Regulatory Analysis Form (Completed by Promulgating Agency)	Independent Regulatory I	RC Review Commission			
SECTION I: PROFILE (1) Agency: PA Public Utility Commission (2) Agency Number: Identification Number:	2887	RECEIVED IRRC 2011 FEB 10 P 3			
L-2008-2034622/57-281	IRRC Number:				
(3) Short Title: Rulemaking Re Liquid Fuels Pipeline Regulations		ч с			
(4) PA Code Cite: 52 Pa. Code § 59.33					
(5) Agency Contacts (List Telephone Number, Address, Fax Number	er and Email Address):				
Primary Contact: Adam D. Young, 717-772-8582, P.O. Box 3265, Harrisburg, PA 17105-3265, 717-783-3458, pburket@state.pa.us					
Secondary Contact: Sherri A. DelBiondo, 717-772-4597, P.O. Box 3265, Harrisburg, PA 17105-3265, 717-783-3458, sdelbiondo@state.pa.us					
(6) Primary Contact for Public Comments (List Telephone Number, Address, Fax Number and Email Address) – Complete if different from #5:					
(All Comments will appear on IRRC'S website)(7) Type of Rulemaking (check applicable box):					
X Proposed Regulation Final Regulation Final Omitted Regulation Emergency Certification Regulation; Certification by the Governor Certification by the Attorney General					

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(8) Briefly explain the regulation in clear and nontechnical language. (100 words or less)

The proposed regulations at 52 Pa. Code § 59.33 will include new language for the regulation of transportation of hazardous materials and liquid fuels by pipeline or conduit as consistent with Chapter 195 of the Code of Federal Regulations, 49 C.F.R. § 195.0 *et seq.*, and in accordance with the Pipeline Safety Grant Program Payment Agreement entered into with the Department of Transportation.

(9) Include a schedule for review of the regulation including:				
Not applicable.				
A. The date by which the agency must receive public comments:	30 days after pub. in the Pa.B.			
B. The date or dates on which public meetings or hearings will be held:	N/A			
C. The expected date of promulgation of the proposed regulation as a final-form regulation:	late 2010/early 2011			
D. The expected effective date of the final-form regulation:	early/mid 2011			
E. The date by which compliance with the final-form regulation will be required:	early/mid 2011			
F. The date by which required permits, licenses or other approvals must be obtained:	N/A			
(10) Provide the schedule for continual review of the regulation.				

No schedule is needed.

SECTION II: STATEMENT OF NEED

(11) State the statutory authority for the regulation. Include specific statutory citation.

Section 102 of the Public Utility Code, 66 Pa. C.S.A. § 102, defines a public utility as "Any person or corporations now or hereafter owning or operating in the Commonwealth equipment or facilities for . . . (v) Transporting or conveying natural or artificial gas, crude oil, gasoline, or petroleum products, materials for refrigeration, or oxygen or nitrogen, or other fluid substance, by pipeline or conduit, for the public for compensation." *Id.* § 102(1)(v). Currently, Pennsylvania exercises jurisdiction over petroleum and oil pipeline utilities. Pursuant to Section 102(1)(v), the Commission also has jurisdiction over hazardous materials and liquid fuels transported via pipeline or conduit for the public for compensation, yet currently has no specific regulations in place to effectively address enforcement and safety issues.

(12) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action.

The regulation is not mandated by any federal or state law or court decision so there is no external deadline that must be met.

(13) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

The compelling public interest advanced by this proposed revision to the safety regulation is the codification of specific safety regulations pertaining to hazardous materials and liquid fuels transported via pipeline or conduit for the public for compensation.

(14) If scientific data, studies, references are used to justify this regulation, please submit material with the regulatory package. Please provide full citation and/or links to internet source.

No scientific data support is necessary for this proposed revision to existing regulations.

(15) Describe who and how many will be adversely affected by the regulation. How are they affected?

No entity will be adversely affected by this proposed revision to the regulation.

(16) List the persons, groups or entities that will be required to comply with the regulation. Approximate the number of people who will be required to comply.

There are no additional groups or entities that will be required to comply with this regulation that aren't already required to comply with the Code of Federal Regulations. This proposed amendment simply codifies the federal safety requirements into the Public Utility regulations.

