



U.S. Department  
of Transportation

**Pipeline and Hazardous  
Materials Safety  
Administration**

1200 New Jersey Avenue, SE  
Washington, D.C. 20590

SEP 17 2010

Mr. Vernon Gainey  
South Carolina Office of Regulatory Staff  
Supervisor, Pipeline Safety  
1401 Main Street, Suite 900  
Columbia, SC 29201

Dear Mr. Gainey:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated May 11, 2010, the South Carolina Office of Regulatory Staff (ORS) requested an interpretation of 49 CFR § 192.1 in response to a letter ORS received from the Easley Housing Authority (EHA) asserting that it is not subject to the pipeline safety regulations in 49 CFR Parts 191 & 192 as adopted by South Carolina pursuant to section 58-5-970 of the South Carolina Code of Laws.

ORS described the operation as follows: (1) EHA is a public housing authority that receives natural gas from a metering station; (2) downstream from the metering station EHA owns and operates the natural gas pipeline system; (3) a gas meter was installed previously at each tenant house in the housing authority, but that metering system has been removed by the operator; (4) the cost of the natural gas EHA provides to each tenants is covered by the rent charged to each tenant. EHA contended that its natural gas pipeline system is not subject to the pipeline safety regulations because it does not meter and sell gas to its tenants. ORS believes that EHA is subject to the pipeline safety regulations because it transports gas in its pipeline system from the distribution company's meter to the individual consumers which makes EHA a natural gas pipeline operator.

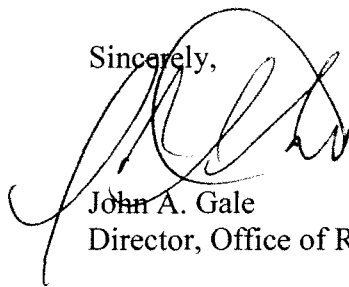
ORS is correct that the natural gas pipeline system operated by EHA is subject to the pipeline safety laws and regulations. Generally speaking, when gas is purchased at a master meter and then is distributed through underground or exterior piping to others who consume the gas, the system is considered to be a gas distribution system. Operators of gas distribution systems, including master meter systems, must comply with both the reporting requirements in Part 191 and the operating, maintenance and other requirements in Part 192.

Pursuant to 49 U.S.C. 60105, South Carolina is authorized to regulate the gas distribution systems in the state. In the absence of an exemption for master meter systems in state law, this includes master meter systems. Whether EHA meters and sells gas to individual customers is irrelevant. The piping through which gas is being transported is owned and operated by EHA. This makes EHA a gas pipeline operator under the pipeline safety laws and regulations. Accordingly, as the operator, EHA is responsible for compliance with the pipeline safety regulations in 49 CFR Parts 191 and 192 as adopted by South Carolina.

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 do not create legally-enforceable rights or obligations and are provided to help the public understand how to comply with the regulations.

I hope that this information is helpful to you. If I can be of further assistance, please contact me at 202-366-4046.

Sincerely,

A handwritten signature in black ink, appearing to read 'John A. Gale', is written over the word 'Sincerely,'.

John A. Gale  
Director, Office of Regulations

P1-10-0004

C DUKES SCOTT  
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900  
Columbia, SC 29201



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SUPERVISOR  
PIPELINE SAFETY

MAY 12 2010

May 11, 2010

Mr. Jeffrey D. Wiese, Associate Administrator  
Pipeline & Hazardous Materials Safety Administration  
U.S. DOT/ PHMSA/ PHP-30  
1200 New Jersey Avenue, SE  
Washington, DC 20590

Dear Mr. Jeffrey D. Wiese:

The South Carolina Office of Regulatory Staff (ORS) requests an interpretation of 49 CFR 192.1 in response to an operator's written communication stating that the operator is not subject to the regulations of 49 CFR 191 and 192. The operator's letter to the ORS is enclosed.

The operator, a housing authority, owns and operates a natural gas pipeline system downstream of a meter facility from which the operator receives natural gas from a distribution company. The operator delivers natural gas to the tenants of the housing authority facility through its underground pipeline system. The operator does not meter the natural gas it delivers to each of the tenants in the housing authority. Individual gas meters were in place previously and removed by the operator. The cost of the natural gas the operator provides to the tenants is covered by the rent charged to each tenant. It is the operator's contention that its natural gas system is not regulated by federal pipeline safety regulations because it does not meter and sell gas to its tenants.

The ORS believes that the operator is transporting gas in its pipeline system from the distribution company's meter to the individual tenants in the housing authority, which categorizes him as a natural gas system operator. The ORS believes that the operator's natural gas system is subject to the pipeline safety regulations contained in 49 CFR as stated in 49 CFR 192.1.

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DAN F. ARNETT  
CHIEF OF STAFF

The ORS requests guidance in determining whether or not this facility is jurisdictional. Any written correspondence regarding this matter and/or the interpretation determination should be addressed to:

Vernon Gainey  
Pipeline Safety Supervisor  
South Carolina Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, SC 29201

Your attention to this matter is greatly appreciated.

Sincerely,

Vernon L. Gainey, Supervisor  
Pipeline Safety  
Electric and Gas Regulation

# *Easley Housing Authority*



103 Wallace Drive  
P.O. Box 1060  
Easley, S.C. 29641  
Ph: 864-855-0629  
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December 23, 2009

Mr. Vernon L. Gainey, Supervisor  
Pipeline Safety  
1441 Main Street, Suite 300  
Columbia, SC 29201

Dear Mr. Gainey,

Subject: **RULE OR REGULATION 192.807 Record Keeping**

In reference to your request **RULE OR REGULATION**, 192.807 Record Keeping I am concern with the classification. According to 49CRF Ch.1 (10-1-08 Edition) Master Meter System are not subject to PART 192-Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards. Master Meters are subject to PART 191-Transportation of Natural and Other Gas by Pipeline; Annual Reports, Incident Reports, and Safety Related Condition Reports.

#### **191.1 Scope.**

- (b) This part does not apply to-
- (ii) Any designated residential or commercial area such as a subdivision, business or shopping center, or community development.

#### **191.3 Definitions.**

Master Meter System means a pipeline system for distributing gas within, but not limited to, a definable area, such as a mobile park, housing project or apartment complex where the operator purchases metered gas from an outside source for resale through a gas distribution pipeline system. The gas distribution pipeline system supplies the ultimate consumer who either purchases the gas directly through a meter or by other means, such as by rents.

Pipeline or Pipeline System means all parts of those physical facilities through which gas moves in transportation, including, but not limited to, pipe, valves, and other appurtenance attached to pipe, compressor units, metering stations, regulator stations, delivery stations, holders, and fabricated assemblies.

**192.3 Definitions**

Customer meter means the meter that measures the transfer of gas from an operator to a consumer.

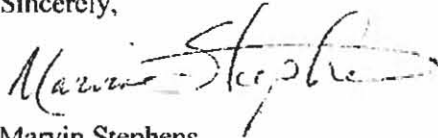
We do not have a customer meter to measure the transfer of gas from an operator to a consumer.

According to **PART 191.11** Distribution Systems reporting transmission pipelines: transmission or gathering system reporting distribution pipelines; there are no reports for Master Meter.

The only information pertaining to Master Meter is found in **PART 191** which conclude that Master Meter does not fall under the Minimum Federal Safety Standard and is not subject to the **192.807 Record Keeping**.

This is the reply concerning the results of our investigation and no corrective action is necessary at this time.

Sincerely,

A handwritten signature in cursive script that reads "Marvin Stephens". The signature is written in dark ink and is positioned above the printed name.

Marvin Stephens  
Executive Director