

# **FREQUENTLY ASKED QUESTIONS**

## **FY 2022 Natural Gas Distribution Infrastructure Safety and Modernization Grant Notice of Funding Opportunity (NOFO)**

*Updated: July 29, 2022*

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**1. When do you expect regulations (grant criteria) to be available?**

The grant program parameters are outlined in the Natural Gas Distribution Infrastructure Safety and Modernization (NGDISM) Grant Program Notice of Funding Opportunity (NOFO) that was published on [www.grants.gov](http://www.grants.gov) on May 24, 2022. To obtain full eligibility requirements and application instructions, please read the official NOFO on Grants.gov [here](#).

**2. How does PHMSA define Disadvantaged Communities? Would PHMSA consider existing federal designations, like if a community is in an Opportunity Zone created by the 2017 Tax Cut and Jobs Act for distressed areas.**

Consistent with the Office of Management and Budget's Interim Guidance for the Justice40 Initiative, a project is located in a Disadvantaged Community if:

1. the project is located in a Disadvantaged Community as identified in the [Transportation Disadvantaged Community tool](#); OR
2. the project is located on Tribal land; OR
3. the project is located in any territory or possession of the United States.

Applicants should provide an image of the map tool outputs. The designation of project location and eligibility as a Disadvantaged Community will be verified by the Department of Transportation upon receipt of the application. PHMSA will also consider additional justifications that an applicant may provide regarding other existing Federal designations regarding disadvantaged communities.

**3. With our members, there is the chance they can be purchased by an investor-owned utility, what is the obligation of the city to the money they received during this grant program?**

Grant funds will be made available to a municipal or community-owned utility (not including for-profit entities). If a utility were to undergo a change in ownership after receiving an award, PHMSA will not seek reimbursement for grant funds already expended. The status of funds already obligated by PHMSA, but not expended by the grantee, would be determined on a case-by-case basis—in order to ensure statutory compliance—depending upon the circumstances.

**4. If your gas system supplies a master meter system and the master meter system is requesting the utility to acquire it, would the replacing infrastructure necessary to acquire the master meter system be a project which the municipal grant would cover?**

The master meter system is technically a separate gas operator, and the grant would not be available for such a project. However, if a master meter system is acquired by, and is a

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part of, a municipal or community-owned (not for profit) operator, you could apply for a grant to cover the acquired assets for an approved project.

5. **A utility needs to replace pipe, but one of their customers is a marijuana grow facility (permissible under their state's law, but not aligned with federal law). How will that impact their application?**

The purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems. Applicants are not required to provide information about the end users of proposed projects.

6. **Would adding redundant safety devices to gate or district regulatory station be a project the grant could cover? Worker/monitor regulators & relief valves.**

Applications must demonstrate that the proposed project will lead to infrastructure updates that reduce safety risks and/or leaks. Adding redundant devices may not be covered if the application does not demonstrate that the project will reduce safety risks and/or leaks.

7. **Will upsizing be allowed? For example, if a 4" legacy main is replaced with a 6" line.**

System upgrades may be covered if the application demonstrates that the replacement pipe would improve safety.

8. **Would system map enhancements like upgrading GIS facility location and leak/risk analysis be considered? Similarly, does the grant cover protection of existing pipe for cathodic protections systems?**

System enhancements may be covered if the application establishes that the upgrades fulfill the purpose of this grant to repair, rehabilitate, or replace legacy natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. However, upgrades for normal operator maintenance required by regulations do not meet the intent of this grant.

9. **Does a local entity's match enhance the success of funding? If so, how much of a share should an entity consider offering and would the proposed match be considered in the evaluation of the grant application?**

There is no match required and whether an applicant provides matching funds or not, will not directly factor into the evaluation of grant applications. There is a 12.5% cap on program funds that can be provided to a given entity. However, an applicant can use their

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own matching funds to supplement the Federal funds if they wish to execute a larger project. Thus, an applicant may apply for multiple projects with matching funds for each project, so long as the overall federal funding cap for a grant for a given entity is not exceeded.

### **10. Will grants cover design services prior to award?**

There is no pre-award authority to incur costs for any of these projects before the award announcement. At the time the project selections are announced, PHMSA may extend pre-award authority for the selected projects. The applicant should provide a thorough and, yet concise explanation of the project elements (e.g., design services) and project the pre-award costs they are seeking to use as part of their application. After project selections are made, PHMSA will evaluate and make a determination as to which proposed pre-award costs are allowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the grant award.

### **11. How do we define a project? We have approximately 153 miles of cast iron gas mains to abandon/replace as part of an ongoing program.**

The proposed project should include reasonable boundaries or segments of pipeline that can be replaced within the period of performance (36 months). Applicants are eligible to apply for future projects as additional funding will be made available in future NGDISM NOFOs.

### **12. Can PHMSA use the environmental questionnaire/assessment already used by [other government agencies]?**

PHMSA is preparing a National Environmental Policy Act (NEPA) Tier 2 Environmental Questionnaire that is specific to this grant program. The Tier 2 Environmental Questionnaire must be completed before award decisions are made. PHMSA can provide technical assistance and answer questions to help with the completion of this document. The NOFO includes a preliminary list of the topics that the Tier 2 Environmental Questionnaire will include so that applicants can begin compiling information and preparing to complete the Tier 2 document. While PHMSA will not use an environmental questionnaire or assessment from another Federal agency, applicants may use supporting documentation or evidence they may have already collected to support PHMSA's Tier 2 Environmental Questionnaire.

### **13. For a given project, would you need to apply each year for the same grant?**

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No. Once a grant is awarded, the period of performance is 36 months, as controlled by the grant award and will be set forth in the NOFO. This period of performance will also be set forth in the grant agreement.

**14. Will state regulatory agencies be involved in the implementation process of the grant?**

No. However, the state pipeline safety authority will be made aware of the awarded projects and may conduct normal construction inspections, as appropriate.

**15. Will you evaluate the applications as they come in, or after submittal deadline?**

PHMSA will begin evaluating all applications received upon closure of the NOFO application submission period. Grant awards may be made on a rolling basis. Additionally, while applications may not be accepted after the submittal deadline, PHMSA may confer with applicants to seek clarification on aspects of any questions it has with their application after submission.

**16. Would moving inside meters outside be considered as a qualifying project?**

System enhancements may be covered if it is established that the upgrades fulfill the purpose of this grant to repair, rehabilitate, or replace legacy natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. However, upgrades for normal operator maintenance required by regulation do not meet the intent of this grant.

**17. If we are unsuccessful in obtaining a grant for fiscal year 1, does it automatically go into the "consideration queue" for fiscal year #2?**

No. Applicants will be required to submit a new application for each fiscal year that funding is made available. However, PHMSA will do its best to provide feedback and assistance to applicants to enhance the quality of future applications.

**18. Is it anticipated that awarded funds will cover consultant costs or just construction costs?**

There is the potential for recovering consultant costs. The applicants should provide a thorough, yet concise explanation of all project-related costs that are part of their application. PHMSA will evaluate applications and make a determination as to which costs are allowable in accordance with the applicable federal statutes, regulations, or the terms and conditions of the grant award.

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**19. Can the grant be used to reimburse for the use of in-house personnel?**

The applicant should identify and explain the role and contribution of the individual(s) specific to the project. The grant would not cover costs for normal duties of the individual in question and submitted costs must be specific to the awarded project. PHMSA will evaluate applications and make a determination as to which costs are allowable in accordance with the applicable federal statutes, regulations, or the terms and conditions of the grant award. Actual and accurate time and effort documentation (timesheets) would likely be required.