SECTION III: COST AND IMPACT ANALYSIS

(17) Provide a specific estimate of the costs and/or savings to the **regulated community** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

There is no specific estimate of savings.

Any costs associated with implementation of the revised financial security requirements will be incremental/minimal and cannot be specifically quantified.

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

Local governments will not be affected by the revision of Section 59.33 and will not incur any costs as a result.

(19) Provide a specific estimate of the costs and/or savings to **state government** associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required. Explain how the dollar estimates were derived.

State government, including the PUC, will not incur additional costs as the result of the revision of Section 59.33.

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community	N/A	N/A	N/A	N/A	N/A	N/A
Local Government	N/A					
State Government	N/A					
Total Savings	Cannot be quantified	Cannot be quantified	Cannot be quantified	Cannot be quantified	Cannot be quantified	Cannot be quantified
COSTS:						
Regulated Community	N/A	N/A	N/A	N/A	N/A	N/A
Local Government	N/A					
State Government	N/A					
Total Costs	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
REVENUE LOSSES:						
Regulated Community	N/A					
Local Government	N/A					
State Government	N/A					
Total Revenue Losses	N/A					
(20a) Provide the past t	hree year expendi	ture history f	for programs	affected by t	he regulation	•
Program	FY -3	FY -	2	FY -1	Cu	rrent FY
Not applicable						
	i					
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(21) Explain how the benefits of the regulation outweigh any cost and adverse effects.

The proposed regulations at 52 Pa. Code § 59.33 will include new language for the regulation of transportation of hazardous materials and liquid fuels by pipeline or conduit as consistent with Chapter 195 of the Code of Federal Regulations, 49 C.F.R. § 195.0 *et seq.*, and in accordance with the Pipeline Safety Grant Program Payment Agreement entered into with the Department of Transportation. The benefits include increased safety through uniform safety standards, and increased funding through the Pipeline Safety Grant Program. There are no adverse affects.

(22) Describe the communications with and input from the public and any advisory council/group in the development and drafting of the regulation. List the specific persons and/or groups who were involved.

None.

(23) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

None.

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulations.

No. This revision incorporated the federal standards.

(25) How does this regulation compare with those of other states? How will this affect Pennsylvania's ability to compete with other states?

This revision will make Pennsylvania even with other states participating in the Pipeline Safety Grant Program, and will not at all affect Pennsylvania's ability to compete with other states.

(26) Will the regulation affect any other regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No.

1.4.9

(27) Submit a statement of legal, accounting or consulting procedures and additional reporting, recordkeeping or other paperwork, including copies of forms or reports, which will be required for implementation of the regulation and an explanation of measures which have been taken to minimize these requirements.

N/A

(28) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

N/A

FACE FOR FILING WITH THE LEGISLATIV (Pursuant to Common	RECEIVED IRRC 2011 FEB IO ₽ 3= 16	
		DO NOT WRITE IN THIS SPACE
Copy below is hereby approved as to form and legality. Attorney General. BY	Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by: <u>Pennsylvania Public Utility Commission</u> (AGENCY)	Copy below is hereby approved as to form and legality. Executive or independent Agencies. Bitchan R. Pankiw Chief Counsel
DEC 0 3 2010 DATE OF APPROVAL	DOCUMENT/FISCAL NOTE NO. <u>L-2008-2034622/57-281</u> DATE OF ADOPTION July 15, 2010	<u>7-15-2010</u> DATE OF APPROVAL
Check if applicable Copy not approved. Objections attached	BYRosemary Chiavetta TITLERECRETARY)	Check if applicable. No Attorney General approval or objection within 30 days after submission.

L-2008-2034622/57-281 Proposed Rulemaking Liquid Fuels Pipeline Regulations 52 Pa. Code, Chapter 59

The Pennsylvania Public Utility Commission on July 15, 2010, adopted a proposed rulemaking order which sets forth new language for regulation of liquid fuels and hazardous materials pipelines by incorporating Chapter 195 of the Code of Federal Regulations. The contact person is Adam Young, Law Bureau, 772-8582.

