U.S. Department
of Transportation

1200 New Jersey Avenue, SE
Washington, DC 20590

**Pipeline and Hazardous
Materials Safety Administration**

September 1, 2021

Ms. Stephanie M. Wimer
Senior Prosecutor
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

Dear Ms. Wimer:

In a January 29, 2021, letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), you requested an interpretation of 49 CFR Part 192. Specifically, you requested an interpretation of the definitions of "service line" and "operator" under § 192.3.

You provided the following background. The Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement ("I&E") is investigating an April 9, 2020, natural gas explosion. The suspected cause of the explosion is a leak on a consumer-owned line connected to an unregulated well pad production pipeline. The leak was upstream of the outlet of the meter. I&E seeks to determine whether the portion of consumer-owned line that experienced the leak met the definition of "service line" set forth in § 192.3 at the time of the incident and whether the producer was the operator of this portion of the line. You provided the following additional information.

> A gas well is located on the property of House A and the well supplies gas to House A and to a neighboring property House B. There is one tap off of the production line for the consumer-owned lines that take natural gas to House A and House B. The tap is located on the property of House A and there is a T (tee) and a shut-off valve on each side of the tap. The meter and regulator for the line to House A are immediately adjacent to the tap. Prior to the end of March 2020, the meter and regulator for the line to House B have also been immediately adjacent to the tap; however, less than one month prior to the explosion, the owners of House B relocated the meter and the regulator to the property of House B and closer to their residential structure. At the tapping point, the line is split to serve House A and House B. The line to House B originates on House A's property, crosses a public township road and then ends on House B's property. Prior to the end of March 2020, the pressure in the production line upstream of both regulators for House A and House B was 10 pounds per square inch gauge (psig) and the pressure in the lines downstream of both regulators was approximately 4-6 ounces (1/4 to 3/8 psig). Subsequent to the relocation of the meter and regulator for House B, the pressure in the line upstream of the relocated House B regulator (downstream from the original regulator location) increased from 4-6 ounces to 10 psig and the suspect leak on the consumer-

owned line to House B is to be the cause of the explosion that demolished House A. The leak occurred on the line to House B between the split and relocated meter and regulator.

The producer maintains a lease agreement with House A, which provides that the producer's responsibilities end for installing and maintaining a meter and at the production line tap valve, and that House A is responsible for making its own connections at a point designated by the producer in addition to installing and maintaining a regulator. The lease agreement was extended to the owners of House B and when House B relocated the meter and regulator at the end of March 2020, House B notified the producer of its intentions to move the meter and regulator, and received permission from the producer to move the producer's meter.

The producer is not registered with the Commission as an Act 127 pipeline operator and, therefore, the aforementioned pipelines were not reported as jurisdictional assets in Pennsylvania. Additionally, the producer does not have a PHMSA Operator ID as it does not define itself as an "operator" pursuant to 49 CFR § 192.3.

On March 8, 2021, PHMSA asked Pennsylvania PUC to respond to several questions and Pennsylvania PUC responded on March 11, 2021.

With your original request, you provided a map depicting the configuration of the pipeline facilities at the incident site. In addition, you mentioned PHMSA provided guidance on the applicability of certain farm taps required by Kentucky state law to PHMSA's regulation at § 192.740 and provided a link to the guidance.

Your questions and PHMSA's responses are as follows:

Question 1: Is the House B line from the split at the tap to the outlet of the relocated House B meter a service line pursuant to 49 CFR § 192.3?

Response to question 1:

Under 49 CFR § 192.3, a service line is any distribution line that transports gas from a common source of supply to an individual customer through a meter header or manifold. Under certain circumstances, a service line may also be referred to as a "farm tap," which is the common name for a pipeline directly connected to a gas transmission, production, or gathering pipeline that provides gas to a customer.

On a farm tap, the "source" piping ends and the service line begins at the first accessible point where the downstream service line can be isolated from source piping (e.g., the inlet to a valve or regulator). In this case, this point appears to be the shut-off valve downstream of the tap. PHMSA notes that additional safety regulations govern service-line valves, including the location of valves pursuant to § 192.365, and operators must comply with applicable recordkeeping requirements in Part 192.

