

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
SPECIAL PERMIT RENEWAL**

Special Permit Information:

Docket Number:	PHMSA-2013-0181
Requested By:	Fairbanks Natural Gas, LLC
Operator ID#:	99128
Original Date Requested:	September 25, 2013
Renewal Date Requested:	November 5, 2018
Original Issuance Date:	May 13, 2014
Renewal Issuance Date:	September 3, 2020
Effective Dates:	May 13, 2019 to May 13, 2029
Code Section(s):	49 CFR 193.2155(b)

Grant of Special Permit:

By this order, subject to the terms and conditions set forth below, the Pipeline and Hazardous Materials Safety Administration (PHMSA) Office of Pipeline Safety (OPS)¹ grants the renewal of this special permit to Fairbanks Natural Gas, LLC (FNG) for a period of 10 years. This special permit waives compliance from 49 Code of Federal Regulations (CFR) 193.2155(b) for the structural requirements for one (1) 125,000-barrel (BBL) (nominal 5,250,000 gallons) full-containment liquefied natural gas (LNG) storage tank at FNG’s existing storage and vaporization site located at 2942 Tria Road, Fairbanks, Alaska (FNG LNG Plant) as described below.

This special permit renewal requires FNG to implement the conditions in the original May 13, 2014, special permit for the full-containment LNG Storage Tank (*special permit facility*) located

¹ Throughout this special permit the usage of “PHMSA” or “PHMSA OPS” means the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration Office of Pipeline Safety.

at FNG LNG Plant in Fairbanks, Alaska.

PHMSA hereby grants this special permit for the *special permit facility* based on the findings set forth in the “Final Environmental Assessment and Findings of No Significant Impact” documents, which both can be read in their entirety in Docket No. PHMSA-2013-0181 in the Federal Docket Management System (FDMS) located on the internet at www.regulations.gov.

I. Purpose and Need:

On May 13, 2014, PHMSA issued a special permit with conditions to waive compliance from 49 CFR 193.2155(b) for one (1) 125,000-barrel BBL (5,250,000 gallons) single containment LNG storage tank at the FNG LNG Plant. The special permit also applied to all ancillary facilities, such as tank instrumentation and pressure relief valves, required to operate the LNG storage tank. PHMSA granted this special permit for a period of no more than five (5) years from the grant date. FNG was required to seek renewal of the special permit, at least 180 days prior to the expiration date.

On November 5, 2018, FNG submitted a request to renew the May 13, 2014, special permit waiving compliance from 49 CFR 193.2155(b). Section 193.2155(b) states, “An LNG storage tank must not be located within a horizontal distance of 1 mile (1.6 km) from the ends, or ¼ mile (0.4 km) from the nearest point of a runway, whichever is longer. The height of LNG structures in the vicinity of an airport must also comply with Federal Aviation Administration requirements in 14 CFR Section 1.1.” The renewal request includes a design change of the LNG storage tank at the FNG LNG Plant from a single containment LNG storage tank to a full-containment LNG storage tank. FNG’s new 125,000 BBL (5,250,000 gallons) full-containment LNG storage tank, at its existing FNG LNG Plant at 2942 Tria Road, Fairbanks, Alaska, is located 0.80 miles (1.29 km) from the end of Runway 6 at the Metro Field Airport (MTF). FNG states the optimum location for the storage tank is adjacent to the existing storage and vaporization site due to the proximity to the gas distribution header.

FNG states the full-containment storage tank is needed to allow a large-scale conversion of residential and commercial heating fuel from heating oil to natural gas. This conversion will alleviate the particulate matter of two and a half millionths of a meter and smaller (PM2.5) air quality issues currently experienced in the Fairbanks and North Pole areas, and move these

communities toward air quality attainment. FNG states that granting the special permit will allow FNG to proceed with plans for rapid expansion of natural gas service to the greater Fairbanks and North Pole areas and allow natural gas to displace heating oil as a space heating fuel, providing immediate air quality improvements. The public will benefit by the issuance of the special permit by having the option to switch to natural gas as a space heating fuel and receive the dual benefits of cleaner air and lower energy costs. Additionally, the public will benefit by the further development of land zoned for industrial use and the retention of an airport used in commerce.