010 DEC - 8 AM 9: 17 PA P.U.C.

EXECUTIVE SUMMARY L-2008-2034622/57-281

2010 DEC - 8 A

Proposed Rulemaking Re Liquid Fuels Pipeline Regulations 52 Pa. Code § 59.33

Currently, Pennsylvania exercises jurisdiction over petroleum and oil pipeline utilities including utilities such as Laurel Pipe Line Co., Sunoco Pipeline, and Conoco Philips Pipe Line Co. Pursuant to Section 102(1)(v), the Commission also has jurisdiction over hazardous materials and liquid fuels transported via pipeline or conduit for the public for compensation, yet currently has no specific regulations in place to effectively address enforcement and safety issues.

The U.S. Department of Transportation's ("DOT") Pipeline and Hazardous Materials Safety Administration's ("PHMSA") Hazardous Liquid Pipeline Safety Grant Program supports efforts to develop and maintain state natural gas, liquefied natural gas, and hazardous liquid pipeline safety programs. The objective of the Pipeline Safety Grant Program is for states to develop and maintain natural gas, liquefied natural gas, and hazardous liquid pipeline safety programs. Eligible state programs will cover such areas as inspection and testing of gas pipelines as well as related travel, training, and research. Funds must be expended for personnel, equipment, and activities reasonably required for the pipeline safety program. DOT will provide federal matching funds, up to 50 percent to any state agency with a certificate under Section 60105 of Title 49, United States Code, an agreement under Section 60106 of Title 49, United States Code, or to any state acting as a DOT agent on interstate pipelines.

Therefore, we propose to amend 52 Pa. Code § 59.33 to include regulations addressing transportation of hazardous materials and liquid fuels by pipeline or conduit as consistent with 49 C.F.R. § 195.0 *et seq.*, and in accordance with the Pipeline Safety Grant Program Payment Agreement entered into with the Department of Transportation.

The PUC contact person is Adam D. Young, 717-772-8582.

PENNSYLVANIA PUBLIC UTILITY COMMISSION Harrisburg, PA 17105-3265

Public Meeting held July 15, 2010

Commissioners Present:

James H. Cawley, Chairman Tyrone J. Christy, Vice Chairman John F. Coleman, Jr. Wayne E. Gardner Robert F. Powelson

Rulemaking Re Liquid Fuels Pipeline Regulations

Docket No. L-2008-2034622

PROPOSED RULEMAKING ORDER

BY THE COMMISSION:

In accordance with Section 501 of the Public Utility Code, 66 Pa. C.S. § 501, the Commission formally commences its rulemaking process to amend its existing regulations at 52 Pa. Code § 59.33 to include new language for the regulation of liquid fuels and hazardous materials pipelines by incorporating Chapter 195 of the Code of Federal Regulations. The Commission seeks comments from all interested parties on this proposed regulation amendment, which is found at Annex A to this Order.

A. Background and Procedural History

Section 102 of the Public Utility Code, 66 Pa. C.S.A. § 102, defines a public utility as "Any person or corporations now or hereafter owning or operating in the Commonwealth equipment or facilities for . . . (v) Transporting or conveying natural or artificial gas, crude oil, gasoline, or petroleum products, materials for refrigeration, or oxygen or nitrogen, or other fluid substance, by pipeline or conduit, for the public for compensation." *Id.* § 102(1)(v).

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Currently, Pennsylvania exercises jurisdiction over petroleum and oil pipeline utilities including utilities such as Laurel Pipe Line Co., Sunoco Pipeline, and Conoco Philips Pipe Line Co. Pursuant to Section 102(1)(v), the Commission also has jurisdiction over hazardous materials and liquid fuels transported via pipeline or conduit for the public for compensation, yet currently has no specific regulations in place to effectively address enforcement and safety issues. Therefore, we are proposing to amend our regulations to include regulations addressing transportation of hazardous materials and liquid fuels by pipeline of conduit as consistent with 49 C.F.R. § 195.0 *et seq.*, and in accordance with the Pipeline Safety Grant Program Payment Agreement entered into with the Department of Transportation.

DISCUSSION

The U.S. Department of Transportation's ("DOT") Pipeline and Hazardous Materials Safety Administration's ("PHMSA") Hazardous Liquid Pipeline Safety Grant Program supports efforts to develop and maintain state natural gas, liquefied natural gas, and hazardous liquid pipeline safety programs.¹ The objective of the Pipeline Safety Grant Program is to develop and maintain state natural gas, liquefied natural gas, and hazardous liquid pipeline safety programs.

