



ACT 127 JANUARY 24, 2012, TELECONFERENCE QUESTIONS & ANSWERS

HISTORY OF ACT & TENTATIVE/FINAL ORDER PROCEDURES

Q: We are just now seeing a draft with a small window to comment. And the fees and registration are due in the next few months. When will we see the final document? Did this go through the proper review requirements?

A: Staff anticipates that the Final Order will be adopted at public meeting on February 16th. The Statute was properly promulgated by the General Assembly, and the Statute provides that the Commission may proceed by Order or by Regulation. The Commission issued a tentative order and has provided twenty days to comment before finalizing the order. We are providing for as much public input as possible given the upcoming effective date of the act and our need for funding during the current fiscal year.

REGISTRATION FORM AND RELATED DOCUMENTS

Q: Can the Commission use an operator's existing PHMSA National Registration Form for Operator ID and/or annual report in lieu of Commission documents.

A: No. We prefer PaPUC specific forms so we get the information we need while minimizing the chance of errors such as picking up national pipeline miles for assessments when we need only Pennsylvania miles. The PUC will not be requiring a separate Annual Report from pipeline operators, only annual registration and mileage and steel reporting.

Q: Does the mileage for gathering lines need to be included when broken up by class and county?

A: Yes. For annual registration the Commission needs aggregate miles by class and county.

Q: What is the US DOT Operator ID Number? And where can you find it?

A: The US DOT Operator ID number is the number assigned by PHMSA to each pipeline operator. If you do not have an operator ID assigned, leave the space blank on your registration.

Q: What is the PEMA contact? Is this the person inside the company that the Pennsylvania Emergency Management Agency would contact if there was an emergency?

A: Yes. Both the Gas Safety Division and the PUC PEMA liaison will need this information.

Q: Gathering Operators with only Class 1 pipelines are not subject to 49 CFR 192 at this time, and thus subsequently do not have Operator IDs with the Federal Government. However, it appears that the registry will require the registering of Class 1 unconventional lines with the PUC. Will these operators be subject to PUC jurisdiction, and if so, how shall they register without a Federal OPID?

A: Yes. Registration (and fee) is required of Class 1 pipelines transporting gas from unconventional wells. Class 1 mileage must be reported and such operators should report zero miles for class 2, 3 and 4. When the operator does not have a DOT ID number, leave that space blank.

Q: If a pipeline operator only operates non PHMSA jurisdictional pipelines (i.e. Production lines or class 1 Gathering lines) are there any PUC requirements that they should be aware of? Specifically, is there any registration required of non DOT jurisdictional pipeline operators.

A: Entities which are completely exempt from PHMSA jurisdiction are not required to register as pipeline operators. The Commission is seeking comment on the issue of registration of production and class 1 pipelines which have distribution service such as farm taps. Staff's present understanding is that PHMSA considers farm taps as regulated distribution service regardless of class location.

Q: The guidance provided does not define the time frame for mileage operated? Because pipeline operators often buy, sell and retire pipelines, we need to report mileage as of a certain date. Perhaps the guidance should say something to the effect of: Report mileage of pipelines operated as of December 31st. This would maintain consistency with the Federal Regulation.

A: Yes. The form's instructions do and will specify pipeline mileage should be reported as of the previous December 31st.

Q: If we do not have our pipeline in place yet, do we have to file a report? We are still in the design phase and have not actually begun laying pipe. We anticipate the project for this year. So do we still file or wait until next year?

A: Yes, you should register now and report zero miles.

ASSESSMENTS

Q: 30 days may not be enough time for an operator to process the assessment payment, can it be extended? Additionally, what recourses will be available to an operator if there is a mistake in amount of assessment fee billed?

A: The Act specifies 30 days. The procedure for objections to assessments is outlined in Section 510 of the Public Utility Code. You can also contact the fiscal office directly for questions about an assessment (717-783-6190)

Q: What is meant by Assessment Contact? Who should this person be?

A: The "assessment contact" should be the pipeline's operator's contact person for assessment issues.

JURISDICTION IN GENERAL

Q: Class 1 pipelines are not subject to Part 192. Why are you collecting Class 1 locations and miles?

A: Simply for informational purposes.

Q: Companies that engage in well production certainly know which of their wells are conventional or unconventional. However other separate companies that gather gas are not provided that information and gas from different well types may be commingled. If a company cannot confirm that its class 1 facilities carry only unconventional well gas, is that a basis on which to not report the location and mileage for facilities that may carry some class 1 unconventional well gas?

A: We want pipeline operators to make a reasonable, good faith effort to determine the source of gas transported over its pipelines such as asking the suppliers or estimating the source of gas by factors such as pressure or BTU content. To the extent mixed conventional and unconventional gas is carried on the same pipeline, your comments should address what thresholds the Commission should adopt to trigger registration and country of manufacture reporting.

Q: Does Act 127 apply to both interstate and intrastate lines?

A: For natural gas pipelines, "interstate" means subject to exclusive FERC jurisdiction and therefore not subject to Act 127. For Part 195 pipelines, the answer is more complicated and we'll discuss it in a couple minutes.