**20. Would municipalities be eligible to use the federal infrastructure grant to replace plastic pipe that was recently noted as having wall thickness below required minimums?**

Generally, plastic pipe wall thickness below federal minimum standards also involve a reduced factor of safety and increased risk of failure. Plastic pipe impacted by wall thickness issues and installed prior to plastic code standards may fall within the scope of this grant program.

**21. Can you clarify on “legacy plastic pipe”, would PVC qualify for this grant? We have about 115 miles of PVC installed around 1970 and wonder if this would qualify for the grant.**

Yes. Legacy PVC would qualify for this grant.

**22. Is this grant only available to replace/repair existing natural gas piping, or is there grant money available to install/extend new natural gas capabilities to boost economic development opportunities?**

Installing or extending new natural gas capabilities would fall outside of the scope of this grant program. The purpose of this grant is to repair, rehabilitate, or replace legacy natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss.

**23. On May 4, 2022, PHMSA distributed a letter to 40 governor’s offices concerning the BIL Grant Program. The letter states “PHMSA encourages states to assist eligible entities who may require additional technical assistance to prepare the federal grant application.” Can PHMSA describe the type of technical assistance they envision states assisting with?**

Examples of technical assistance may include but are not limited to the following areas:

- Assistance by state pipeline staff with preparing/reviewing the project narrative.

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- Assistance by state environmental specialists with completing PHMSA's Tier 2 Environmental Questionnaire, and with NEPA requirements, environmental compliance, and environmental mitigation, as needed.
- Assistance by state grants staff with preparing/reviewing budget narratives, completing standard forms, and addressing program priorities (i.e., determining if the project will serve an underrepresented urban or rural area).

### **24. What type(s) of financial audits should grant recipients expect?**

Audit under OMB circular A133 ("Single Audit")

A non-federal entity that expends \$750,000 or more in federal funds in one year must hire an independent auditor to conduct a Single Audit or a Program Specific Audit for any year in which the expenditure of federal awards totals \$750,000 or more. The purpose is to ensure grantees receiving federal grant funds have adequate internal controls in place and use federal funds in compliance with the government's requirements. Audit costs related to this program may be included in your proposed budget and charged to the grant if selected for an award. For detailed requirements regarding Single and Program Specific Audits, see 2 C.F.R. part 200.501.

NGDISM grant recipients, including those who receive less than \$750,000, should expect to have a PHMSA-initiated site visit or desk review to ensure compliance with federal grant regulations and the terms and conditions of the grant award. Site visits will provide PHMSA the opportunity to meet with recipients onsite to review the status of the funded project, assess internal control systems, and provide guidance. A desk review is conducted remotely and focuses predominantly on the financial aspects of the funded project. PHMSA expects to conduct either a site visit or a desk review once for each award period. Recipients may also request onsite or remote technical assistance from PHMSA, as needed.

### **25. If a system is awarded a grant, when can they begin accruing project costs?**

Once an applicant has been provisionally selected for an award, upon approval from PHMSA for pre-award costs, the provisionally selected applicant may start to accrue project costs, upon approval from PHMSA for these costs. A provisionally selected applicant may not bill for accrued costs until it receives an executed Notice of Grant Agreement (NGA). NGAs will not be executed until the project has fully complied with the required NEPA process.

### **26. If a system receives assistance with the scoping, design, or environmental impact review for a submitted project, can those costs be included in the project costs?**

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When completing the SF-424C – Budget Information for Construction Programs, applicants must identify all costs associated with proposed projects by line item. However, PHMSA will allow applications recommended for award to be amended to include additional costs identified during the environmental review process that are reasonable, necessary, and beneficial to the project. Applicants should refer to the SF424C instructions when completing the SF-424C to understand what is allowable under these line items.

**27. Can costs associated with the drafting of NOFO application language be included in project costs?**

No. Costs associated with the drafting or submission of an application are not allowable.

**28. If PHMSA determines additional environmental impact mitigation strategies are necessary, can the costs to implement those strategies be added to the total project costs (after a NOFO submission is completed)?**

Yes. PHMSA will allow applications recommended for award to be amended to include such costs that are reasonable, necessary, and beneficial to the project.

**29. I have heard that there will be a 60-day window for NOFO grant applications. If the amount of funding requests does not equal or exceed the amount of funding available, will there be subsequent rounds? Will grant applications be accepted beyond the 60-day window if this is the case, or would there be a new NOFO?**

The current NOFO deadline is July 25, 2022. If PHMSA determines the need to extend the NOFO deadline, all potential applicants will be promptly notified. The NGDISM grant program's legislation designates \$200 million a year in grant funding with a total of \$1 billion in funding over the next 5 years. PHMSA expects to annually issue additional NOFOs through Fiscal Year 2026, subject to appropriations.

**30. May we apply for a grant to remove the propane tanks and install natural gas piping throughout a city that is connected to existing natural gas infrastructure?**

No. Removal of propane tanks and installing a natural gas piping system is outside the scope of this grant program.

**31. Our municipal natural gas utility has areas of 3" transmission line that are exposed and need to be lowered. Is this the sort of project that would be considered for the PHMSA NGDISM grant? And if so, could the grant be used to purchase the equipment to perform the work in lieu of contracting the entire replacement project?**



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No. Minimum cover for pipelines is currently required under 49 C.F.R. Part 192 and lowering a transmission line to meet the existing requirements code is outside the scope of this grant program.

**32. I am from a municipal electric utility. We have a portion of a gas line that needs to be removed. Would the infrastructure grants cover the removal of gas pipeline?**

The purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems. Applicants must first demonstrate that they are a municipality or community-owned natural gas distribution pipeline system. If eligible, and if removing a portion of a gas line reduces environmental issues and improves safety, it may be considered an eligible project.

**33. Our city is interested in applying for the grant. We would like to get our steel gas lines changed out. Is this an allowable cost?**

Applicants must first demonstrate that they are a municipality or community-owned natural gas distribution pipeline system. If an applicant meets this criterion, the project would be considered for eligibility if the project otherwise meets the intent of the grant program.

**34. Will we need to account for Davis-Bacon Wages in our application for the PHMSA grant?**

Applicants should describe whether laborers and mechanics performing construction work on projects funded under this NOFO are paid wages and fringe benefits at least equal to those paid for similar work in the community as determined by an applicable state or local prevailing wage law, ordinance or in accordance with a wage determination for the locality issued by the US Department of Labor under 40 U.S.C. 3141 et seq and 29 CFR Part 1. To access prevailing wage rates by county and state for various classifications of work, visit <https://sam.gov/content/home>.

**35. Can PHMSA provide a timeline for the NOFO process (submission, PHMSA review, clarification, environmental impact analysis, provisional awards notification, award announcement and award execution)?**

PHMSA is unable to provide a firm timeline for the FY 2022 NGDISM Grant Program NOFO process. The NOFO issued on May 24, 2022, provides applicants 60 days to submit applications. The number of provisionally selected applications will determine the timeline for completing the environmental impact analysis and award notification.

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PHMSA's statutory deadline for FY 2022 NGDISM grant award announcement is February 17, 2023; however, PHMSA will aim to make awards as quickly as possible

- 36. Will PHMSA award any grants prior to July 25? Some operators are ready to expedite their submission in hopes of starting their projects ASAP. Others have capitol dollars allocated to 2022 projects that are grant eligible. Should they receive a grant, they want to reallocate those costs to other projects in 2022. Further, given the very long lead time for some materials, the sooner grants can be awarded the better. Lastly, most operators who plan to use a construction contractor for grant related projects will not put the project out for bid until they've been awarded a grant. This further extends the timeline into 2022.**

No. PHMSA does not expect to issue any awards prior to July 25, 2022. PHMSA must provide a fair and consistent review process to ensure all applications receive a careful and equitable review and that final award recommendations consider all applications received by the deadline.

