING COMMITTEE MINUTES

Energy And Natural Resouces Committee
Pioneer Room, State Capitol

HB 1064
Jan 17, 2013
17340

1 testimony

Conference Committee



Minutes: Relating to the maximum penalty for a violation of pipeline safety standards.

Rep. Porter: We will the hearing on HB 1064.

Ilona A. Jeffcoat-Sacco: General Counsel with the Public Service Commission; (See testimony1)

Brian Kalk: Public Service you are probably thinking this is a lot of money but it has to be to match the federal guidelines to make sure we can get the 50% match to continue a good damage prevention program. One of the things we are asking for in the budget this year is a second position for pipeline safety to keep up with the growing need to regulate the growing number of gas pipelines in the state and so we are looking forward to doing those things but we will need that federal match to continue.

Rep. Nathe: what the amount of fines that the PSC collected in the past?

Brian Kalk: I believe it is \$14,000 this biennium and that goes into the general fund.

Rep. Keiser: what is the dollar amount for the federal match?

Brian Kalk: Right now it is 50% of our pipeline safety program is funded by our federal government. It is \$120,000. That is the total program so we would lose \$60,000 of that.

Rep. Porter: We have HB 1064 in front of us. We have motion from Rep. Keiser for a Do Pass on HB 1064 and seconded by Rep. Silbernagel.

Yes 12 No 0 Absent 1 Carrier Rep. Anderson

Date: 1-17-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1064

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Keiser Seconded By Rep. Silbernagel

Representatives	Yes	No	Representatives	Yes	No
Chairman Todd Porter	✓		Rep. Bob Hunsakor	✓	
Vice Chairman Chuck Damschen	✓		Rep. Scot Kelsh	✓	
Rep. Jim Schmidt			Rep. Corey Mock	✓	
Rep. Glen Froseth	✓				
Rep. Curt Hofstad	✓				
Rep. Dick Anderson	✓				
Rep. Peter Silbernagel	✓				
Rep. Mike Nathe	✓				
Rep. Roger Brabandt	✓				
Rep. George Keiser	✓				

Total (Yes) 12 No 0

Absent 1

Floor Assignment Rep. Anderson

If the vote is on an amendment, briefly indicate intent:

Do Pass
Carrier Rep Anderson

REPORT OF STANDING COMMITTEE

HB 1064: Energy and Natural Resources Committee (Rep. Porter, Chairman)
recommends **DO PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
HB 1064 was placed on the Eleventh order on the calendar.

2013 SENATE NATURAL RESOURCES

HB 1064

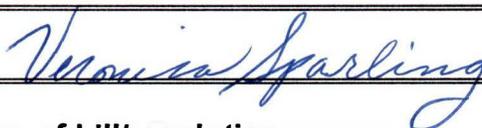
2013 SENATE STANDING COMMITTEE MINUTES

Senate Natural Resources Committee Fort Lincoln Room, State Capitol

SB 1064
February 22, 2013
19388

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the maximum penalty for a violation of pipeline safety standards

Minutes:

attachments

Chairman Lyson opened the hearing for HB 1064.

Illona Jeffcoat-Sacco, General Counsel with the Public Service Commission, presented written testimony in favor of the bill. See attachment #1. (Ends at 2:26)

Senator Murphy asked what the meaning of injunctive is.

Ms. Jeffcoat-Sacco said it means to prohibit or stop something from happening.

Senator Murphy asked what the most common types of failures are or what the greatest concerns that might invoke some of these violations and penalties described in the bill are.

Ms. Jeffcoat-Sacco deferred that question to Mr. Fahn.

Patrick Fahn, Director of Compliance and Competitive Markets with the Public Service Commission, said they are required to keep and file records and the most common violation is a records violation. This is usually due to them not filling out the reports, or they misplace the records or they just do not get the records from the field back to the office. Other violations include failure to do maintenance, patrolling of the system, and testing of the system.

Senator Triplett asked if the mention of damage by third parties was referring to unintentional damage or to vandalism.

Mr. Fahn said there is not a vandalism issue in North Dakota. The problem is generally a matter of an excavator forgetting to call before he digs.

There was a question about corrosion of the pipelines looking into the future. Mr. Fahn explained some of the methods used to prevent corrosion or to correct corrosion when it does happen. (07:40 to 08:35)

Senator Laffen asked if there was a definition elsewhere in the law that defines what a pipeline is. Are these pipelines for gas? Oil? Water? All of the above? All across the state? If so how small a pipeline are they referring to? Would it include the gas lines in someone's yard?

Mr. Fahn said what the PSC is enforcing are intrastate natural gas pipelines. It includes transmission and distribution pipelines. In some cases it will include gathering lines when they are near inhabited buildings. Anything other than natural gas pipelines that fits into those categories, the pipeline safety regulations are enforced by The Pipeline and Hazardous Materials Safety Administration.

