

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 20, 2003**

REGULAR **CONSENT** **EFFECTIVE DATE** _____ **NA** _____

DATE: August 11, 2003

TO: John Savage via Lee Sparling

FROM: Jerry Murray through Terry Lambeth

SUBJECT: **AR 466:** Initiate Rulemaking to Amend OAR 860-024-0020 and OAR 860-024-0021 to Adopt Federal Pipeline Safety Regulation Amendments.

STAFF RECOMMENDATION:

Staff recommends that the Commission initiate rulemaking to amend OAR 860-024-0020, affecting natural gas and petroleum gas operators, and OAR 860-024-0021, affecting liquefied natural gas storage operators, to adopt published US Department of Transportation (USDOT) amendments.

DISCUSSION:

Under ORS 757.039, the Commission is empowered to adopt safety rules pertaining to the transmission, distribution, storage, or treatment of fuel gas transported by pipeline. The statute also authorizes the Commission to enter into agreements with the USDOT to enforce federal pipeline safety regulations pertaining to pipeline facilities in Oregon. The Commission has entered into agreements for enforcement over intrastate gas pipeline facilities. As part of our annual agreement, the Commission certifies to USDOT that it has or is in the process of adopting all current federal pipeline safety regulations applicable to intrastate gas pipelines and liquefied natural gas facilities. The federal amendments being considered for adoption in this rulemaking include those from Code of Federal Regulations (CFR) Title 49, Part 192 (including seven amendments), Part 193 (including one amendment), and Part 199 (including one amendment). The amendments being proposed for state adoption are summarized on Attachment B.

PUC staff does not anticipate opposition or controversy associated with this proposed rulemaking. Oregon gas operators are aware of these federal amendments and have already taken steps to achieve compliance. Additional information regarding each federal amendment may be reviewed at <http://dms.dot.gov> by searching this website with the appropriate federal docket number as indicated in Attachment B.

The most prominent item in this rulemaking is the adoption of federal Amendment 192-86, entitled "Qualification of Pipeline Safety Personnel." This amendment requires pipeline operators to develop and maintain a written qualification program for individuals performing covered tasks on pipeline facilities. The intent is to ensure a qualified workforce and to reduce the probability and consequence of incidents caused by human error. This amendment significantly increases the safety training, testing, and verification responsibilities of gas pipeline operators. It also increases the safety inspection and oversight responsibilities of the Oregon PUC in carrying out federally mandated inspections and enforcement.

Attachment A details the language changes being proposed for OAR 860-024-0020 for Gas Pipeline Safety and OAR 860-024-0021 for Liquefied Natural Gas Safety. The proposed rule changes are summarized as follows:

1. Latest federal amendment numbers and effective dates are inserted.
2. CFR 49, Part 191, requirements have been inserted into OAR 860-024-0021 to conform this rule to the federal pipeline safety regulations. For example, liquefied natural gas facility operators are required to report certain incident events and keep specific records as required by CFR 49, Part 191.
3. Both rules have been rewritten in active (versus a passive) language format. This change does not change the intent or scope of these rules.
4. In OAR 860-024-0021, the term "Liquid Natural Gas" has been changed to "Liquefied Natural Gas." This is the correct terminology that needs to be used to correspond with CFR 49, Part 193.
5. Other minor changes improve clarity and consistency with other rules, and do not change the scope or intent of these rules.

PROPOSED COMMISSION MOTION:

Initiate a rulemaking to adopt federal pipeline safety regulation amendments by amending OAR 860-024-0020 and OAR 860-024-0021, as shown on Attachment A.

AR 466
Staff's Proposal
August 11, 2003

860-024-0020

Gas Pipeline Safety

~~The following rules and regulations governing the transportation of natural gas and other gas by pipeline are adopted and prescribed by the Commission to be observed by all gas operators (as that term is defined in 49 Code of Federal Regulations (CFR), Part 192.3) doing business in Oregon~~
Every gas operator shall construct, operate, and maintain natural gas and other gas facilities in compliance with the standards prescribed by:

(1) 49 CFR, Part 191, and amendments through No. 14 -- Transportation of Natural and Other Gas by Pipeline; Annual Reports and Incident Reports in effect on July 13, 1998.

(2) 49 CFR, Part 192, and amendments through No. ~~85 90~~ -- Transportation of Natural and Other Gas by Pipeline; Minimum Safety Standards in effect on ~~July 13, 1998~~ **September 5, 2002.**

(3) 49 CFR, Part 199, and amendments through No. ~~18 19~~ -- Control of Drug and Alcohol Use in Natural Gas, Liquefied Natural Gas, and Hazardous Liquid Pipeline Operations in effect on ~~March 17, 1998~~ **September 11, 2001.**

[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Public Utility Commission.]

