

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 5, 2005**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: March 16, 2005

TO: Public Utility Commission

FROM: Michael Thompson

THROUGH: Lee Sparling, Ed Busch, J.R. Gonzalez, and Terry Lambeth

SUBJECT: AR 494: 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 a 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 six amendments), and Part 193 (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 192-95 entitled "Pipeline Integrity Management for Transmission Lines in HCAs". This rule requires operators to develop integrity management programs for gas transmission pipelines located where a leak or rupture could do the most harm, i.e., could impact high consequence areas (HCAs). The rule requires gas transmission pipeline operators to perform ongoing assessments of pipeline integrity, to improve data collection, integration, and analysis, to repair and remediate the pipeline as necessary, and to implement preventive and mitigative actions. This rule comprehensively addresses statutory mandates, safety recommendations, and conclusions from accident analyses, all of which indicate that coordinated risk control measures are needed to improve pipeline safety. It also increases the safety inspection and oversight responsibilities of the Oregon PUC in carrying out federally mandated inspections and enforcement.

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.

Attachments

860-024-0020

Gas Pipeline Safety

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. ~~90 98~~ -- Transportation of Natural and Other Gas by Pipeline; Minimum Safety Standards in effect on ~~September 5, 2002~~ **September 14, 2004**.

(3) 49 CFR, Part 199, and amendments through No.19 -- Control of Drug and Alcohol Use in Natural Gas, Liquefied Natural Gas, and Hazardous Liquid Pipeline Operations in effect on 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); PUC 22-2003, f. & ef. 11-28-03 (Order No. 03-666)

860-024-0021

Liquefied Natural Gas Safety

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.

(2) 49 CFR, Part 193, and amendments through No. ~~17~~ **18** Liquefied Natural Gas Facilities; Minimum Safety Standards in effect on ~~March 31, 2000~~ **April 9, 2004**.

(3) 49 CFR, Part 199, and amendments through No. 19 -- Control of Drug and Alcohol Use in Natural Gas, Liquefied Natural Gas, and Hazardous Liquid Pipeline Operations in effect on 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); PUC 22-2003, f. & ef. 11-28-03 (Order No. 03-666)

Staff's Summary of Federal Amendments

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 192-93: Miscellaneous Amendments

The Research and Special Programs Administration's (RSPA) Office of Pipeline Safety (OPS) has changed some of its safety standards for gas pipelines. The changes are based on recommendations by the National Association of Pipeline Safety Representatives (NAPSR) and a review of the recommendations by the State Industry Regulatory Review Committee (SIRRC). RSPA/OPS believes the changes will improve the clarity and effectiveness of the present standards.

Final Rule Effective Date: 10/15/03 [Docket No. RSPA-02-13208]

(2) Amendment 192-94: Periodic Updates to Pipeline Safety Regulations (2001)

This rule is part of an effort by Research and Special Programs Administration (RSPA) to periodically update the pipeline safety regulations. This rule incorporates the most recent editions of the voluntary consensus standards and specifications referenced in the Federal pipeline safety regulations to enable pipeline operators to utilize the most current technology, materials, and industry practices in the design, construction, and operation of their pipelines. This rule also increases the design pressure limitation for new thermoplastic pipe, allows the use of plastic pipe for certain bridge applications, increases the time period for revision of maximum allowable operating pressure after a change in class location, clarifies welding requirements, and makes various other editorial clarifications and corrections. This final rule does not require pipeline operators to undertake any significant new pipeline safety initiatives.

Final Rule Effective Date: 07/14/04 [Docket No. RSPA- 99-6106]

(3) Amendment 192-95: Pipeline Integrity Management in High Consequence Areas (Gas Transmission Pipelines)

This rule requires operators to develop integrity management programs for gas transmission pipelines located where a leak or rupture could do the most harm, i.e., could impact high consequence areas (HCAs). The rule requires gas transmission pipeline operators to perform ongoing assessments of pipeline integrity, to improve data collection, integration, and analysis, to repair and remediate the pipeline as necessary, and to implement preventive and mitigative actions. This rule comprehensively addresses statutory mandates, safety recommendations, and conclusions from accident analyses, all of which indicate that coordinated risk control measures are needed to improve pipeline safety.

Final Rule Effective Date: 01/14/04 [Docket No. RSPA-00-7666]

(4) Amendment 192-96: Pressure Limiting and Regulating Stations

In the Federal Register of September 15, 2003, RSPA published a final rule concerning the operation and capacity of existing pressure limiting and regulating stations on gas pipelines. The rule inadvertently established a pressure limit that could require a reduction in the operating pressure of some pipelines and be impracticable for others to meet. This direct final rule establishes an appropriate pressure limit to avoid these unintended results.

Final Rule Effective Date: 09/14/04 [Docket No. RSPA- 02-13208]

(5) Amendment 192-97: Passage of Internal Inspection Devices

RSPA published a regulation requiring that new gas transmission lines and sections of existing transmission lines in which pipe or components are replaced be designed and constructed to accommodate the passage of instrumented internal inspection devices. Responding to petitions for reconsideration, RSPA stayed enforcement on some facilities and invited comments on proposed changes to the regulation. The present action concludes RSPA's consideration of the petitions and comments. For existing onshore transmission lines, this action restricts the regulation to replacements of pipe or components. For offshore transmission lines, the regulation is restricted to certain new lines that run between platforms or from platforms to shore. The action aligns the regulation with the supporting congressional directive and a related Marine Board recommendation.

Final Rule Effective Date: 07/28/04 [Docket RSPA 03-16330]

(6) Amendment 192-98: Periodic Underwater Inspections

This rule amends the pipeline safety regulations to require operators of gas and hazardous liquid pipelines to prepare and follow procedures for periodic inspections of pipeline facilities located in the Gulf of Mexico and its inlets in waters less than 15 feet deep. These inspections will inform the operator if the pipeline is exposed or a hazard to navigation.

Final Rule Effective Date: 09/09/04 [Docket RSPA-97-3001]

CFR 49, Part 193: Liquid Natural Gas Facility

Amendment 193-18: Liquefied Natural Gas Facilities; Clarifying and Updating Safety Standards

This rule clarifies that the operation, maintenance, and fire protection requirements of RSPA's Office of Pipeline Safety's (OPS) regulations for liquefied natural gas (LNG) facilities apply to LNG facilities in existence or under construction as of March 31, 2000. An earlier final rule made the applicability of these requirements unclear. Additional changes to the regulations remove incorrect cross-references, clarify fire drill requirements, and require reviews of plans and procedures. Lastly, the final rule changes the regulations so that cross-references to the National Fire Protection Association standard, NFPA 59A, refer to the 2001 edition of that standard rather than the 1996 edition. These clarifications and changes will improve the clarity and effectiveness of the regulations.

Final Rule Effective Date: 04/09/04 [Docket No. RSPA-03-14456]
