

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 31, 2005

REGULAR _____ CONSENT X EFFECTIVE DATE _____ Upon filing with
Secretary of State

DATE: May 23, 2005

TO: Public Utility Commission

FROM: Michael Thompson

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

SUBJECT: AR 494: Adopt Federal Pipeline Safety Regulation Amendments to
OAR 860-024-0020 and OAR 860-024-0021.

STAFF RECOMMENDATION:

Adopt the rule amendments as set forth in the attached order.

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 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.

The comment period for this rulemaking closed May 23, 2005, and no comments were received. Oregon gas operators are aware of these federal amendments and have already taken steps to achieve compliance.

PROPOSED COMMISSION MOTION:

The Commission adopt the modified rules as set forth in the attached order.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 494

In the Matter of a Rulemaking to)	
Amend OAR 860-024-0020 and)	ORDER
OAR 860-024-0021 to Adopt Federal)	
Pipeline Safety Regulation)	
Amendments.)	

DISPOSITION: Rules Amended

On April 5, 2005, the Public Utility Commission (Commission) initiated this rulemaking proceeding. On April 6, 2005, the Commission filed a Notice of Proposed Rulemaking and a Statement of Need and Fiscal Impact with the Secretary of State. Notice of the rulemaking was published in the *Oregon Bulletin* on May 1, 2005. Interested persons were given until May 23, 2005, to file written comments or request a hearing. No comments were filed and no hearing was requested.

On May 31, 2005, the Commission deliberated this matter at its regular meeting and entered the decisions set out in this order.

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 US Department of Transportation (USDOT) to enforce federal pipeline safety regulations pertaining to pipeline facilities in Oregon. The Commission has entered into agreements with USDOT for enforcement over intrastate gas pipeline facilities. As part of its 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 adopted 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 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.

ORDER

IT IS ORDERED that:

1. The modifications to the rules as set forth in Appendix A, attached to and made part of this order, are adopted.
2. The amended rules shall become effective upon filing with the Secretary of State.

Made, entered, and effective _____.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

A person may petition the Commission for the amendment or repeal of a rule pursuant to ORS 183.390. A person may petition the Court of Appeals to determine the validity of a rule pursuant to ORS 183.400.

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 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 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)