Stat. Auth.: ORS Ch. 183, 756 & 757

Stat. Implemented: ORS 757.039

Hist.: PUC 164, f. 4-18-74, ef. 5-11-74 (Order No. 74-307); PUC 172, f. & ef. 1-14-76 (Order No. 76-036); PUC 180, f. 4-8-77, ef. 5-1-77 (Order No. 77-232); PUC 2-1978, f. & ef. 3-16-78 (Order No. 78-158); PUC 6-1980, f. & ef. 10-22-80 (Order No. 80-777); PUC 3-1981, f. & ef. 6-4-81 (Order No. 81-361); PUC 12-1984, f. & ef. 6-5-84 (Order No. 84-424); PUC 18-1984, f. & ef. 9-4-84 (Order No. 84-685); PUC 4-1986, f. & ef. 5-5-86 (Order No. 86-456); PUC 11-1987, f. & ef. 10-8-87 (Order No. 87-861); PUC 16-1989, f. & cert. ef. 11-22-89 (Order No. 89-1529); PUC 8-1992, f. & ef. 5-13-92 (Order Nos. 92-618 & 92-677); PUC 14-1994, f. & ef. 10-20-94 (Order No. 94-1533); PUC 9-1998, f. & ef. 4-28-98 (Order No. 98-169); PUC 19-1998, f. & ef. 11-18-98 (Order No. 98-468)

AR 466
Staff's Proposal
August 11, 2003

860-024-0021

Liquid Liquefied Natural Gas Facility Safety

~~The following rules and regulations governing Liquid Natural Gas Facilities are adopted and prescribed by the Commission to be observed by all gas operators (as that term is defined in 49 Code of Federal Regulations (CFR), Part 193.2007) doing business in Oregon~~
Every gas operator shall construct, operate, and maintain liquefied natural gas facilities in compliance with the standards prescribed by:

(1) 49 CFR, Part 191, and amendments through No. 14 -- Transportation of Natural and Other Gas by Pipeline; Annual Reports and Incident Reports in effect on July 13, 1998.

~~(1)(2)~~ **49 CFR, Part 193, and amendments through No. 16 17 -- Liquid Liquefied Natural Gas Facilities; Minimum Safety Standards in effect on July 13, 1998 March 31, 2000.**

~~(2)(3)~~ **49 CFR, Part 199, and amendments through No. 18 19 -- Control of Drug and Alcohol Use in Natural Gas, Liquefied Natural Gas, and Hazardous Liquid Pipeline Operations in effect on March 17, 1998 September 11, 2001.**

[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Public Utility Commission.]

Stat. Auth.: ORS Ch. 183, 756 & 757

Stat. Implemented: ORS 757.039

Hist.: PUC 3-1981, f. & ef. 6-4-81 (Order No. 81-361); PUC 12-1984, f. & ef. 6-5-84 (Order No. 84-424); PUC 4-1986, f. & ef. 5-5-86 (Order No. 86-456); PUC 11-1987, f. & ef. 10-8-87 (Order No. 87-861); PUC 16-1989, f. & cert. ef. 11-22-89 (Order No. 89-1529); PUC 8-1992, f. & ef. 5-13-92 (Order Nos. 92-618 & 92-677); PUC 14-1994, f. & ef. 10-20-94 (Order No. 94-1533); PUC 9-1998, f. & ef. 4-28-98 (Order No. 98-169); PUC 19-1998, f. & ef. 11-18-98 (Order No. 98-468)

Staff's Summary of Federal Amendments

AR 466, August 11, 2003

Caveat: This reference was prepared for educational purposes only by Oregon PUC Staff. The accuracy of this document is not guaranteed. Operators and interested persons are cautioned to view actual federal regulations and related information. Helpful websites include: <http://dms.dot.gov> and <http://www.gpo.gov/nara/cfr/index.html>.

CFR 49, Part 192: Transportation of Natural Gas

(1) Amendment 192-86: Qualification of Pipeline Safety Personnel.

This rule requires pipeline operators to develop and maintain a written qualification program for individuals performing covered tasks on pipeline facilities. The intent is to ensure a qualified workforce and to reduce the probability and consequence of incidents caused by human error. The amendment was developed through a negotiated rulemaking process.

Final Rule Effective Date: 10/26/99. Operators must have a written qualification program by April 27, 2001, and operators must complete the qualification of individuals performing covered tasks by October 28, 2002. [Docket No. RSPA-98-3783]

(2) Amendment 192-96A: Qualification of Pipeline Personnel; Correction

As published, the final regulations omitted titles for the new subparts to the pipeline safety regulations. Therefore, this document amends the regulations to add the title, "Qualification of Pipeline Personnel," to subpart N of 49 CFR, Part 192, and to Subpart G of 49 CFR, Part 195. In addition, the final regulations contained incorrect numbering for the evaluation methods in Sec. 192.803(b) and Sec. 195.503(b). This document corrects the numbering to clarify that observation of performance on the job, job training, or simulations are all acceptable methods of observation, which is one of the means of individual evaluation allowed by the rule.

