

PI-75-0102

March 6, 1975

Mr. E. Neil Wagstaff
P.O. Box 233
Provo, UT 84601

Dear Mr. Wagstaff:

This responds to your letter of February 5, 1975, in which you ask us to verify your contention that pipelines in your mobile home park at 801 South State Street, Provo, Utah, are not a gas distribution system subject to 49 CFR Part 192.

Based on the information contained in your letter, which indicates that gas is delivered to each tenant's mobile home where it is burned in gas utilization equipment, we cannot agree that your operation is not under the jurisdiction of Part 192. You concede that Part 192 applies to the transportation of gas by pipeline until the gas is sold and delivered to a consumer. At the same time, you argue that insofar as gas is burned in your equipment to furnish each tenant heat and hot water, you, rather than each tenant, are the ultimate consumer of the gas; and, therefore, your distribution pipelines are not subject to Part 192.

While your argument is valid in some cases, it does not appear appropriate to the situation at your mobile home park. It appears that you are selling gas to tenants for part of the rent money and delivering it to piping and gas utilization equipment in the possession of each tenant under a lease from you. Ownership of the gas, with the right to use it, is transferred to each tenant when the gas enters piping and equipment in the tenant's possession. At that point the transportation of gas subject to Part 192 ends. While the gas is in your possession, it must be transported according to the safety requirements of Part 192. The fact that you are the ultimate owner of the tenant's piping and gas utilization equipment does not nullify each tenant's right under a lease from you to possess and consume the gas.

Since the conclusion herein is not based on the use of gas cooking ranges, their removal from tenants' mobile homes would not alter the applicability of Part 192 to your operation.

Sincerely,
Joseph C. Caldwell
Director
Office of Pipeline Safety

February 5, 1975

Mr. Joseph C. Caldwell, Director
Office of Pipeline Safety
Dept. of Transportation
??0 Independence Ave., S.W.
Washington D.C. 20590

Dear Mr. Caldwell:

I requested Mr. Wayne L. Carlson of the Utah Public Service Commission for a ruling on the application of Sec 192 to my Mobile Home Park. The reply I received failed to address my request and so I am requesting a direct determination based on the following:-

FACTS

1. I own and rent all the Mobile Homes in the park located at 801 So. State Provo Utah which is a master-meter system. (there are no privately owned mobile homes which would be ultimate consumers and make me a pipeline op.)
2. The natural gas is purchased by me through a master meter and I then distribute it to each of my units where I use it.
3. I own and maintain in safe operating order, the appliances in which the gas I purchase is burnt, and all lines form the master meter to the appliances.
4. When I rent I agree to furnish Heat, Hot Water and a means of cooking.

DISCUSSION

To achieve #4 above I supply the tenants with hot air to heat the unit by burning gas, I have purchased, in my furnace (#3) where I am the ultimate consumer of the gas - my tenant uses the hot air I supply to heat the unit. The same applies to Hot Water. Gas ranges may be a debatable point but, if necessary, I will remove the few ranges I have, if they make Sec 192 applicable to me.

CONCLUSION

The extract I have from the Federal Register Vol 38 #68 Tues. April 10'73 discusses the definition of a Service Line and the discussion states "Transportation of natural gas ends with the sale coupled with delivery of the gas to the ultimate consumer so that, after the sale, the gas becomes a consumer item and is no longer in commerce."

Since I use the gas to heat air and water which I deliver to my tenants I must be the ultimate consumer of the gas and from the above quote I cannot be in the transportation of Nat. gas. A letter to Mr. Carlson to this effect is necessary as a hearing is being scheduled on this matter. Your letter of determination should specify if cooking ranges have to be removed to obtain classification as an ultimate consumer.

Sincerely,
E. Neil Wagstaff