- 37. Can PHMSA provide more clarity about what costs are considered indirect costs?**

Indirect costs are incurred for common or joint objectives that benefit more than one project. Please refer to the Indirect Costs Information document on [grants.gov](https://www.grants.gov) under Related Documents.

- 38. Can PHMSA walk through this part of the application process? When will PHMSA publish the Tier 1 assessment? Can PHMSA share the questions for the Tier 2 assessment now so that operators can prepare?**

Please refer to slides 14-20 in the presentation located on the [NGDISM website](https://www.ngdis.gov).

- 39. What will be considered an average grant request amount?**

PHMSA does not have an average grant request amount. Applicants should submit proposals for projects that can reasonably be completed during the 36-month performance period without exceeding the overall federal funding cap for a given entity.

- 40. If a consultant is assisting in the application for an applicant, does the consultant need to be added as a user in Grants.gov, or can PDF forms be downloaded as fillable forms, then provided to the applicant to upload when completed?**

PHMSA encourages applicants to utilize the Grants.gov Workspace feature. This feature allows applicants to assign roles so that multiple individuals can work on an application. For more information about the workspace, please review this [short video](#).

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- 41. The period of performance is listed as 36 months from date of award. Does that just mean award recipients must complete the awarded project within 36 months?**

Grant recipients should submit project proposals that can reasonably be completed during the 36-month performance period. PHMSA will consider the need for performance extensions on a case-by-case basis for circumstances such as supply chain delays and/or construction delays. Grant recipients should notify PHMSA as soon as the need for an extension arises.

- 42. Per the NOFO, why are the funds to be expended in 36 months when the act says 10 years?**

The ten-year window in the legislation is the overall period during which PHMSA must obligate all grant funds. Once the grant funds under this FY 2022 NOFO are obligated through the making of individual grant awards, those awards will have a 36-month period of performance in which grantees are expected to expend the awarded FY 2022 grant funds to complete the approved projects. This is to ensure that these Federal grant funds are put to the best use on projects that are ready to be executed.

- 43. Will future NOFOs have extended periods beyond the 36 months since these projects will overlap?**

PHMSA is unable to provide guidance on future NOFOs at this time.

- 44. Does the 36 months include the environmental compliance process?**

No. The period of performance will start after the environmental compliance process has been completed.

- 45. How much consideration will be placed on supply chain issues when it comes to the period of performance? Parts ordered in March of 2021 are just arriving now.**

PHMSA will offer maximum flexibility through period of performance extensions on a case-by-case basis to grant recipients who experience supply chain issues after the grant has been awarded.

- 46. If our community does not fit into the "disadvantaged" definition, will our grant be automatically thrown out or do we just lose those points?**

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Funding projects that meet the disadvantaged communities definition are a priority of the grant program but not a requirement that will preclude successful applicants from receiving grant awards.

- 47. I am the manager of member services for X Municipal Energy Agency and X Municipal Gas Agency. We represent 35 municipal gas systems in the state of X. Many of these are very small, less than 300 total customers, systems that have very limited field and office staff. We have been approached by the Y with the idea of our agency applying for one grant that could be distributed to those members for the replacement of “yard lines” or we manage the project from start to finish on behalf of the city. They are very concerned about the ongoing safety with these mostly unmonitored parts of the gas system. At this point in the information that we have looked at this type of relationship would not be allowed. Our question is would this be something that would be allowed with a rule change or directive from PHMSA?**

If the use of yard lines in question is a customer owned asset, it would not fall within the scope of this grant program as this grant program is for municipalities and community owned natural gas distribution systems. Allowances for assets not owned by municipal or community owned utilities would require a change in statute.

The authorizing legislation only allows for municipal or community owned utilities (not including for-profit entities) to apply for the grant. The municipal or community owned natural gas distribution system owner(s) would need to apply for funding. See FAQ No. 48 for additional information about the use of for-profit contractors.

- 48. Are “cooperatives” managed by for-profit companies but operate under a non-profit status eligible to apply for this grant?**

The NGDISM grant applicant must be a municipality or community owned facility. The statute specifically envisions support for non-profit cooperatives. For-profit-owners such as consortiums and cooperatives are not an eligible entity. When reviewing eligibility, PHMSA will evaluate the qualifications of the natural gas distribution system owner. The existence of contracts, subcontracts, or other agreements does not necessarily exclude an entity from being eligible for a NGDISM grant.

- 49. I read that this program is set up to reimburse funds after the initial costs are incurred. Is this the only way that this grant will be distributed? As a very small city, approximately 1850 population, and having approximately 10 miles of 70+ year old 2" bare steel gas line in the gas system, it is virtually improbable that we could ever afford to have the steel lines replaced with poly, especially when our annual repair and maintenance budget for the gas distribution system is only \$10,000. Is there any way that the City of X could receive assistance with our dilemma?**

The NGDISM grant is a reimbursement grant program. Grant recipients may submit incremental allowable reimbursement requests as frequently as obligations are incurred.

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Contractors, and subcontractors can often be engaged under an understanding that costs can be reimbursed quickly. PHMSA will make a concerted effort to review reimbursement requests and process payments as soon as possible. Federal awarding agencies (PHMSA in this case) must make payments within 30 calendar days after receipt of the reimbursement request unless the Federal awarding agency reasonably believes the request to be unallowable. For more information on payments, please see [2 CFR § 200.305\(b\)\(3\)](#).

- 50. Will PHMSA award any grants prior to July 25? Some operators are ready to expedite their submission in hopes of starting their projects ASAP. Others have capitol dollars allocated to 2022 projects that are grant eligible. Should they receive a grant, they want to reallocate those costs to other projects in 2022. Further, given the very long lead time for some materials, the sooner grants can be awarded the better. Lastly, most operators who plan to use a construction contractor for grant related projects will not put the project out for bid until they've been awarded a grant. This further extends the timeline into 2022.**

Under the current NOFO, the deadline for submitting applications is July 25, 2022. PHMSA will not be able to evaluate and make any grant awards prior to this date. For additional information, see FAQ No. 36.

- 51. When will the provisional awards be determined & announced?**

PHMSA will make provisional awards as soon as possible; however, the length of the review process will depend on the number of applications received. For additional information, see FAQ No. 35.

- 52. Will the selection or evaluation point system or process be disclosed to applicants?**

Yes, applications will be evaluated based on the criteria outlined in the NOFO. Each application will receive one of the following ratings: Highly Recommended, Recommended, Acceptable, or Not Acceptable. Applicants should refer to Section E – Application Review Information of the NOFO which provides detailed information about the criteria that PHMSA will use to evaluate applications. Additionally, applicants are encouraged to review the program's Evaluation Plan, a separate document located at the end of the NOFO in Grants.gov.

- 53. Will the NOFO for years 2023-2026 be identical to 2022 or does PHMSA plan to modify the questions and/or priorities in subsequent years?**

NOFOs for subsequent years have not been drafted but may differ from the FY 2022 NOFO. PHMSA will provide notice once future NOFOs are published on grants.gov and we always welcome feedback on the program.

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**54. RE: "Good Paying jobs" criterion: If a municipal utility is limited to paying contractors only as much as the prevailing wage (and not above), will that be held against the applicant?**

Applicants should include any information pertaining to wage limitations when explaining the ability to create good paying jobs in their applications. Applicants are also encouraged to determine whether such wage limitations apply to the use of federal grant funds. For additional information, see FAQ No. 34.