II. Special Permit Facility:

The *special permit facility* is defined as one (1) 125,000 BBL (5,250,000 gallons) full-containment LNG Storage Tank that is located 4,248 feet (0.80 miles) from the end of Runway 6 at MTF in Fairbanks, Alaska. The *special permit facility* has had design changes since the original special permit was issued in 2014 from a single containment tank to a full-containment tank.

III. Conditions:

PHMSA grants this special permit renewal for the *special permit facility* subject to FNG implementing the conditions prescribed in the original May 13, 2014 special permit as follows:

- 1) **Plans and Procedures:** FNG must review and update the plans and procedures required by 49 CFR 193.2017(c)(2) including operations procedures required by 49 CFR 193.2503, 193.2507, 193.2509, 193.2513, maintenance procedures required by 49 CFR 193.2605, personnel qualifications and training procedures and requirements in 49 CFR Part 193, Subpart H, and security procedures required by 49 CFR 193.2903 at intervals not exceeding 15 months, but at least once every calendar year for the *special permit facility*.
- 2) **Emergency Procedures:** FNG must review and update the plans and procedures required by 49 CFR 193.2509 at intervals not exceeding 15 months, but at least once every calendar year for the *special permit facility*. As part of the review, Fairbanks LNG must update local coordinating officials, including the Fairbanks Metro Field Emergency Response officials, of the most up-to-date emergency procedures, including changes made since the previous

update. The update must address any lessons learned identified during the review required by **Condition 5**.

- 3) **Security Procedures**: FNG must review and update security procedures required by 49 CFR Part 193, Subpart J at intervals not exceeding 15 months, but at least once every calendar year for the *special permit facility*. As part of the review, FNG must update local coordinating law enforcement officials, including the Fairbanks Metro Field Security officials, of the most up-to-date security procedures, including changes made since the previous update. The update must address any lessons learned identified during the review required by **Condition 5**.

- 4) **Annual Report to PHMSA**: Within three (3) months following the grant of this special permit and annually² thereafter, FNG must submit an annual report to the Director, PHMSA OPS Western Region summarizing all significant integrity threats and the following items:
 - a) In the first annual report, FNG must describe the economic benefits of the special permit, including both the costs avoided from not locating the *special permit facility* further away from Fairbanks Metro Field and the added costs of the inspection program. Subsequent annual reports should address any changes to these economic benefits.
 - b) In the first annual report, FNG must fully describe how the public benefits from energy availability. This should address the benefits of avoided disruptions and the benefits of maintaining system capacity. Subsequent reports must indicate any changes to this initial assessment.
 - c) Any new integrity or security threats identified during the previous year and the results of any assessments performed during the previous year for the *special permit facility*.
 - d) Any reportable incident or any leak normally indicated on the DOT Annual Report, and all repairs on the *special permit facility* that occurred during the previous year in the *special permit facility*.

² Annual reports must be received by PHMSA by the last day of the month in which the Special Permit is dated. For example, the annual report for a Special Permit dated May 28, 2014, must be received by PHMSA no later than May 31, each year beginning in 2015.

- e) Any Lessons Learned (**Condition 5**) findings including findings from the review and procedures update of **Condition 1** - Plans and Procedures, **Condition 2** - Emergency Procedures, **Condition 3** - Security Procedures, or **Condition 7** - Root Cause Analysis for Failure or Leak.
- f) Any mergers, acquisitions, transfer of assets, or other events affecting the regulatory responsibility of the company operating the *special permit facility*.

- 5) **Lessons Learned**: At a minimum of twice each calendar year, but not to exceed seven (7) months, FNG must complete a lessons-learned review and update of any procedures found to need revision as a result of leaks, incidents, maintenance findings, security breaches, root cause analysis findings, aircraft near misses or abnormal flight operations that exposed the *special permit facility* to the threat of an aircraft impact, or findings from liaisons with public officials.
- 6) **Management of Change**: FNG must develop and implement a management of change procedure to assure that any proposed changes in the design, construction, operation, or maintenance of the *special permit facility* that could affect integrity, safety, or security are properly coordinated and approved by all cognizant organizations and responsible parties within the operator's organization prior to implementation. At a minimum, the management of change procedure must address: (1) establishment of communications between the FNG's management, design, construction, engineering, operations, maintenance, security, emergency preparedness, associated field personnel, and any other cognizant organization or responsible party when planning and implementing physical changes to the *special permit facility* equipment or configuration; (2) establishment of communications between the FNG's management, design, construction, engineering, operations, maintenance, security, emergency preparedness, associated field personnel, and any other cognizant organization or responsible party when planning and implementing procedural or operational changes or practices affecting the operation or maintenance of the *special permit facility* ; and (3) document the analysis and its conclusions, including the basis for approving the change and addressing any safety, integrity, or security concerns. Evaluation, approval, and authorization of contemplated changes must be documented by FNG.