The Pipeline Safety Grant Program, in which Pennsylvania currently participates, is a 100% performance-based program with the performance criteria of 100 points. Eligible programs will cover such areas as inspection and testing of gas pipelines as well

¹ Authorized by the Natural Gas Pipeline Safety Act of 1968, Public Law 90-481, 49 U.S.C. 1971, as amended; Public Law 92-401, 86 Stat. 616; Public Law 93-403, 88 Stat. 802; Public Law 94-477, 90 Stat. 2073; Pipeline Safety Act of 1979, Title I and Title II, Public Law 96-129, 93 Stat. 989; Pipeline Safety Reauthorization Act of 1988, Public Law 100- 561; Pipeline Safety Act of 1992, Public Law 102-508; 49 U.S.C. 601; Public Law 103-272; Accountable Pipeline Safety and Partnership Act of 1996, Public Law 104-304.

as related travel, training, and research. Funds must be expended for personnel, equipment, and activities reasonably required for the pipeline safety program. DOT provides federal matching funds, up to 50 percent to any state agency with a certificate under Section 60105 of Title 49, United States Code, an agreement under Section 60106 of Title 49, United States Code, or to any state acting as a DOT agent on interstate pipelines.

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Funding to the states is allocated by a method designed to reflect the degree to which a state has met specific levels of performance, based on information provided in certification packages and the results of DOT's Regional Office program evaluation. The allocation is determined by assigning point values to the states for having achieved certain levels of program participation, dividing this point score by the sum of the states' point scores, and multiplying this ratio by the amount available for the distribution. PHMSA distributes the remaining funds according to certain criteria designed to seek improvements in various state programs. The criteria used by PHMSA is the extent of intrastate jurisdiction, inspector qualifications, recommended number of inspection person-days, *state adoption of applicable Federal regulations*, and other relevant criteria. New state programs, such as Pennsylvania's, are automatically funded at a minimum score of 90 for the first three years (assuming the state is making satisfactory progress in meeting certification requirements), thereby providing an adequate cushion for these state programs to get established.

Since the Gas Service Regulations at 52 Pa. Code § 59 and the Federal Code Regulations on the Transportation of Hazardous Liquids by Pipeline at 49 CFR § 195 are already used in the regulation of natural gas and hazardous liquid pipelines respectively, we propose to amend 52 Pa. Code § 59.33 to include hazardous liquid pipelines, and specifically reference 49 CFR § 195.

CONCLUSION

The Commission, therefore, formally commences its rulemaking process to amend its existing regulations at 52 Pa. Code § 59.33 consistent with Annex A to this Order. The Commission intends to carry out part of the Pipeline Safety Program by adopting applicable federal regulations. The Commission seeks comments from all interested parties on this proposed regulation amendment, which is found at Annex A to this Order.

Accordingly, under sections 501 and 1501 of the Public Utility Code, 66 Pa. C.S. § 501 and 1501; sections 201 and 202 of the Act of July 31, 1968, P.L. 769 No. 240, 45 P.S. §§ 1201-1202, and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1, 7.2, and 7.5; section 204(b) of the Commonwealth Attorneys Act, 71 P.S. 732.204(b); section 745.5 of the Regulatory Review Act, 71 P.S. § 745.5; and section 612 of the Administrative Code of 1929, 71 P.S. § 232, and the regulations promulgated thereunder at 4 Pa. Code §§ 7.231-7.234, we are considering adopting the proposed regulations set forth in Annex A, attached hereto; **THEREFORE**,

IT IS ORDERED:

1. That a proposed rulemaking be opened to consider the regulations set forth in Annex A.

2. That the Secretary shall submit this proposed rulemaking Order and Annex A to the Office of Attorney General for review as to form and legality and to the Governor's Budget Office for review of fiscal impact.

3. That the Secretary shall submit this proposed rulemaking Order and Annex A for review and comments to the Independent Regulatory Review Commission and the Legislative Standing Committees. 4. That the Secretary shall certify this proposed rulemaking Order and Annex A and deposit them with the Legislative Reference Bureau to be published in the *Pennsylvania Bulletin*.

5. That an original and 15 copies of any written comments referencing the docket number of the proposed regulations be submitted within 30 days of publication in the Pennsylvania Bulletin to the Pennsylvania Public Utility Commission, Attn: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265.