Final Rule Effective Date: 07/20/01 [Docket No. RSPA-98-3783]

(3) Amendment 192-87: Determining the Extent of Corrosion on Gas Pipelines

This final rule requires that when gas pipeline operators find harmful external corrosion on buried metallic pipelines that have been exposed, they must investigate further to determine if additional harmful corrosion exists in the vicinity of the original exposure. Further investigation can help determine the significance of the initial corrosion discovery. The new requirement may prevent accidents due to corrosion that might otherwise go undetected near an exposed portion of pipeline.

Final Rule Effective Date: 11/22/99 [Docket No. PS-107]

(4) Amendment 192-88: Gas and Hazardous Liquid Pipeline Repair

This rule adopts a safety performance standard for the repair of corroded or damaged steel pipe in gas or hazardous liquid pipelines. Because present safety standards

specify particular methods of repair, operators must get approval from government regulators to use innovative repair technologies. The performance standard is likely to encourage technological innovations and reduce repair costs without reducing safety.
Final Rule Effective Date: 01/13/00 [Docket No. RSPA-98-4733]

(5) Amendment 192-89: Underwater Abandoned Pipeline Facilities

This rule requires the last operator of an abandoned natural gas or hazardous liquid pipeline facility that is located offshore or crosses under, over, or through a commercially navigable waterway to submit a report of the abandonment to the Secretary of Transportation. The results of this final rule will be a Congressionally mandated central depository of information about underwater abandoned pipeline facilities that the Secretary of Transportation will make available to appropriate Federal and State agencies.
Final Rule Effective Date: 10/10/00 [Docket RSPA-97-2094]

(6) Amendment 192-89A: Underwater Abandoned Pipeline Facilities; Correction

In rule document 00-22986 beginning on page 54440 in the CFR issue of Friday, September 8, 2000, make the following correction:

Part 192-89A [CORRECTED]

On page 54443, in the third column, in Sec. 192.727(g)(2), in the third line, "April 10, 2000." should read "April 10, 2001."

Final Rule Effective Date: 10/10/00 [Docket RSPA-97-2094]

(7) Amendment 192-90: High Consequence Areas For Gas Transmission Pipelines

This final rule defines areas of high consequence where the potential consequences of a gas pipeline accident may be significant or may do considerable harm to people and their property. The definition includes: current class 3 and 4 locations; facilities with persons who are mobility-impaired, confined, or hard to evacuate; and places where people gather for recreational and other purposes. For facilities with mobility-impaired, confined, or hard-to-evacuate persons and places where people gather, the corridor of protection from the pipeline is 300 feet, 660 feet, or 1000 feet depending on the pipeline's diameter and operating pressure. This final rule is the first step in a two-step process to develop integrity management program requirements for gas transmission operators. In the second step, the Research and Special Programs Administration (RSPA) will propose requirements to improve the integrity of gas transmission pipelines located in these high consequence areas. This definition satisfies, in part, the Congressional mandate in 49 U.S.C. 60109 for RSPA to prescribe standards that establish criteria for identifying each gas pipeline facility located in a high-density population area.

RSPA developed the definition from the comments received on the notice of proposed rulemaking, and the earlier notice that invited public comment about integrity manage-

AR 466
August 11, 2003

ment concepts as they relate to gas pipelines. The definition does not yet require any specific action by gas transmission pipeline operators. Action will not be required until integrity management program requirements that use the definition are issued.

Final Rule Effective Date: 09/05/2002 [Docket No. RSPA-00-7666]

CFR 49, Part 193: Liquid Natural Gas Facility

Amendment 193-17: Incorporation of Standard NFPA 59A in the Liquefied Natural Gas Regulations

This final rule incorporates by reference an industry consensus standard for liquefied natural gas (LNG) facilities subject to the pipeline safety regulations. This standard, developed by the National Fire Protection Association (NFPA), specifies siting, design, construction, equipment, and fire protection requirements that apply to new LNG facilities and to existing facilities that have been replaced, relocated, or significantly altered. All new, replaced, relocated, and significantly altered facilities are also subject to the new operating and maintenance requirements, and all other requirements specified in this rule, as well as the unchanged portions of the regulations. The fire protection requirements also apply to existing LNG facilities. The incorporation by reference of this standard will allow the LNG industry to use the latest technology, materials, and practices while maintaining the current level of safety.

Final Rule Effective Date: 3/31/00 [Docket No. RSPA-97-3002]

CFR 49, Part 199: Drug and Alcohol Testing Regulations and Procedures

Amendment 199-19: Drug and Alcohol Testing for Pipeline Facility Employees

This rule conforms the pipeline facility drug and alcohol testing regulations with USDOT's "Procedures for Transportation Workplace Drug and Alcohol Testing Programs." In addition, the format of the regulations is made easier to apply and understand. The purpose of these changes is to make the regulations clearer and consistent with USDOT's drug and alcohol testing policies.

Final Rule Effective Date: 9/11/01 [Docket No. RSPA-00-8417]
