

SUBJECT: Interpretation #80-12

FROM: William H. Gute, DPS-20
Assistant Director for Operations & Enforcement

TO: Cesar DeLeon

In light of recent communications issued by DCC-1 and OPS Regulations (examples attached), it appears that Interpretation #80-12 (copy attached) is no longer appropriate. Since this interpretation has had wide distribution among the operators and the state agencies involved in pipeline safety, I recommend that Interpretation #80-12 be rescinded. I also suggest that a statement be promptly issued that clearly defines the application of the NGPSA and Part 192 to the gas transmission lines presently in use often defined as "Direct Sales lines", "large volume customer owned service lines", and/or "interplant lines." This statement should address the issues of ownership of gas, ownership/operator of the pipeline, starting point from inter or intrastate transmission line, and end point of jurisdiction in relation to the measurement meter and the consumer's property line.

There are presently several instances where state agencies are being challenged on their authority to inspect these lines and the Regions and the States also have questions on the unclear limits of authority or, in some cases, if the lines are jurisdictional at all. The recent FERC rule change permitting interstate operators to transport gas purchased at the source by the consumer has further complicated this matter and created more instances of conflict of opinion on jurisdiction. A prompt response to this request would be of benefit to OPS, state agencies, and the operators.

Attachments

Mr. Mike Kane
Assistant Commissioner
Utility Program
Public Utility Commission of Oregon
Labor & Industries Building
Salem, Oregon, 97310-0335

Dear Mr. Kane:

Thank you for the copy of your September 7, 1989, letter to Kevin Madden of FERC regarding the safety of customer-owned lines that are supplied high-pressure gas by taps on interstate transmission lines. The letter indicates we need to explain the application of the Part 192 regulations to these high-pressure customer-owned lines.

Part 192 applies to the transportation of gas by pipeline, which includes each of the recognized stages of gas pipeline transportation - gathering, transmission, and distribution. As the Part 192 definition of "service line " indicates, the jurisdiction of Part 192 over the distribution of gas ends at the customer meter or the connection to customer-owned piping, whichever point is farther downstream. In contrast, the regulations do not specify a point on a pipeline at which jurisdiction over the gathering or transmission of gas ends. Thus, the full length of pipelines used in the gathering or transmission of gas comes under the jurisdiction of Part 192, without limitation by customer meters or the beginning of customer-owned piping.

Under Part 192 the question of whether a pipeline is used on the transmission or distribution of gas is determined by the definitions of "transmission line" and "distribution line." Note that the distribution-line definition provides that a pipeline is not a distribution line if it qualifies as a transmission line.

Applying these definitions to taps on interstate transmission lines, we find that the taps are classified as transmission lines when, in accordance with our longstanding interpretation of the definition of "transmission line," they are used to deliver a large volume of gas to a customer. Large volumes include delivery in the 400-800 psig range you mentioned. The high-pressure customer-owned lines located downstream from meters at these high-pressure taps are merely lateral extensions of transmission lines.

The jurisdiction of Part 192 over customer-owned gas transmission lines was made evident when we granted the International Paper Company a waiver from a Part 192 corrosion control rule for an interstate transmission line the company operates to supply its paper mill in Natchez, Mississippi. (50 FR 45186, October 30, 1985).

We recognize that because the regulations lack an express jurisdictional end point for the transmission of gas, confusion may arise regarding the bounds of Federal or State authority over

customer-owned transmission lines. In this regard, a rulemaking proceeding has been scheduled to propose that our large-volume-customer interpretation be codified in the Part 192 definition of transmission line. We will include in that proceeding a proposal to adopt a suitable end point for the jurisdiction of Part 192 over customer-owned transmission lines.

Your letter does not say whether the Oregon Public Utility Commission has jurisdiction over the customer-owned high pressure lines in question. We prefer that enforcement of Part 192 against operators of such intrastate lines handled directly by State agencies.

Sincerely,

George W. Tenley, Jr.
Director
Office of Pipeline Safety