**55. How/to what extent does the "Buy America" program apply? Does the DOT waiver for the Buy America Requirements for Construction Materials apply to the NGDISM funding?**

Buy America applies to this grant. The Act requires the following Buy America preference:

(1) All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States. This also includes polyethylene pipe, fittings, valves and control equipment.

(2) All manufactured products used in the project are produced in the United States. This means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation

(3) All construction materials are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States

### **Temporary Waiver**

There is currently a temporary DOT waiver of the Buy America requirements for construction materials that expires on November 10, 2022. If the waiver is extended, PHMSA will notify provisionally selected applicants that the waiver has been extended. For information, please visit [here](#).

### **General Waivers**

If applicants plan to seek a waiver for Buy America, that information must be included in the application. Under limited circumstances, the head of a Federal agency may waive the application of a Buy America preference under an infrastructure program in any case in which the head of the Federal agency finds that—

(1) applying the domestic content procurement preference would be inconsistent with the public interest (a "public interest waiver");

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(2) types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality (a “nonavailability waiver”); or

(3) including iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent (an “unreasonable cost waiver”).

**56. Do final construction plans have to be submitted with the application in the project narrative?**

There is no requirement that final construction plans be submitted with the application. PHMSA will consider applications with proposals in varying stages. The proposed project(s) must meet the eligibility and scope requirements, and the application should include a timeline that clearly communicates when project activities will take place. Applicants should provide as much detail as possible about the proposed project and the phase the project is in at the time the application is submitted. This will allow PHMSA to determine whether the project falls within the scope of the NGDISM grant program.

**57. Should an individual application be submitted for each different project? Can systems combine projects into one application?**

If feasible, PHMSA encourages applicants to submit one application with the different projects appropriately segmented. If the projects lack a reasonable tie-in, or if segmenting the projects prove to be more burdensome, applicants should consider submitting separate applications. Applicants who submit multiple applications or propose multiple projects in a single application are not guaranteed to receive the same award recommendation for each project.

**58. Under the project schedule description in D.2 of the NOFO, is the community input/involvement referenced required pre-application or post-award?**

PHMSA encourages applicants to describe past, ongoing, or proposed community engagement regarding a proposed project. Applicants should provide enough information for PHMSA to assess the level and nature of existing and/or projected community engagement and involvement related to the proposed project.

**59. Are there any specific requirements for page layout (text size, margins, tables, graphics) for the project narrative?**

Applicants are encouraged to submit concise project narratives that conform to the NOFO requirements but there are no specific requirements for page layout; however, project narratives may not exceed 25 pages in length (excluding cover pages, table of contents, and supporting documentation). Any graphics that will assist PHMSA with understanding proposed projects are encouraged.

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**60. Please clarify the level of detail required to meet the Statement of Work guidelines.**

The Project Narrative should include, among other things, a Detailed Project Description that adheres to the guidelines specified on page 11 of the NOFO. SECTION E – APPLICATION REVIEW INFORMATION describes the application evaluation criteria on several levels; the section addresses the data upon which applications will be evaluated. Additionally, PHMSA provided a description of the level of detail that is required for the completion of the Tier 2 Environmental Questionnaire, which must be completed after applications are submitted but before award, giving additional detail of required project information. Applicants are encouraged to review the NGDISM Grant Program Evaluation Plan attached to the NOFO. The Evaluation Plan describes the details that the Technical Evaluation Panel (and others) will review to determine the efficacy and suitability of the project for this grant program.

The NOFO also specifically requires that the SOW include:

- a. a risk profile describing the condition of the current infrastructure for which funding is requested—and potential safety benefits;
- b. a plan for creating good-paying jobs that provides economic impact, growth, and substantial benefits to disadvantaged rural or urban communities; and
- c. the proposal's capacity to provide a reduction in leak rates and any other impacts that may be beneficial to the environment or public.

**61. Page 6 of the NOFO states it is open to municipality and/or community-owned utilities operating a natural gas distribution system, will utilities operating both transmission and distribution systems be able to take advantage of this grant?**

The NGDISM grant is for projects involving natural gas distribution systems. Utilities operating both transmission and distribution systems may apply for projects involving their distribution systems.

**62. Are material replacement programs that are not geographically specific eligible for grant funds? Such as replacement of service lines with deficient materials not geographically isolated/clustered.**

These programs may be eligible if the replacement activities meet the purpose of the grant program. Applicants should provide adequate information on where the proposed replacement activities will occur, with as much specificity as possible.

**63. Will PVC be as big of a priority as cast iron replacement?**

PHMSA will consider all projects from eligible applicants to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to (1) reduce incidents and fatalities and (2) to avoid economic losses.

**64. Will In-Line-Inspection projects be covered by this grant?**



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In line inspections (ILI) are typically used for integrity assessments using tethered or self-propelled tools to identify integrity threats and risks and make repairs. The purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. Applications must demonstrate that the proposed project will lead to infrastructure updates that reduce safety risks and/or leaks. Simply performing ILI to identify pipeline risks as part of the operator's DIMP program would not be covered as these analyses are required by regulation, which was published on December 4, 2009, and became effective on [February 12, 2010](#).

- 65. Many of these public gas systems are unable to conduct preconstruction activities listed in the NOFO without expending funds for contracting during the pre-award period. Costs will be accrued to the design of the projects prior to submitting applications. Are design phase costs reimbursable since they are realized prior to grant selection, awarding, and execution?**

There is no pre-award authority to incur costs for any projects before the award announcement. However, the applicant should provide a thorough and concise explanation of the project elements (e.g., design services) and include the projected pre-award costs as part of their application. Once provisional project selections are made, PHMSA may extend pre-award cost reimbursement for these provisionally selected projects.

- 66. If a project is broken up into planning and construction phases, can funding for planning be applied for in year 1 and construction in year 2?**

Applicants have the flexibility to apply for funding for multiple phases of the project under the current NOFO or separately under future NOFOs. Applicants can elect to have a period of performance for 36 months or, if required, up to 60 months to complete multiple phases of a project. PHMSA will not fund applications that are limited to the planning phase of a project. All projects must demonstrate that it meets the purpose of this grant which is to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to (1) reduce incidents and fatalities and (2) to avoid economic losses.

- 67. If funded, how strictly will the proposed project areas be held to by PHMSA? Question is aimed at the extreme volatility in pricing. As an example: If an entity was awarded \$1M for a particular scope, and the bid from the contractor comes in at \$1.4M, will the utility be held to completing the \$1.4M, or will they be able to reduce the scope to match the funding of \$1M.**

PHMSA encourages applicants to include any anticipated increases in project costs in their proposed budgets. Applicants are encouraged to account for all anticipated costs, including fluctuations, when preparing project budgets. Once a grant agreement is executed, PHMSA is unable to add additional grant funding to cover additional costs.

## FREQUENTLY ASKED QUESTIONS

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However, if the award is for more than the actual costs, PHMSA will reimburse for the actual costs that are less than the initial award. See also FAQ No. 70.

**68. Would indirect costs come into play if all work is expected to be contracted out?**

Please refer to the indirect cost information [here](#).

**69. Would grant funding reimburse unexpected expenses?**

**For example: If the County forced City to relocate gas main at City's expense?**

Contingency amounts may be included in the budget to the extent they are necessary to improve the precision of project estimates. Applicants should identify these costs in the Standard Form 424-C, line 13. However, amounts for major project scope changes, unforeseen risks, or extraordinary events will not be eligible for reimbursement. For more information, please see the contingency requirements in [2 CFR 200 § 200.433](#).