6. That a copy of this proposed rulemaking Order and Annex A shall be served on the Office of Trial Staff, the Office of Consumer Advocate, and The Office of Small Business Advocate.

7. That the contact person for this proposed rulemaking is Adam D. Young, Assistant Counsel, Law Bureau, (717)-772-8582. Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Sherri DelBiondo, Regulatory Coordinator, Law Bureau, 717-772-4579.

BY THE COMMISSION,

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Rosemary Chiavetta, Secretary

(SEAL) ORDER ADOPTED: July 15, 2010 ORDER ENTERED: July 16, 2010

ANNEX A TITLE 52. PUBLIC UTILITIES PART I. PUBLIC UTILITY COMMISSION Subpart C. FIXED SERVICE UTILITIES CHAPTER 59. GAS SERVICE

SERVICE AND FACILITIES

* * * * *

§ 59.33 Safety.

(a) *Responsibility*. Each public utility shall at all times use every reasonable effort to properly warn and protect the public from danger, and shall exercise reasonable care to reduce the hazards to which [employes] <u>employees</u>, customers and others may be subjected to <u>by</u> reason of its equipment and facilities.

(b) *Safety code*. The minimum safety standards for all [gas transmission and distribution facilities] <u>natural gas and hazardous liquid public utilities</u> in this Commonwealth shall be those issued under the pipeline safety laws as found in 49 U.S.C.A. §§ 60101--60503 and as implemented at [49 CFR Parts 191--193 and 199] <u>49 CFR Parts 190—195 and 198-199</u>, including all subsequent amendments thereto. [future] <u>Future</u> Federal amendments to [49 CFR Parts 191--193 and 199] <u>49 CFR Parts 190—195 and 198-199</u>, as amended or modified by the Federal government, shall have the effect of amending or modifying the Commission's regulations with regard to the minimum safety standards for all [gas transmission and distribution facilities] <u>natural gas and hazardous liquid public utilities</u>. The amendment or modification shall take effect 60 days after the effective date of the Federal amendment or modification, unless the Commission publishes a notice in the *Pennsylvania Bulletin* stating that the amendment or modification may not take effect.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION COMMONWEALTH OF PENNSYLVANIA HARRISBURG, PENNSYLVANIA

JAMES H. CAWLEY CHAIRMAN

February 10, 2011

The Honorable Arthur Coccodrilli Chairman Independent Regulatory Review Commission 14th Floor, Harristown II 333 Market Street Harrisburg, PA 17101

> Re: L-2008-2034622/57-281 Proposed Rulemaking Liquid Fuels Pipeline Regulations 52 Pa. Code, Chapter 59

Dear Chairman Coccodrilli:

Enclosed please find one copy of the proposed rulemaking and the Regulatory Analysis Form prepared in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." Pursuant to Section 5(a) of the Regulatory Review Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15), the Commission is submitting today a copy of the proposed rulemaking and Regulatory Analysis Form to the Chairman of the House Committee on Consumer Affairs and to the Chairman of the Senate Committee on Consumer Protection and Professional Licensure.

The purpose of this proposal is to set forth new language for regulation of liquid fuels and hazardous materials pipelines by

incorporating Chapter 195 of the Code of Federal Regulations. The contact person is Adam Young, Law Bureau, 772-8582.

The proposal has been deposited for publication with the Legislative Reference Bureau.

Very truly yours,

Rey Tunes

/ James H. Cawley Chairman

Enclosures

cc: The Honorable Robert M. Tomlinson The Honorable Lisa Boscola The Honorable Robert Godshall The Honorable Joseph Preston, Jr. Legislative Affairs Director Perry Chief Counsel Pankiw Assistant Counsel Young Regulatory Coordinator DelBiondo Judy Bailets, Governor's Policy Office ID Number: L-2008-2034622

Subject: Proposed Rulemaking Re Liquid Fuels Pipeline Regulations

Pennsylvania Public Utility Commission

TYPE OF REGULATION X Proposed Regulation Final Regulation with Notice of Proposed Rulemating Omitted. Image: Straig Straight StraightS

FILING OF REPORT

Date Signature

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Designation

HOUSE COMMITTEE (Godshall)

Consumer Affairs

SENATE COMMITTEE (Tomlinson)

Consumer Protection and Professional Licensure

Independent Regulatory Review Commission

Attorney General

Legislative Reference Bureau