



U.S. Department  
of Transportation

1200 New Jersey Avenue, SE  
Washington, DC 20590

**Pipeline and Hazardous  
Materials Safety Administration**

**September 21, 2020**

Mr. David J. Chislea  
Manager of Gas Operations  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
Lansing, MI 48917

Dear Mr. Chislea:

In a May 1, 2019, letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), you requested an interpretation of 49 Code of Federal Regulations (CFR) § 192.1. Specifically, you requested an interpretation for the applicability of 49 CFR Part 192 in regards to pipelines located within buildings.

You mentioned several PHMSA interpretations on master meter systems which, after a phone call with myself, we summarized into the following question:

**Question:** Interpretation PI-16-0012 states, “The definition for a master meter system does not prohibit regulation for non-buried gas pipelines. PHMSA does not regulate gas piping inside a building unless the interior piping is used by the gas pipeline operator to distribute gas.” However, interpretations PI-73-0112, PI-76-0114, and PI-01-0113 seem to contradict PI-16-0012. What is the reasoning why PI-16-0012 interprets the Mall of America’s inside gas pipeline as regulated while the other three interpret inside gas pipelines as not being regulated by Part 192?

**Answer:** PHMSA’s interpretations respond to a unique set of facts presented by the requestor. Should any of the facts change, PHMSA’s response would be subject to change. In addition, PHMSA’s interpretations reflect the agency’s application of the regulations to the specific facts presented by the person requesting the clarification. Prior interpretations given for a different set of facts are not generally applicable. They are provided to help the specific requestor understand how to comply with the regulations. Regarding the interpretations raised by your question, PHMSA does not see a contradiction between these interpretations. The location of gas pipelines is only one of many factors that determine whether a gas pipeline system is a master meter system or not.

Interpretation PI-73-0112 analyzes three master meter scenarios. It provides two characteristics that are common to several master meter systems. First, the “existence of underground or exterior piping serving multiple buildings” and second, “the transfer (sale) of gas (metered or unmetered) from the master meter system operator to the ultimate gas consumers (tenants) for use in the consumers’ appliances.”

The Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety provides written clarifications of the Regulations (49 CFR Parts 190-199) in the form of interpretation letters. These letters reflect the agency’s current application of the regulations to the specific facts presented by the person requesting the clarification. Interpretations are not generally applicable, do not create legally-enforceable rights or obligations, and are provided to help the specific requestor understand how to comply with the regulations.

In the first scenario discussed by PI-73-0112, a gas line enters a residence unit, proceeds through the unit to serve various appliances, then leaves the unit and services other residence units in a like manner. The interpretation explained that “normally, interior piping is not considered subject to the regulations, [but] in this case where it is one continuous distribution line without separate risers or services for individual units and is under the sole control of the operator,” the interior segments are subject to the regulations to the same extent as the exterior and underground portions.

In scenario 2, PHMSA discusses a residential master meter system in which a gas line enters a multiple residence unit and travels throughout the residence unit tapping off services to the various residence units within the same building. PHMSA concluded the piping inside the wall is not subject to federal regulations because it is considered “customer piping.” PHMSA stated, “[b]ecause it is impractical in many situations to determine who owns the piping in a building, all the gas lines within a single building downstream of the "master" meter are considered by the OPS to be customer's piping.” The example PHMSA provided was a condominium, in which all the unit owners may own the piping jointly and it is difficult to separate customer piping from a distribution line. PI-16-0012 (the Mall of America interpretation) is not analogous to a condominium. It is not difficult to determine who owns the interior piping in the Mall of America. The interior piping within the Mall of America is owned by the Mall. The customer piping is located within each store and is metered separately. The stores do not jointly and collectively own the Mall’s piping.

In scenario 3 described by PI-73-0112, PHMSA discussed a facility where a gas line leaves a master meter and travels through the ground, serving a plant unit, offices and other units. PHMSA determined it was not a master meter system because the gas was being used by company employees for company purposes on company property. PHMSA noted that, “[o]ne of the characteristics of a master meter system that makes it subject to the [pipeline safety] regulations [is] the transfer of gas from the operator (landlord) to other persons who are the ultimate consumers of the gas.” This principle is reaffirmed in the Mall of America interpretation. The ultimate consumer of gas in the Mall of America interpretation was the store tenants. The Mall, the landlord, distributes gas to the individual stores, who are the tenants.

In PI-76-0114, PHMSA added additional clarity to the classification of interior piping stating “interior piping is only subject to regulation when it is included in an operator's system which is otherwise located outside.” Thus, interior piping is subject to regulation when it is part of a “regulated system” which would otherwise be located outside.

In PI-01-011, PHMSA found that a particular multi-family housing complex met the definition of a master meter system even if the tenants did not directly pay for utilities. The interpretation only briefly mentions that the interior piping within the buildings, beyond the first penetration of each building wall is non-jurisdictional. Again, this interpretation discussing a particular multi-family housing complex is not analogous to Mall of America, which has many business customers with separate accounts and separate risers.

Moreover, the Mall of America interpretation aligns with several interpretations PHMSA has issued concerning concessionaries on university campuses, a scenario that is analogous to the

Mall of America's system unlike a multi-family housing complex. As noted in interpretations PI-73-030, PI-03-0101, and PI-17-0012, when a university sells gas to businesses, the university is distributing the gas, and the businesses are the ultimate consumer who either purchase the gas directly through a meter or by other means, such as by rents. These interpretations establish a key consideration when seeking to determine whether a system is a master meter: where does transportation end and consumption by the end user start?

As the Mall of America interpretation stated, gas pipelines inside buildings may be regulated where the gas piping is being used by the gas pipeline operator to transport gas to several businesses who are the ultimate consumers of the gas. If there is transportation of gas inside of a building, above ground or underground, Part 192 applies up to the custody transfer point between the gas distributor (LDC or master meter system operator) and the consumer.

If we can be of further assistance, please contact Tewabe Asebe at 202-366-5523.

Sincerely,

John A. Gale  
Director, Office of Standards  
and Rulemaking

**From:** Miller, Nathan (LARA) [<mailto:MillerN13@michigan.gov>]  
**Sent:** Tuesday, June 30, 2020 9:39 AM  
**To:** Gale, John (PHMSA) <[john.gale@dot.gov](mailto:john.gale@dot.gov)>  
**Subject:** RE: MI Interp request on Master Meters

John, that question looks good to me. Thank you for working with us on this!

**Nathan J. Miller, P.E.**  
Gas Safety Supervisor

**From:** Gale, John (PHMSA) <[john.gale@dot.gov](mailto:john.gale@dot.gov)>  
**Sent:** Thursday, June 25, 2020 9:29 AM  
**To:** Miller, Nathan (LARA) <[MillerN13@michigan.gov](mailto:MillerN13@michigan.gov)>  
**Subject:** RE: MI Interp request on Master Meters

Nathan:

Per our discussion this am, here is my recommendation for re-couching your master meter question. Please let me know if that works or if you want any changes to it,

John

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