Q: If this is only for operators of intrastate lines, is there a process for operators who only operate interstate lines to notify you that they only have interstate lines and are, thus, exempt? You indicate a process for petroleum gas distribution companies who are registered with the PUC to solely submit proof of their registration with the Propane and Liquefied Petroleum Gas Act. Is there a similar process for interstate lines to submit certain information in lieu of registering?

A: No. Registration is an affirmative requirement for entities which are subject to the act, with a penalty process for those who avoid their obligation. . If an entity does not have pipeline facilities subject to the act there is no need to register. The exclusion for propane is for systems already registered with Pennsylvania's Department of Labor and Industry which oversees the state's Petroleum Gas Act. It is an exemption from the registration fee, not registration or assessments. Staff does not believe the Commission should maintain a list of entities which are not subject to the Act, but if you believe we should, please submit comments to that effect.

JURISDICTION OVER HAZARDOUS LIQUIDS PIPELINES

Q: On Page 3, it mentions that operators must provide their pipeline mileage for Class 1, 2, 3 and 4 pipelines. That doesn't make sense for hazardous liquid pipelines. We have CHCA and non-CHCA pipe, but not classes. How would a hazardous liquid line fill this form out appropriately?

Q: It seems as though this Statute was written with Gas Pipeline Operators in mind and that Hazardous Liquid Pipeline Operators were thrown into it without an appreciation for the differences in the operations of the two types of pipelines and without an appreciation of the differences in the regulations governing the Hazardous Liquid and Gas Pipelines.

Q: For Hazardous Liquid Operators, has the Pennsylvania PUC considered requesting information on the different commodity groups: Crude Oil, Refined Products, HVLs, Ethanol, and CO2? There are many different threats to pipeline safety depending on the type of commodity being transported. If you are setting up a program, seems you would want this information during the registration process. Again, it appears that the Pennsylvania PSC does not appreciate the nature of Hazardous Liquid Pipelines and their regulations as they differ from those of Gas Pipelines.

Q: Do interstate, hazardous liquid pipelines that are inspected by PHMSA need to register?

Q: If our entire hazardous liquids system is "interstate", regulated under the jurisdiction and oversight of both PHMSA and the FERC, will our system and the associated assets in Pennsylvania be subject to the requirements under this new statute?

A: As recognized in Appendix A to Part 195, due to the non-exclusive nature of FERC jurisdiction over hazardous liquids lines there is both state and federal jurisdiction over these lines. We will be working with PHMSA and hazardous liquid pipeline operators to determine PUC coverage of hazardous liquids lines. This is an area where we strongly encourage comments.

A: The act and our forms are focused on natural gas pipelines, and we would like to know if Part 195 pipeline operators would prefer separate mileage reporting forms or other changes which would clarify issues for that industry. Please submit comments to assist us.

COUNTRY OF MANUFACTURE – TUBULAR STEEL PRODUCTS

Q: Is it correct the PUC is requesting country of manufacture information for all currently owned facilities, regardless of date of construction?

A: No. The forms instructions will be revised to clarify that country of manufacture data is for tubular steel produced installed during the preceding calendar year.

Q: Under Section i., General Rule Paragraph 3, Act 127 States “In addition registrants must provide the country of manufacture for all tubular steel product installed in the prior calendar year.” Can you please define what is meant by the term installed? Does this mean in-service as of Dec 31, XXXX or welded and placed in the ground?

A: “Installed” means that the pipe was placed in the ground as of December 31st, even if the pipe is not yet transporting any materials. We seek your input; please address this issue in your filed comments.

Q: Under Section 301(D), the country of manufacturer data filing requirement applies to “pipeline operators” which are defined as owners/operators of facilities subject to federal pipeline safety laws. Since exploration and certain gathering facilities are not currently subject to federal pipeline safety laws, is a company that only owns/operated class 1 gathering and exploration facilities exempt from registering and filing country of manufacture information?

A: No. Staff believe Section 301(d)'s specific reference to “regardless of class location” requires operators of class 1 pipelines transporting gas from unconventional wells to register as the means for the Commission to collect the data, even if the pipelines are in class 1 locations and not subject to assessments.

Q: Pipeline operators may not be able to determine the country of manufacture for certain facilities. Should there be a category of “unknown” for these situations, and should information only be submitted where country of manufacture can be confirmed?

A: Maybe. We are not certain a category of “unknown” is needed for pipe installed during the preceding calendar year. Please submit comments.

ENFORCEMENT

Q: Are there any points within the Federal Regulations for which the PUC will be making a departure of how they will promulgate rules and interpretations?

A: The Act is clear – The Commission cannot create any requirements which are inconsistent with or more stringent than the federal pipeline safety laws..

Q: Will the PA PUC be an agent for PHMSA over the 49 CFR 192 program?

A: The Commission is a state partner with PHMSA and our 2012 agreement with PHMSA will reflect our new responsibilities.

FOR FURTHER INFORMATION, CONTACT THE PUBLIC UTILITY COMMISSION:

WRITE

PA Public Utility Commission
Bureau of Consumer Services
P.O. Box 3265
Harrisburg, PA 17105-3265

CALL

(717)787-5000

EMAIL

ra-Act127@pa.gov

VISIT OUR WEBSITE

www.puc.state.pa.us

