

PI-01-0113

U.S. Department of Transportation
Research and Special Programs Administration
400 Seventh St., S.W.
Washington, D.C. 20590

June 25, 2001

Mr. G. Joel Tierney
Utilities Engineer
Montana Public Service Commission
1701 Prospect Avenue
Helena, MT 59620-2601

Dear Mr. Tierney:

This is in response to your letter of May 31, 2001, requesting an interpretation of the definition of *Master Meter System* as it applies to the Anaconda Housing Authority (AHA).

AHA claims that its pipeline system, which serves multifamily public housing, does not meet the definition of *Master Meter System* at 49 CFR § 191.3 because:

1. AHA does not resell the natural gas. Rather, it pays the utilities itself and does not pass the cost on to the tenants.
2. AHA meets the definition for the test of "Total Tenant Rent" in 24 CFR § 913.107 because it does not pass on the cost of utilities to its tenants.
3. AHA receives a subsidy for utilities from the Federal government and does not bill or receive payment from the tenants for utilities.

We disagree. The gas distribution lines downstream from the master meter are a *Master Meter System* that is subject to the federal gas pipeline safety regulations in 49 CFR Parts 191 and 192.

The AHA system meets the requirements for classification as a Master Meter System as defined in the pipeline safety regulations at 49 CFR § 191.3:

"a pipeline system for distributing gas within, but not limited to, a definable area, such as a mobile home 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."

For purposes of determining whether the AHA gas distribution pipeline facilities are subject to regulation under 49 CFR Parts 191 and 192, we need only determine that the facilities are pipeline facilities and that the gas is being delivered to tenants who either pay a gas bill directly or do so indirectly through rents.

There is no contention that the AHA facilities are not a pipeline facility. In this case, only the interior piping within the buildings, beyond the first penetration of each building wall is non-jurisdictional. And, the tenants are clearly paying a rent for the privilege of occupying a housing unit and receiving utilities, including gas. The fact that they are not billed for the gas and that there are subsidies for utility costs from the government under Department of Housing and

Urban Development (HUD) programs are not relevant to the determination that AHA's gas distribution system is subject to the pipeline safety regulations.

Therefore, the AHA gas distribution system is a *Master Meter* System and is subject to the pipeline safety regulations at 49 CFR Parts 191 and 192.

If you need further assistance, please call me at (202) 366-4565.

Sincerely yours,
Richard D. Huriaux, P.E.
Manager, Regulations
Office of Pipeline Safety

Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601

May 31, 2001

Ms. Stacey Gerard
Associate Administrator
Research and Special Programs Administration
US Dept. of Transportation, Office of Pipeline Safety
Room 7128
400 Seventh St. SW
Washington, DC 20590

Dear Stacey:

Enclosed for your interpretation is a letter from the Anaconda Housing Authority in which Montana has identified as a Master Meter Operator under Title 49, CFR, Parts 191 and 192.

We feel that housing authorities fit the definition of a master meter; however, we may be interpreting the definition wrong.

If you have any questions, please contact me at 406-444-6181.

Sincerely,
Montana Public service Commission
G. Joel Tierney
Utilities Engineer
Utility Division

Knight, Dahood, McLean & Everett
Post Office Box 727
113 East Third Street
Anaconda, Montana 59711

February 14, 23001

Dennis Crawford
Program Manager
Utility Division
Montana Public Service Commission
1701 Prospect Avenue
P. O. Box 202601
Helena, Montana 59620-2601

Re: Anaconda Housing Authority Dear Mr. Crawford:

Our law firm represents the Anaconda Housing Authority. Recently we have been consulted in connection with the Montana Public Service Commission's request that the Anaconda Housing Authority comply with the Federal Natural Gas Pipeline Safety Act. Apparently the Montana Public Service Commission believes that the Anaconda Housing Authority meets the definition of Master Meter System requiring compliance.

The Master Meter System is defined at 49 CFR Part 191:

Means pipeline systems for distributing gas within, but not limited to, definable area, such as a mobile home 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 rent.

The Anaconda Housing Authority does not meet the definition of a Master Meter System for the following reasons:

1. The Anaconda Housing Authority does not resell the natural gas. The Housing Authority pays 100% of all tenants' utilities including their gas, electric and water. The cost is never passed on to or paid by the tenant.
2. The Anaconda Housing Authority meets the definition for the test of "Total Tenant Rent" set forth in 24 CFR 913.107 because the Authority does not pass on the cost of utilities to its tenants.
3. The Anaconda Housing Authority is subsidized 100% for utility usage. That subsidy comes from the Federal Government. The tenant never receives a bill or makes payment for the utilities.

Because the Anaconda Housing Authority does not meet the definition of operating a Master Meter System set forth in 49 CFR Part 191, the Anaconda Housing Authority is exempt from compliance with the Federal Natural Gas Pipeline Safety Act.

I trust that this answers your questions. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,
BERNARD J. "BEN" EVERETT