Under the definition of service line, § 192.3, the service line ends at the outlet of the customer meter or at the connection to a customer's pipeline, whichever is further downstream, or at the connection to customer piping if there is no meter. Here, the House B line transports gas from the production line to the customer. The service line would end at the outlet of the meter, or the connection to customer owned piping, whichever is further downstream. Since the outlet of the meter is further downstream than the connection to customer owned piping, the service line would end at the outlet of the relocated meter.

Question 2: Does the lease agreement, which provides that the operator is responsible for the meter and House B is responsible for the regulator and all other piping from the production line tap valve, impact the determination of whether the line is a service line?

Response to question 2: No. The private lease agreement does not impact the determination of whether the line is a service line under 49 CFR § 192.3.

Question 3: Given the above-described configuration, is the producer an "operator" as defined in 49 CFR § 192.3?

Response to question 3: Yes. An "operator" is a person who engages in the transportation of gas, which includes the distribution of gas by pipeline in or affecting interstate commerce (49 CFR §§ 191.3 and 192.3). From the information provided, the producer provided natural gas from its production line to the consumers which was measured by the producer-owned customer meter. While production lines are not regulated, 49 CFR Parts 191 and 192 apply to distribution lines regardless of whether the "common source of supply" is a regulated line. Therefore, because the producer is engaged in the transportation of natural gas via a regulated service pipeline, it is an operator under 49 CFR Parts 191 and 192 and must comply with all applicable requirements contained therein on the "service line" defined in the **Response to question 1**.

Keep in mind that this response letter reflects the agency's application of the regulations based on our understanding of the specific facts as presented by the person requesting the clarification. Interpretations do not create legally enforceable rights or obligations and are provided to help the public understand how to comply with the regulations.

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

Sincerely,

JOHN A GALE

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Date: 2021.09.01 11:55:59 -04'00'

John A. Gale
Director, Office of Standards
and Rulemaking

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
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BUREAU OF
INVESTIGATION
&
ENFORCEMENT

January 29, 2021

Via Electronic Mail

Mr. John A. Gale
Director, Office of Standards and Rulemaking
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Avenue SE
Washington, DC 20590
John.Gale@dot.gov

Re: Request for Written Regulatory Interpretation;
49 CFR § 192.3 Related to Definition of "Service Line"

Dear Mr. Gale:

This letter represents a request from the Safety Division of the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E") for an interpretation of the Pipeline and Hazardous Materials Safety Administration ("PHMSA") regulations at 49 CFR § 192.3 (related to the definition of a "service line") and its applicability to a pipeline configuration where an April 9, 2020 natural gas explosion occurred. The suspected cause of the explosion originated from a leak on a consumer-owned line connected to an unregulated well pad production pipeline. The leak was upstream of the outlet of the meter. I&E seeks to determine whether the portion of consumer-owned line that experienced the leak was subject to the definition of "service line" set forth in 49 CFR § 192.3 at the time of the incident and whether the producer was responsible for this portion of the line.

