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INDEPENDENT REGULATORY REVIEW COMMISSION

333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

December 4, 2019

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Keystone Building, 400 North Street
2nd Floor, North Wing
Harrisburg, PA 17120

Re: Regulation #57-326 (IRRC #3244) (L-2019-3010270)
Pennsylvania Public Utility Commission
Rulemaking Regarding Depreciation Reporting and Capital Planning for Crude Oil,
Gasoline or Petroleum Products Transportation Pipelines

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PA PUC
SECRETARY'S BUREAU

Dear Secretary Chiavetta:

Enclosed are the Commission's comments for consideration when you prepare the final version of this regulation. These comments are not a formal approval or disapproval of the regulation. However, they specify the regulatory review criteria that have not been met.

The comments will be available on our website at www.irrc.state.pa.us. If you would like to discuss them, please contact me.

Very truly yours,

David Sumner
Executive Director
sfh

Enclosure

cc: Honorable Robert M. Tomlinson, Majority Chairman, Senate Consumer Protection and Professional Licensure Committee
Honorable Lisa M. Boscola, Minority Chairman, Senate Consumer Protection and Professional Licensure Committee
Honorable Brad Roae, Majority Chairman, House Consumer Affairs Committee
Honorable Rob F. Matzie, Minority Chairman, House Consumer Affairs Committee
Amy Elliott, Esq., Office of Attorney General

Comments of the Independent Regulatory Review Commission



Pennsylvania Public Utility Commission Regulation #57-326 (IRRC #3244)

Rulemaking Regarding Depreciation Reporting and Capital Planning for Crude Oil, Gasoline or Petroleum Products Transportation Pipelines

December 4, 2019

We submit for your consideration the following comments on the proposed rulemaking published in the October 5, 2019 *Pennsylvania Bulletin*. Our comments are based on criteria in Section 5.2 of the Regulatory Review Act (71 P.S. § 745.5b). Section 5.1(a) of the Regulatory Review Act (71 P.S. § 745.5a(a)) directs the Pennsylvania Public Utility Commission (PUC) to respond to all comments received from us or any other source.

Fiscal impact; Implementation procedures; Need.

This proposed rulemaking will amend 52 Pa. Code Chapter 73 to require crude oil, gasoline and petroleum products transportation pipelines (pipelines) to file depreciation reports, service life study reports and capital investment plan reports with the PUC. Public utilities providing electric service, gas service and water service currently file these reports. The PUC states in the Preamble that the industry's growth in the Commonwealth justifies including pipelines in the list of entities required to comply with the reports. The new reporting requirements for pipelines are intended to increase transparency and to assist the PUC in its ability to fulfill its obligation of ensuring pipeline utilities provide safe, efficient and adequate service at a just and reasonable rate.

Two pipelines have submitted comments stating the new reporting requirements will impose significant costs. This conflicts with the PUC's cost estimate for the regulated community found in Question #19 of the Regulatory Analysis Form (RAF). The PUC acknowledges some administrative costs, but does not anticipate any significant cost to the regulated community. As the PUC prepares the final-form rulemaking, we ask them to work with the commentators to gain a better understanding of how the new reporting requirements will financially impact pipelines and to include the findings in the RAF submitted with the final-form rulemaking.

The commentators also question the usefulness of the reports and what will be done with the information gathered. For each of the three reports to be filed by the pipelines, we ask the PUC to describe the type of information that will be collected and how that information will be used to improve safety, efficiency and adequacy of service.