**70. Please help me to understand exactly, "when" funds would be available under this grant program.**

Funds will become available once grant agreements are executed with successful applicants. The NGDISM grant is a reimbursement grant program. Grant recipients may submit incremental reimbursement requests as frequently as obligations are incurred. PHMSA will make every effort to review reimbursement requests and process payments as soon as possible. Federal awarding agencies (PHMSA in this case) must make payments within 30 calendar days after receipt of the reimbursement request unless the Federal awarding agency reasonably believes the request to be improper. For more information on payments, please see [2 CFR § 200.305\(b\)\(3\)](#). For more information on the FY 2022 selection timeline, please see FAQ No. 35.

**71. We have several projects we want to roll up into one application for the PHMSA funding, which would get us near the max allowed this year. Do you foresee any issue with that? Is there a limit on the number of projects?**

There is no limit on the number of projects an applicant can propose. For more information, please see FAQ No. 58.

**72. The criteria in NOFO E 1(1) states, "Can the applicant successfully comply with required environmental assessment activities?" The criteria in NOFO E 2(4) states, "PHMSA will consider whether projects have appropriately considered and addressed physical and cyber security and resilience in their planning, design, and project oversight, as determined by the Department of Transportation and the Department of Homeland Security." At first glance, it appears the above activities are part of the evaluation criteria. However, NOFO, page 15, provides such activities are requirements for applicants provisionally selected for funding.**

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**When is an applicant required to complete the environmental assessment and physical/cyber security planning, design, and oversight? Are the costs related to these activities reimbursable?**

Applicants will be required to complete the Tier 2 Environmental Questionnaire only if they are provisionally selected for an award. Thus, applications do not need to include an environmental assessment. PHMSA will provide the Tier 2 Environmental Questionnaire to applicants after they have been notified that they are provisionally selected for funding. Additionally, each applicant selected for NGDISM grant funding must demonstrate, prior to the signing of the grant agreement, efforts to consider and address physical and cyber security risks relevant to their natural gas distribution system and the type and scale of the project.

- 73. Will PHMSA consider the following project to be eligible? Cast Iron Gas Main Replacement - Estimated 3 Miles of pipe. This would involve engineering survey, design, and implementation as well as construction cost.**

PHMSA will consider all projects from eligible applicants that will repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to (1) reduce incidents and fatalities and (2) to avoid economic losses.

- 74. Will PHMSA consider the following projects to be eligible? Large natural gas meter installed at the purchase point with the gas pipeline -This would include engineering & installation of a large meter to give us a more accurate reading on natural gas coming into the City Utility. This will help us more accurately account for gas loss. Currently we are showing a 19% difference between what the gas pipeline tells us we are purchasing vs what we are billing. This meter would give us a check and balance with our system to see if we are having a gas loss.**

**Mercaptan injection system replacement - Combining with the meter mentioned above, the old mercaptan injection system could be replaced to make it more accurate in the injection of the odorant to make our gas system safe in detection of leaks.**

The purchase of equipment to improve an operator's leak detection system or address a vulnerability that could lead to the unsafe operation of a system falls within the scope of the program. PHMSA will evaluate each application for its conformance to the grant program's requirements. For additional information regarding system upgrades and enhancements, please see FAQs Nos. 7 and 8.

- 75. Disadvantaged and resource-limited communities may find the application process difficult. How will PHMSA provide technical assistance?**

PHMSA will continue to update its FAQ document to provide as much clarity and assistance to applicants as quickly as possible. Applicants are encouraged to continue submitting questions directly to PHMSA via email at [PHMSAPipelineBILGrant@dot.gov](mailto:PHMSAPipelineBILGrant@dot.gov).

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Applicants should also carefully review the posted [FAQs](#) for assistance. PHMSA has also proactively reached out to States, who can also provide assistance in grant applications.

The following FAQs may also provide additional guidance to resource limited communities:

- FAQ No. 12 regarding assistance with the NEPA process; and
- FAQ No. 24 for information regarding PHMSA's request to states for technical assistance for applicants of this grant program.

Additionally, PHMSA's Office of Civil Rights will assist provisionally accepted applicants with implementing an effective and compliant Title VI and Section 504 program.

**76. After receiving an award, how will PHMSA address an awardee's immediate cash requirements necessary to initiate the approved project?**

After receiving an award, and once a recipient has entered into an obligation for specific and allowable project costs, grant recipients may request reimbursement payments. Recipients may request reimbursements as frequently as needed to maintain cash flow sufficient to timely complete the project. PHMSA will make every effort to review reimbursement requests and process payments as soon as requests are received. For more information on payments, please see [2 CFR § 200.305\(b\)\(3\)](#) and FAQ No. 49.

**77. Statement of Work: (NOFO, p. 5)**

**The risk profile for the replacement of steel gas line with poly plastic, will complete the city's replacement in the final Phase 4 to mitigate the ongoing leaks as part of our Utilities Master Plan, for a cost of \$900,000.00 for the replacement of approximately 350 isolated bare steel service and the replacement of approximately 5 miles of vintage steel pipe. Our budgetary number comes from a previous construction estimate from 2019 with a 20% increase due to current pricing. The Utilities department consists of 4 full-time employees, given our small municipality. This project will allow those 4 positions to be maintained, therefore no additional jobs are created or feasible. Does not meeting this criterion put us out as a viable grant applicant? "We are a low- and moderate-income (LMI) community and modernizing the line will stabilize the rates for the residents as repairs would be minimal while also promoting future industrial development, there is just not a direct correlation to job creation.**

Job creation is not the sole criteria for award of a NGDISM grant. While it is one of the priorities, PHMSA will also evaluate applications consistent with all the criteria set forth in the NOFO and the overall purpose of the grant which is to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or for operators to acquire equipment to (1) reduce incidents and fatalities and (2) to avoid economic losses.

**78. Leak rates will be reduced by completing this final replacement of steel to poly plastic lines, but we are not clear as to how to quantify that? Do you have an**

## FREQUENTLY ASKED QUESTIONS

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**example from another similar grant, of how a municipality demonstrated benefits to the environment? We are concerned in reading the NOFO that our small community might not have scalable results to be competitive in the application.**

Provisionally selected applicants will be provided the Tier 2 Environmental Questionnaire associated with this grant program. This document will provide guidance on estimating and mitigating leak rates. The provisionally selected applicant will need to use the guidance to make its best estimate of leak rates and indicate which leak rate mitigation activities it commits to perform. Applicants are encouraged to provide as much information as possible. If PHMSA requires additional information, the applicant will be contacted to clarify any additional information needed before making a decision.

- 79. Our locality is not an ‘Area of Persistent Poverty’ nor a ‘Disadvantaged Community’, although it does have 2 indicators – Health Disadvantage Indicator and Resilience Disadvantage Indicator, but not an overall score. By not meeting these criteria, would this mean the chance of funding is extremely unlikely or not possible? We are trying to gauge the value of the significant investment of time and resources required for this application with this inquiry, to see if our application would even be considered given the above notes. We appreciate any insight and guidance on this criterion and the evaluation of these areas for viability of an application.**

While it is one of the priorities, projects in disadvantaged communities are not the sole criteria for the NGDISM grant. PHMSA will also evaluate applications consistent with all the criteria set forth in the NOFO. For additional information, see FAQ No. 46.

- 80. Many potentially eligible applicants to the program’s funding source have pre-existing relationships with design firms who would assist them with the application process. Would a design firm assisting a local municipality to produce their application submittals for PHMSA’s NGDISM Grant Program be conflicted from a competitive Procurement (RFQ) Process subsequent to the Municipality receiving a Notice of Award under this program?**

Applicants should follow their own procurement policies and ensure that these policies align with [2 CFR § 200.318 General procurement standards](#).