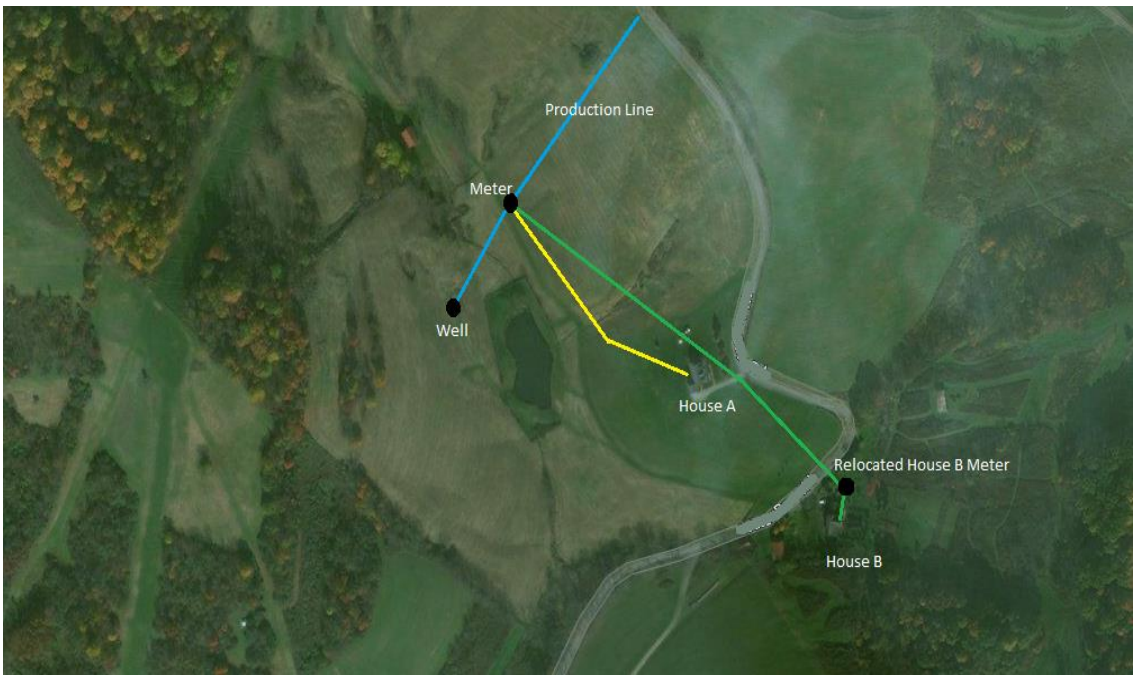
The I&E Safety Division participates in PHMSA's State Pipeline Safety Program. Through its agreement with PHMSA and participation in the Program, the I&E Safety Division has assumed the safety responsibilities of intrastate pipeline facilities in Pennsylvania over which it maintains jurisdiction as authorized by state law.

Pursuant to Pennsylvania's Gas and Hazardous Liquids Pipelines Act, 58 P.S. § 801.101 *et seq.* ("Act 127"), the Commission has authority to regulate and supervise pipeline operators within Pennsylvania consistent with Federal pipeline safety laws. 58 P.S. § 801.501(a). Pipeline operators are defined as "a person that owns or operates equipment or facilities in this Commonwealth for the transportation of gas or hazardous liquids *by pipeline or pipeline facility regulated under Federal pipeline safety laws*." 58 P.S. § 801.102 (emphasis added). Pipeline operators are required to register with the Commission by March 31 of each year and report gathering, transmission and distribution pipeline mileage in class 1, 2, 3 and 4 locations for the preceding calendar year. *See* 58 P.S. § § 801.301(c)(1) and *Act 127 of 2011 – The Gas and Hazardous Liquids Pipeline Act; Assessment of Pipeline Operators*, Docket No. M-2012-2282031 (Final Implementation Order entered February 17, 2012).

The I&E Safety Division is investigating a natural gas explosion that occurred on April 9, 2020 in Washington Township, Greene County, Pennsylvania on a line that I&E views to be a farm tap. The explosion demolished a residence, referenced herein as "House A." A gas well is located on the property of House A. This gas well feeds a non-jurisdictional production pipeline that is the source of natural gas provided to House A and a neighboring property, referred to as "House B." A leak on the consumer-owned line to House B is suspected to be the cause of the explosion that demolished House A.

For the consumer-owned lines that take natural gas to House A and House B, there is one tap off of the production line. The tap is located on the property of House A. At the tap, there is a T and a shut-off valve on each side of the tap. The meter and regulator for the line to House A are immediately adjacent to the tap. Prior to the end of March 2020, the meter and regulator for the line to House B had also been immediately adjacent to the tap. However, less than one month prior to the explosion, the owners of House B relocated the meter and regulator to the property of House B and closer to their residential structure.

At the tapping point, the line is split to serve House A and House B. The line to House B originates on House A's property, crosses a public township road and then ends on House B's property. A map depicting the configuration of the pipeline facilities at the incident site follows.