- 7) **Root Cause Analysis for Failure or Leak:** FNG must notify PHMSA’s Western Region Director within five (5) days, if a leak, failure or other incident occurs in the *special permit facility*. A ‘root cause analysis’ must be performed to determine the cause of the leak, failure or other incident and the findings must be sent to the Director, PHMSA OPS Western Region and to the Director, PHMSA Engineering and Research Division within 60 days of the incident. PHMSA will review the ‘root cause analysis’ report to determine if revocation, suspension, or modification of the special permit is warranted based upon incident findings.
- 8) **Documentation:** FNG must maintain the records in paragraphs (a) and (b) for the *special permit facility*. FNG must maintain all documentation required by paragraphs (a) and (b) below for the life of the special permit and provide such documentation to the Director, PHMSA OPS Western Region upon request:
- a) Documentation showing that FNG complied with 49 CFR 193.2017(c)(2), 193.2509, and Part 193, Subpart J.
 - b) Documentation of compliance with all conditions of this renewed special permit.
- 9) **Certification:** No later than 30 days after commencing service of the full-containment storage tank, a senior executive officer, vice president or higher, of FNG must certify the following in writing:
- a) FNG meets the conditions described in this special permit or has procedures meeting these conditions for O&M activities that are completed after placing the *special permit facility* into operational service;
 - b) The written manual of O&M procedures has been updated to include the additional operating and maintenance requirements of this special permit; and
 - c) A compliance documentation summary showing FNG implemented all conditions as required by this special permit.

FNG must send the signed and dated written certifications with corresponding completion dates to the Associate Administrator for Pipeline Safety, with copies to the Director, OPS Western Region; and to the Federal Register Docket (PHMSA-2013-0181) at

<https://www.regulations.gov> within 30 days of placing the full-containment storage tank into service.

IV. Limitations:

This special permit is subject to the limitations set forth in 49 CFR 190.341 as well as the following limitations:

1. PHMSA has the sole authority to make all determinations on whether FNG has complied with the specified conditions of this special permit. Failure to comply with any condition of this special permit may result in revocation of the permit.
2. Any work plans and associated schedules for the full-containment storage tank associated with this special permit are automatically incorporated into this special permit and are enforceable in the same manner.
3. Failure by FNG to submit the certifications required by **Condition 9 (Certification)** within the time frames specified may result in revocation of this special permit.
4. As provided in 49 CFR 190.341, PHMSA may issue an enforcement action for failure to comply with this special permit. The terms and conditions of any corrective action order, compliance order or other order applicable to a pipeline or LNG facility covered by this renewed special permit will take precedence over the terms of this renewed special permit.
5. If FNG sells, merges, transfers, or otherwise disposes of all or part of the assets known as the FNG LNG Plant, FNG must provide PHMSA with written notice of the change within 30 days of the consummation date. In the event of such transfer, PHMSA reserves the right to revoke, suspend, or modify the special permit if the transfer constitutes a material change in conditions or circumstances underlying the permit. Any notifications for this limitation must be sent to the PHMSA Associate Administrator for Pipeline Safety with copies to the Director, PHMSA Western Region; and the Director, PHMSA Engineering and Research Division.

6. PHMSA grants this special permit to limit it to a term of no more than ten (10) years from the date of issuance. If FNG elects to seek renewal of this special permit, FNG must submit its renewal request at least 180 days prior to expiration of the ten (10) year period to the PHMSA Associate Administrator for Pipeline Safety with copies to the Director, PHMSA Western Region and Director, PHMSA Engineering and Research Division. All requests for a renewal must include a summary report in accordance with the requirements in **Condition 4 (Annual Report to PHMSA)** and must demonstrate that the special permit is still consistent with pipeline safety. PHMSA may seek additional information from FNG prior to granting any request for special permit renewal.

AUTHORITY: 49 U.S.C. 60118(c)(1) and 49 CFR 1.97.

Issued in Washington, DC on September 3, 2020

ALAN KRAMER
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Alan K. Mayberry,

Associate Administrator for Pipeline Safety