- 81. Can an association apply for this grant on behalf of multiple municipal utilities?**

The authorizing legislation only allows for municipal or community owned utilities to apply for the grant. Municipal or community utility owners may receive assistance from public or private sources in applying for the grant program; however, the municipality or community owned utility must be the actual applicant.

- 82. We are planning to apply for support to purchase Ground-Penetrating Radar devices and tracer wire through the National Distribution Infrastructure Safety and Modernization Grant Program. Is this allowable?**

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The purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. The purchase of equipment to improve an operator's ability to locate unlocatable legacy pipelines falls within the scope of the program. PHMSA will evaluate each application for its conformance to the grant program's requirements.

**83. Is the amount of Award ceiling request capped at \$24,500,000 per Municipality grant request? Will you have subsequent rounds?**

The funding ceiling for projects awarded under the FY 2022 NGDISM NOFO is \$45 million per applicant. The overall statutory cap per applicant is 12.5 percent of one billion dollars (or \$125 million) authorized over five years. PHMSA anticipates utilizing the remainder of these grant funds through additional awards via NOFOs in FY 2023 - FY 2026.

**84. Can applicants apply for the PHMSA grant if we have already budgeted for the project? We are currently working on budgeting, and we are not sure how to best account for the project we would like to seek funding for.**

While there is no cost share/match requirement, applicants that have already secured funding for projects may use that funding as a cost share to either extend the project or identify new projects that require funding that is within the scope of the NGDISM program.

**85. Can we apply for grant funds for a SCADA – is this an eligible cost under “cyber security”?**

The purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. The purchase of equipment to improve an operator's leak detection system or address a vulnerability that could lead to the unsafe operation of a system falls within the scope of the program. PHMSA will evaluate each application for its conformance to the grant program's requirements.

**86. From whom do we seek the letters of recommendation? Which resonate with the granting authority and align with the project?**

Letters of recommendation are not a requirement for this grant.

**87. Will the grant application process occur during the same time period next year (i.e., NOFO issued in May 2023, grant applications due July 2023)? If we have a project that we are budgeting now, but will not build until 2023 or 2024, should we include it in this application or wait until next year?**

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PHMSA will release information for future NGDISM NOFOs as additional information becomes available. Applicants should provide a project timeline that clearly communicates when project activities will take place over the course of the period of performance. If there is not sufficient information available to submit a FY 2022 NGDISM grant application, applicants may elect to apply under a future NOFO.

**88. Could you provide a copy of the Standard Title VI/Non-Discrimination Assurances Civil Rights Assurances form?**

The form can be found on grants.gov [here](#).

**89. I would like to confirm that a resolution from a governing body (for example, city council members) is not needed to apply for this grant.**

PHMSA has no requirement for any resolution from any such “governing body(ies) to apply for the FY 2022 NGDISM. Applicants must ensure the application adequately describes the municipality- or community-owned utility’s authority and capability to perform pipeline infrastructure repairs, rehabilitation, or replacement and to purchase equipment.

**90. I would like to confirm that this grant does not fall under EO 12372 stated on SF424.**

The FY 2022 NGDISM grant program does not fall under EO 12372.

**91. 36 Month Period of Performance –Some have expressed that this will inhibit them from applying for larger projects for fear that they will not be able to complete them within 36 months of selection.**

PHMSA has amended the NOFO to reflect the following change:

The period of performance is 36 months from the effective date of award. However, applicants may request a period of performance up to 60 months if they can justify that their project(s) will require additional time. Examples of possible reasons for needing a period of performance longer than 36 months may include time required to secure qualified contractors, time required to design the project, coordination with other utilities in the same rights of way, and limited construction season due to weather. As stated in the NOFO in Section E.1, applicants must include a timeline of activities that align with the period of performance.

**92. How strict does PHMSA intend to be with costs accrued after the period of performance?**

All recipients have up to 120 days after the period of performance has ended to submit reimbursement requests to PHMSA for incurred project-related costs. Recipients may not



## FREQUENTLY ASKED QUESTIONS

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accrue new costs after the period of performance has ended unless an extension to the original period of performance has been granted.

Requests to extend the period of performance must be received at least 90 days prior to the end of the original period of performance. Extension requests must be endorsed by the authorized representative from the grantee organization and submitted to PHMSAPipelineBILGrant@dot.gov. The extension request must include the following elements:

1. The duration and end date of the extension request.
2. Justification for the extension.
3. Summary and timeline of extension activities. Grantees must submit a brief summary and timeline of activities that will take place during the extended performance period. There must be a sufficient plan in place to complete the grant activities during the requested extension period.

**93. Supplant vs. Supplement - Funding Restrictions #6 – “Expenses that supplant existing operational functions.” Is this stating that the grant will not cover items previously identified under DIMP?**

PHMSA will consider all projects that will repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or acquire equipment to (1) reduce incidents and fatalities and (2) to avoid economic losses. Risk-based projects identified under an operator’s distribution integrity management program may meet eligibility requirements. For additional information, please see FAQ No. 85.

**94. We are looking at applying for the purchasing of equipment for leak detection/mitigation, ultimately this equipment will not be tied to a typical “project” but will aid in detecting leaks more efficiently. How do we go about applying for these if they are not tied to a typical pipeline replacement project?**

Leak detection equipment is an eligible cost for this grant program if the application demonstrates that it will lead to the reduction of incidents and fatalities, reduce environmental impacts, and avoid economic loss, for example, via repairs, or rehabilitation.

**95. Can the grant funds be used for electrification? That is, instead of replacing pipeline in a system, abandon pipeline and use the grant to fund the strengthening of the electrical grid in that area?**

By statute, the purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. Electrification falls outside the scope of the statute.

**96. I was wondering if some Master Meter operators not able to upgrade their pipes for 70 to 80 years and their pipe are steel or cast iron and they are nonprofit Master**



## FREQUENTLY ASKED QUESTIONS

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### **Meter facilities or Municipal Master Meter facilities, will they be eligible for this grant?**

Grant funds will only be made available to a municipal or community-owned utility (not including for-profit entities). If a master meter system is a part of a municipal or community-owned (not including for-profit entities) natural gas distribution system, PHMSA will consider projects that will repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to (1) reduce incidents and fatalities and (2) to avoid economic losses.

### **97. My Company operates numerous Propane community gas systems. How do I find out if we qualify?**

Propane community gas systems fall outside the scope of this grant program. This grant program is for natural gas distribution systems.

### **98. Are cities allowed to use gas department staff in place of an engineer? If an engineer is required (I'm assuming procurement is needed) will a contract between the firm and city need to be signed before application submittal?**

PHMSA expects applicants to identify and select the individuals best suited to perform work on the grant project, whether internal or external staff. Successful applicants must ensure that all individuals responsible for performing work on natural gas distribution infrastructure meet all federal and state regulatory qualifications for pipeline construction activities.

### **99. Are contingencies permissible in the budget?**

PHMSA encourages all applicants to plan for and identify reasonable contingencies in their budgets. For additional information, see FAQ No. 70.

### **100. Is service line replacement eligible (if in the gas department's right-of-way), or is funding restricted to main lines?**

Natural gas distribution pipeline facilities, which include service lines and main lines, are within the scope of this grant program.

### **101. Does Title VI documentation need to be included in the application?**

Applicants are only required to submit a signed Title VI assurance form at the time of application. If an applicant is provisionally selected, PHMSA's Office of Civil Rights will assist provisionally accepted applicants with implementing an effective and compliant Title VI and Section 504 program.

### **102. Is Clearinghouse/Intergovernmental Review Process required for application?**

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No, this process is not required for this grant program.