Prior to the end of March 2020, the pressure in the production line upstream of both regulators for House A and House B was 10 pounds per square inch, gauge ("PSIG") and the pressure in the lines downstream of both regulators was approximately 4-6 ounces. Subsequent to the relocation of the meter and regulator for House B, the pressure in the line upstream of the relocated House B regulator (downstream from the original regulator location) increased from 4-

6 ounces to 10 PSIG. The leak occurred on the line to House B between the split and relocated meter and regulator.

The producer maintains a lease agreement with House A, which provides that the producer's responsibilities end at the production line tap valve, and that House A is responsible for making its own connections at a point designated by the producer in addition to installing and maintaining a regulator. The lease agreement further provides that the producer is responsible for installing and maintaining a meter. These provisions of the lease agreement were extended to the owners of House B upon a conveyance of a portion of the original House A property. When House B relocated the meter and regulator at the end of March 2020, House B notified the producer of its intentions to move the meter and regulator, and received permission from the producer to move the producer's meter.

But for the lease agreement, House A and House B likely would not be served with natural gas. I&E estimates that between 5,000 and 7,000 farm taps exist in Pennsylvania, where individual consumer lines are directly connected to unregulated production pipelines and such consumers are served with natural gas via lease agreements, similar to the instant arrangement.

The producer is not registered with the Commission as an Act 127 pipeline operator and, therefore, the aforementioned pipelines were not reported as jurisdictional assets in Pennsylvania. Additionally, the producer does not have a PHMSA Operator ID as it does not define itself as an "operator" pursuant to 49 CFR § 192.3.

I&E notes that the definition of "service line" provides, in pertinent part, that it "ends at the outlet of the customer meter or at the connection to a customer's piping, whichever is further downstream, or at the connection to customer piping if there is no meter." 49 CFR § 192.3. PHMSA recently elaborated on the definition of service line as it relates to farm tap applications. *See Pipeline Safety: Gas Pipeline Regulatory Reform*, 86 Fed. Reg. 2210 at 2212-14 (January 11, 2021). Providing gas to farm tap customers is not defined as a gathering or production function and may include a regulated service line. *Id.* at 2214. Furthermore, a farm tap facility may meet the definition of a "service line" even if the source of the pipeline is not regulated by PHMSA. *Id.* at 2212. Moreover, it is not necessary, under certain configurations, for the operator to be responsible for maintaining the piping in order for a facility to be deemed a service line. *Id.* at 2214.

I&E also notes that PHMSA provided guidance on the applicability of certain farm taps required by Kentucky state law to PHMSA's regulation at 49 CFR § 192.740. *See* PHMSA letter dated November 5, 2018 and addressed to the Chairman of the Kentucky Public Service Commission.[1] In the letter, PHMSA stated that farm taps meet the definition of service lines, and the piping and appurtenances that comprise a farm tap that are owned or maintained by an entity engaged in the transportation of gas are subject to the requirements of Parts 191 and 192 as a distribution service line. Letter at 1. PHMSA reiterated that a service line ends at the

[1] A link to the letter follows: kentucky-psc-pi-18-0019-11-05-2018-part-192740.pdf (dot.gov)

connection to customer-owned piping or at the outlet of the meter, whichever is further downstream. *Id.*

Regarding the incident that is the subject of I&E's investigation, the leak that precipitated the explosion occurred on a portion of the pipe that was owned and maintained by the customer, but upstream of the meter. The meter, as mentioned above, was relocated by the owners of House B with the permission of the producer less than one month prior to the incident.

I&E's questions to PHMSA are as follows:

(1) Is the House B line from the split at the tap to the outlet of the relocated House B meter a service line pursuant to 192 CFR § 192.3?

(2) Does the lease agreement, which provides that the operator is responsible for the meter and House B is responsible for the regulator and all other piping from the production line tap valve, impact the determination of whether the line is a service line?

(3) Given the above-described configuration, is the producer an "operator" as defined in 192 CFR § 192.3?

Thank you for your consideration in this matter. Should you have any questions or seek further clarification or details with respect to this request, please do not hesitate to contact the undersigned.

Sincerely,

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PA Public Utility Commission
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cc: Richard A. Kanaskie, Director, I&E (*via e-mail only*)
Michael L. Swindler, Deputy Chief Prosecutor, I&E (*via e-mail only*)
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