

March 19, 1975

Mr. P. H. Reardon, Manager  
Gas Operations and Maintenance  
New Jersey Natural Gas Company  
601 Bangs Avenue  
Asbury Park, New Jersey 07712

Dear Mr. Reardon:

This responds to your letter of February 25, 1975, referring to a statement in this Office's Advisory Bulletin No. 75-1 (January, 1975) which reads:

"Where a public housing authority purchases gas from a public utility and then sells and distributes the gas through its own mains and service lines to customers who may or may not be metered, the housing authority is the operator of a gas distribution system and is subject to the requirements of 49 CFR Part 192."

In this regard, you ask whether a public housing authority that does not charge an identifiable fee for gas delivered to tenants but instead receives payment for the gas as part of the rent money is selling gas to tenants and consequently subject to 49 CFR Part 192.

As to the first part of your question, we believe the housing authority is selling gas to tenants. If, as it appears, the housing authority agrees to furnish gas to tenants and receives compensation for the service by receipt of rent, a sale of gas occurs. An allocation of rent for the service or other identifiable charge is not necessary to how a sale of gas.

As to the second part of your question regarding the consequence of the sale, the jurisdiction of Part 192 over a person is not determined by whether the person is selling gas. Rather, it is determined by whether the person owns or operates gas pipeline facilities used to transport gas in commerce. The sale of gas is relevant, but only to indicate that the transportation involved is subject to Part 192. The transportation of gas subject to Part 192 ends when ownership of the gas is transferred to an ultimate consumer, normally by sale and delivery to the consumer.

In the example quoted from Advisory Bulletin 75-1, the housing authority is transporting gas to others for consumption through its own pipelines. The sale of gas indicates that the transportation is in commerce and subject to Part 192. The fact that the housing authority owns and operates the pipelines involved in the

transportation, not its sale of the gas, subjects it to the jurisdiction of Part 192.

We appreciate your interest in pipeline safety.

Sincerely,

Joseph C. Caldwell  
Director  
Office of Pipeline Safety