There was discussion about how well the gas lines are marked in our state. There was also discussion about the maximum fine and the fact that the commission can determine the fine. (Ends at 11:10)

Brian Kalk, Chairman of the Public Service Commission who currently holds the Pipeline Safety Portfolio, spoke in support of HB 1064. The bills being considered would increase the potential fines for noncompliance, make it possible to add another safety inspector, and increase the fines if someone doesn't call before they dig. All of these measures would help them do a better job of protecting the infrastructure in the ground. The increase in fines is aimed at increasing compliance.

Senator Triplett asked where the line is between PSC jurisdiction and no regulation.

Mr. Kalk tried to describe where those lines of jurisdiction are drawn. (14:00 to 17:30.)

Mr. Kalk explained that there is not a data base of where the gas lines are placed. The Department of Homeland Security does not want that information to be available, yet the Public Service Commission wants that information for the sake of public safety. We have to continue to enforce pipeline safety, we have to continue to get the right people in place, we have to have enough inspectors out there to find the problems before they exist, we need to get the public awareness out there. Long term it would be good to have a repository of all the pipelines.

Senator Murphy asked Mr. Kalk to explain how the anode works as a buffer to corrosion.

Mr. Kalk explained. (19:39 to 19:52)

Mr. Kalk said the request for another inspector in the budget is in a different bill.

There was a discussion of the definition of gathering lines. (Ends at 20:55)

Opposition: None

Neutral: None

Chairman Lyson closed the hearing for HB 1064.

Senator Murphy: Do Pass

Senator Burckhard: Second

Roll Call Vote: 7, 0, 0

Carrier: Senator Murphy

REPORT OF STANDING COMMITTEE

HB 1064: Natural Resources Committee (Sen. Lyson, Chairman) recommends DO PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1064 was placed on the
Fourteenth order on the calendar.

2013 TESTIMONY

HB 1064

House Bill 1064

Presented by: Illona A. Jeffcoat-Sacco
General Counsel
Public Service Commission

Before: House Energy and Natural Resources Committee
Honorable Todd Porter, Chairman

Date: January 17, 2013

TESTIMONY

Mister Chairman and committee members, I am Illona Jeffcoat-Sacco, General Counsel with the Public Service Commission. The Commission asked me to appear today in support of House Bill 1064, introduced at our request.

The Commission is responsible for ensuring that gas pipeline facilities used for the intrastate distribution and transmission of gas are designed, constructed, and operated to meet the pipeline safety standards set forth in regulations of the United States Department of Transportation. Each year, the Commission enters into an agreement with the United States Department of Transportation which grants North Dakota authority to conduct a gas pipeline safety program. As part of this agreement, approximately 50 percent of the cost of the North Dakota Gas Pipeline Safety Program is funded by the federal government.

North Dakota's Gas Pipeline Safety Program must be administered consistent with the Pipeline and Hazardous Materials Safety Administration's (PHMSA) "Guidelines to States Participating in the Pipeline Safety Program."

PHMSA requires that the Public Service Commission provide for the enforcement of the safety standards by injunctive and monetary sanctions that are substantially the same as those provided by sections 60120 (enforcement) and 60122 (civil penalties) of chapter 601 of Title 49 of the United States Code. Under Section 60122, a person that has violated a pipeline safety regulation is liable for a civil penalty of not more than \$200,000 for each violation. A separate violation occurs for each day the violation continues. The maximum civil penalty for a related series of violations is \$2,000,000. The proposed legislation before you amends current state penalty provisions to equal those under Section 60122.

Mister Chairman, this concludes my testimony. I will be happy to answer any questions you may have.

#1

House Bill 1064

Presented by: Illona A. Jeffcoat-Sacco
Public Service Commission

Before: Senate Natural Resources Committee
Honorable Stanley W. Lyson, Chairman

Date: February 22, 2013

TESTIMONY

Mister Chairman and committee members, I am Illona Jeffcoat-Sacco, General Counsel with the Public Service Commission. The Commission asked me to appear today in support of House Bill 1064, introduced at our request.

The Commission is responsible for ensuring that gas pipeline facilities used for the intrastate distribution and transmission of gas are designed, constructed, and operated to meet the pipeline safety standards set forth in regulations of the United States Department of Transportation. Each year, the Commission enters into an agreement with the United States Department of Transportation which grants North Dakota authority to conduct a gas pipeline safety program. As part of this agreement, approximately 50 percent of the cost of the North Dakota Gas Pipeline Safety Program is funded by the federal government.

North Dakota's Gas Pipeline Safety Program must be administered consistent with the Pipeline and Hazardous Materials Safety Administration's (PHMSA) "Guidelines to States Participating in the Pipeline Safety Program." PHMSA requires that the Public Service Commission provide for the enforcement

of the safety standards by injunctive and monetary sanctions that are substantially the same as those provided by sections 60120 (enforcement) and 60122 (civil penalties) of chapter 601 of Title 49 of the United States Code. Under Section 60122, a person that has violated a pipeline safety regulation is liable for a civil penalty of not more than \$200,000 for each violation. A separate violation occurs for each day the violation continues. The maximum civil penalty for a related series of violations is \$2,000,000. The proposed legislation before you amends current state penalty provisions to equal those under Section 60122.

Mister Chairman, this concludes my testimony. I will be happy to answer any questions you may have.