### **103. Are administration costs eligible for the budget?**

Costs associated with the project, including administrative costs, are allowable. All costs must be allocable, reasonable, and necessary for the proposed project. Applicants who plan to charge salary and fringe benefits for administrative staff must keep accurate timesheets to demonstrate the amount of time charged to the grant project.

### **104. Is in-kind labor allowable? If so, what is the reporting process?**

There is no cost share/match requirement under this grant program. One key criterion for this grant program is the creation of good-paying jobs. If applicants plan to use in-kind labor, they will need to describe how such use meets the terms and conditions set forth in the NOFO, including those pertaining to the creation of good paying jobs, economic benefit, etc.; and/or how such in-kind labor provides cost share/match benefits and to what extent/degree.

### **105. On the SF-424, at what point will the applicant identifier and Federal Entity Identifier be assigned?**

The NGDISM grant program will not assign applicants any numbers that correspond with Nos. 4-5b on the SF-424. Once applicants submit their applications in grants.gov, applications will be assigned an automated application number. For more information on filling out the SF-424, please review the instructions on grants.gov under Related Documents [here](#).

### **106. Can PHMSA elaborate on the allowability of purchasing equipment to reduce methane leak rates during rehab, repair, or replacement activities?**

The purchase of equipment to reduce methane leak rates during rehabilitation, repair, or replacement activities is an allowable program cost. Each item of equipment must be identified with the corresponding cost; general purpose equipment must be justified as to how it will be used on the project. Applicants should analyze the cost benefits of purchasing versus leasing equipment, particularly high-cost items, and those subject to rapid technical advances. The Procurement of Property and Services worksheet should list the necessary equipment purchases and clearly define the use of such equipment.

Additionally, PHMSA highly encourages all applicants to utilize pipeline blowdown mitigation practices, if applicable, which may include:

- Diverting to lower pressure pipelines: Transfer gas to a parallel line
- In-Line compression: Operate downstream compression after upstream valve is closed
- Mobile compression: Use additional compressors to move gas or pull line down to lower pressure (e.g., incremental gain)

## FREQUENTLY ASKED QUESTIONS

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- Vacuum Purge Technology: Removal of air in a natural gas pipeline with vacuum equipment

**107. Although we distribute gas for the city, we are our own entity. The city has a city council, and we have our own utility board. My question is, can we apply for grant through the utilities, and not the city? All grants have previously gone through the city, but we would like to apply for our own. Would we be able to do this?**

This grant is available to municipal or community-owned utilities (not including for-profit entities).

**108. A community-owned system, what does that mean?**

A community-owned system is owned by the customers it serves. A municipal-owned system is owned by a local government or state body. In order to be eligible for the NGDISM grant, the utility must be community- or municipal-owned and cannot be a for-profit entity.

**109. Excavation damage of customer service lines is perpetually our number one source of serious gas leaks. The excavation damages account for our largest operational safety risk. Last year our department began a project to install Excess Flow Valves (EFV's) on existing customer services across the entire city, and approximately 400 EFV's were installed with the budgetary resources we committed. The EFV's automatically stop the release of gas during our most severe leaks, greatly improving the overall safety of these incidents for our responders, customers, and excavators. Still, approximately 19,000 EFV could be installed within the City's distribution network and the effort to do so will likely last decades.**

**I would like to propose a 5-year project to install approximately 3,500 EFV's annually. The estimated project costs would be 2.5 million each year for a total project cost of \$12.5 million. My simple questions for you today is would the project I described above be eligible for the grant program?**

The purchase of equipment that leads to infrastructure improvements that reduce methane leaks falls within the scope of this grant program. PHMSA will evaluate each application for its conformance to the grant program's eligibility requirements.

**110. Can you elaborate on the following? Statement of Authority and Pipeline Infrastructure Safety and Modernization Capabilities. Describe the municipality- or community-owned utility's state authority and capability to perform pipeline infrastructure repairs, rehabilitation, or replacement, in accordance with 49 CFR Part 192, and to purchase equipment. The municipality has no state authority. I can only assume it means that the municipality is under the jurisdiction of Part 192. That being said, they must follow all state (and federal) pipeline safety regulations.**

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To comply with this requirement, applicants should have an affirmative statement in their application verifying that they are a municipal- or community-owned gas distribution utility and have the legal authority and capability to perform pipeline infrastructure repairs, rehabilitation, or replacement, in accordance with 49 CFR Part 192.

**111. Salaries are an allowable expense, so can the grantee perform the construction work in question and be reimbursed via the grant funds for the workers' salaries during the time period spent completing the work, or does the grantee have to procure a contractor to complete the construction work that is the subject of the grant application?**

The applicant should identify and explain the role and contribution of the individual(s) specific to the project. The grant would not cover costs for normal duties of the individual in question and submitted costs must be specific to the awarded project. PHMSA will evaluate applications and make a determination as to which costs are allowable in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the grant award. Actual and accurate time and effort documentation (timesheets) would likely be required.

**112. Do the federal statutory and regulatory requirements listed in Section F.2 of the NOFO add additional rules/restrictions that may be problematic for a natural gas authority grant applicant?**

The Administrative and National Policy Requirements listed in Section F.2 must be adhered to by all NGDISM grant recipients. PHMSA will provide technical assistance to recipients to ensure they have the resources to meet these requirements.

**113. What information, if anything, related to the Environmental Analysis section of the Project Narrative needs to be included in the original application? Do applicants need to provide all of the answers and/or documentation listed under Question 12: Environmental Analysis? If so, will the response count towards the 25-page limitation?**

Applicants do not need to include environmental assessment information in their applications. PHMSA will provide the Tier 2 Environmental Questionnaire to those applicants that are provisionally selected for funding.

**114. Can training costs be covered under the grant? We will have labor expenses of approximately \$19,200 per person for 768 hours of annual training to perform the requested work (4 persons (\$76,800) over 5 years = \$384,000 for training and annual requalification).**

Training costs falls outside the scope of this grant program. Successful applicants must ensure that all individuals responsible for performing work on natural gas distribution infrastructure meet all Federal and state regulatory qualifications.

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- 115. Can the cost of managing the employee contracts be covered under the grant (contractual services)? We will contract with a local employment agency to hire 4 employees for the five-year project period. After the project period the contracted employees will be qualified and eligible for jobs within the City or in related industries. We will make every effort to keep these trained individuals as employees of the city after the project period or assist them with obtaining meaningful employment in related industries.**

Costs related to hiring employees who will work on the grant project may be charged to the grant as long as the costs are reasonable, necessary, and allocable. If those employees are contracted to perform work on a natural gas distribution system, those employees must meet all Federal and state regulatory qualifications for pipeline infrastructure repair, rehabilitation, or replacement activities.

- 116. Can potholing be included as part of the proposed project in order to determine the need for repair/replacement of cast iron pipes?**

Potholing activities necessary to complete the proposed projects is considered within the scope of the NGDISM grant. PHMSA will consider the proposed project in its totality using the evaluation criteria in the NOFO.

- 117. The current project is estimated around \$14 million. Might it be worth the applicant "phasing it out" in order to allow for more realistic award expectations?**

The proposed project should include reasonable segments that can be completed within the period of performance (36 month or up to 60 months, if justified). Applicants have discretion to determine whether to apply for the entire project amount or a portion of it.

- 118. For Output Criteria #3: Job Creation, would job retention meet the output requirements?**

Job retention is not considered the same as job creation. However, applicants are encouraged to provide job retention information if they can reasonably demonstrate that the proposed project will reduce the likelihood of future unemployment.

- 119. Is it PHMSA's hope that applicants will answer each of the 23 questions in the Technical & Programmatic Review criteria (Section E.1 Criteria) in this section of the Project Narrative?**

The 23 questions in Section E.1 will be answered by PHMSA staff evaluating applications. Project narratives should have sections clearly identified and follow the structure requested in the NOFO to ensure all criteria are addressed.

- 120. Is it too late for entities to negotiate an Indirect Cost Rate Agreements with PHMSA for 2022?**

## FREQUENTLY ASKED QUESTIONS

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Applicants are encouraged to contact PHMSA to negotiate indirect cost rate (ICR) agreements. PHMSA will work with provisionally selected applicants on ICR negotiations upon request. Applicants with an existing agreement from another agency should include the agreement with its grant application.

- 121. Entity X has a distribution line that transports digester gas between their Wastewater Reclamation Plant #1, in one City, to their Plant #2 in another City, approximately 4 miles. This line does not serve the general public; however, the digester gas is used to generate approximately 60% of the Plants energy need and is comprised of approximately 65% methane. Would this be an eligible project for the Grant?**

All projects must involve a natural gas distribution system. Distribution lines that transports digester gas falls outside the scope of the NGDISM grant program.

- 122. Are gas meters an eligible purchase with the grant funding?**

The purchase of equipment to improve an operator's leak detection system or address a vulnerability that could lead to the unsafe operation of a natural gas distribution system falls within the scope of this grant program if it helps identify necessary infrastructure upgrades. PHMSA will evaluate each application for its conformance to the grant program's requirements.

- 123. We have needs for grant funding that have to do with the gas lines to our power plants as well as the removal of an old gas line underneath a county roadway. I'm under the impression that the PHMSA grants available are for distribution gas lines delivering gas to homes/customers?**

PHMSA will consider all projects that will repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or acquire equipment to (1) reduce incidents and fatalities and (2) to avoid economic losses. If removing a portion of a natural gas distribution line reduces environmental issues and improves safety; it may be given consideration to be an eligible project.

- 124. What we could do with a grant is purchase Lasor gas detectors for our use and provide for the Fire Department to have a couple of units equipped with lasers, available for responding to leaks or fires by the first responders. It could potentially help reduce the chances of an incident or fatalities by providing indications of a methane release. Our unit would provide a more accurate indication of a methane leak then currently available Leak Survey equipment. Do you believe this maybe something we should pursue total cost should be about \$50,000 for the 3 units?**

Leak detection equipment is an eligible cost for natural gas distribution system owners under this grant program if the application demonstrates that it will lead to the reduction of incidents and fatalities, reduce environmental impacts, and avoid economic loss, for example, via repairs or rehabilitation.

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**125. If awarded, how frequently will the city be permitted to submit e-invoices via the DOT Delphi eInvoicing system? Also, do you require checks for parts and services to have cleared the bank or only to have been paid?**

Grant recipients may submit incremental allowable reimbursement requests as frequently as needed. Whether checks have cleared the bank depends on the recipient's accounting method. Recipients must use a consistent accounting methodology (accrual accounting or cash basis accounting). The program will review records during desk reviews and site visits to ensure that recipients adhere to their selected accounting method. Additionally, recipients should anticipate receiving a program audit or single audit which will also review the accounting method utilized. Applicants must retain all documentation related to reimbursement requests. For more information, please see [2 CFR 200.1 "Expenditures."](#)

**126. Will a peak shaving LNG facility meet the requirements of this grant? The existing facility is in great need of maintenance, replacement of equipment, and updates to the entire station.**

By statute, the purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. A peak shaving LNG facility falls outside the scope of the statute.

**127. Will equipment purchased through the grant ultimately be owned by the utility company or will it be property of the federal government?**

Equipment is defined as those items which are tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit, unless the applicant has a clear and consistent written policy that determines a different threshold.

At the end of the period of performance that is identified in your executed grant agreement, PHMSA will issue equipment disposition releases ([SF-428](#)) to legally transfer ownership to the grant recipient. For more information on the disposition of federal tangible property, please see [2 CFR § 200.313\(e\)](#).

Purchases of less than \$5,000 are considered supplies. Title to supplies will vest in the non-Federal entity upon acquisition. For more information, see [§ 200.314](#).

**128. Do we need to ensure Davis-Bacon wages are paid or strong local prevailing wages?**

The statute does not include Davis-Bacon requirements. However, each applicant selected for the grant funding must demonstrate, to the full extent possible consistent with the law, an effort to create good-paying jobs with the free and fair choice to join a union and incorporation of high labor standards. Applicants should describe whether laborers and mechanics performing construction work on projects funded are paid wages and

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fringe benefits at least equal to those paid for similar work in the community as determined by an applicable state or local prevailing wage law or ordinance or in accordance with a wage determination for the locality issued by the U.S. Department of Labor under 40 U.S.C. 3141 et seq and 29 CFR Part 1. To access prevailing wage rates by county and state for various classifications of work, visit <https://SAM.gov>'s homepage. Scroll down and use the drop-down option to choose Wage Determinations. Click on the category of wage, for example, Construction. Type in the state and county and click search to identify the necessary wages.

- 129. I know “Buy America” is a requirement under the PHMSA Grant. However, please help direct us on how to best advise our Procurement team on the language that should be a part of our contracts.**

Applicants selected for award should use the Buy America language that will be included in the terms and conditions of the executed grant award for contracts. For more information on Buy America, please review OMB Memo M-22-11.

<https://www.whitehouse.gov/wp-content/uploads/2022/04/M-22-11.pdf>

- 130. When filling out forms for the registration of an entity on sam.gov to be able to apply for the grant is it necessary for the municipal to enter its financial information?**

Banking information is mandatory for all U.S. entities to complete the Entity Registration process. For more information on sam.gov registration please refer to the sam.gov Overview for Financial Assistance. <https://home.treasury.gov/system/files/136/New-to-SAM.gov-for-Financial-Assistance-April-2021.pdf>

- 131. Does PHMSA allow for meetings with prospective grant applicants to cover questions related to compiling an application?**

PHMSA is unable to meet with applicants during the submission period. PHMSA is assisting potential applicants by providing responses to FAQs which accompany the NOFO as an attachment in grants.gov and will also be posted to PHMSA's NGDISM website. The public posting of the FAQs provides the information to every potential applicant in a timely, fair, and impartial manner.

- 132. The NOFO requests geospatial data for the project, to include map and aerial photographs. How do we accomplish this while protecting our pipeline locations?**

Sensitive data/images will not be made available to the public.

- 133. We have signed up with a consultant to assist with the grant writing. If we can't get the UEI# and registered with FedConnect we won't be able to submit in this period, but the consultant will still expect to be paid. Are there any considerations being given for the delay on the application side? Is there any chance we can get an extension to be able to submit in this period?**



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Costs associated with the drafting of an application are not allowable. The NGDISM NOFO deadline has been extended through August 8, 2022. Applicants experiencing issues with obtaining a UEI should reach out to the program office at [PHMSAPipelineBILGrant@dot.gov](mailto:PHMSAPipelineBILGrant@dot.gov).

- 134. If a system pulls materials from their current stock, are they permitted to replenish their stock with new purchases that are substantially the same? How should the system document such transfers? For example: The lead time for service risers and residential meters are extending beyond 12-months at this time. If a selected project includes the replacement of services, risers, and meters, can the system use their stock materials to begin the project and then use grant dollars to replenish their stock?**

Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. For additional information, please see [§ 200.453 Materials and supplies costs](#).

Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal Agency Identification Number), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. For replenished materials, property records should reference the date that the replenishment occurred and the cost. For more information, please see [§ 200.313\(d\)\(1\) Equipment](#).