Regulatory Analysis Form

(Completed by Promulgating Agency)

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INDEPENDENT REGULATORY REVIEW COMMISSION

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(1) Agency
Pennsylvania Public Utility Commission

(2) Agency Number:
Identification Number: L-2009-2107155/57-277

IRRC Number: 2950

(3) PA Code Cite: 52 Pa. Code § 59.18

(4) Short Title: Revision of 52 Pa Code § 59.18 Pertaining to Meter, Regulator and Service Line Location.

(5) Agency Contacts (List Telephone Number and Email Address):

Primary Contact: Terrence J. Buda, Law Bureau (717)783-3459 tbuda@pa.gov
Secondary Contact: Robert F. Young (717) 787-4945 rfyoung@pa.gov

(6) Type of Rulemaking (check applicable box):

- ☐ Proposed Regulation
- ☒ Final Regulation
- ☐ Final Omitted Regulation
- ☐ Emergency Certification Regulation;
  - ☐ Certification by the Governor
  - ☐ Certification by the Attorney General

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

The Commission is amending its existing regulations at 52 Pa. Code § 59.18 that are currently limited with respect to providing regulatory requirements for meters, regulators and service line locations. The Final Regulation provides a general rule that meters and regulators shall be located outside and aboveground, and that the utility provide written notice of a relocation. However, the Final Regulation also allows for meters to be located inside a building under certain circumstances with a few location requirements. Specifying mandatory requirements for meter, regulator and service line locations is necessary to protect the safety of the public and, therefore, is in the public interest.

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

The authority for the regulation is 66 Pa.C.S. §§ 501, 504-506, 1301 and 1501, the Commonwealth Documents Law, 45 P.S. §§ 1201, et seq., and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1, 7.2, and 7.5.

(9) 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.

While not mandated by Federal law, the regulations are more detailed than Federal requirements and codify our meter, regulator and service line requirements which we believe are necessary for public safety. The existing Commission regulations at 52 Pa. Code § 59.33 adopted the Federal pipeline safety laws including 49 CFR Parts 191-193, 195, and 199 that address meter and regulator location. Section 59.33 (b) is clear that the Federal regulations are the minimum safety standards that apply to natural gas public utilities. Amended Section 59.18 is taken largely from the Guide for Gas Transmission and Distribution Piping Systems and not the Federal regulations. These guidelines are in effect "best practices" recommendations, but are not required, nor do they have the force and effect of a regulation. The regulations for meter, regulator and service line location that we are implementing will be mandatory and organized in a systemized manner.

(10) 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 existing regulation is inadequate and provides limited requirements for the location of regulators or meters. Section 59.18 has not been amended since December 20, 1971. The Commission is concerned about the number of reportable incidents resulting, at least partially, from locating meters and regulators inside structures. In 2009, natural gas distribution utilities reported more than 4,000 leaks occurring on inside meter sets over a five-year period. The number of reportable incidents (65) over the past forty years, however, is more alarming. A reportable incident exists where there was a release of gas and (1) greater than $50,000 in damages; (2) death or injury; or (3) a significant event in the determination of the distribution utility. While it appears from the data that the inside meters and regulators were not always the primary factor for accidents, locating meters and regulators inside certainly contributed to these incidents through a release of natural gas. The state has experienced several gas explosions related to steel service lines being struck and pulled up from their stable position which subsequently pulls the service line from the inside meter set. Plastic service lines with inside meter sets do not pull away since the excavation equipment usually severs the line immediately after being struck. The combination of steel service lines and inside meter sets is a high risk factor for natural gas incidents.

We believe that specifying mandatory requirements for meter, regulator, and service line locations will improve safety and is necessary to protect public safety. We have further reviewed Federal regulation 49 CFR Parts 192.351-383 and do not believe the regulation conflicts with the Federal requirements. The scope of §§ 192.351-383 prescribes minimum requirements for installing customer meters, service regulators, service lines, service line valves, and service line connections to mains. Section 192.353 addresses location of customer meters and regulators and § 192.355 addresses protection from damage. Although the Commission acknowledges that the regulations address similar provisions that involve meter and regulator locations, the specific provisions in the Final should not be considered conflictive or duplicative. For example, § 192.353(a) requires that "each meter and service regulator, whether inside or

outside a building, must be installed in a readily accessible location." In the Final, Annex A, under paragraph (a)(6), requires that the "meter location must accommodate access for meter reading, inspection, repairs, testing, changing, and operation of the gas shut-off valve."

Rather than being conflictive or duplicative, the proposed Final regulation is merely more specific in terms of addressing meter access. Clearly, the proposed regulations are more detailed and address additional regulatory requirements for meter and service regulator locations such as notice, access, building openings, fire exits, stairways, crawl spaces and building air intakes. Therefore, since our adoption of the Federal regulations is only as minimum safety standards, we are implementing regulations that go farther and are more comprehensive regulatory requirements.

Finally, all communities in Pennsylvania that have a natural gas distribution company (NGDC) will benefit from an upgraded, safer distribution system. The health and welfare of these communities will be enhanced by a safe gas distribution system that does not experience the release of natural gas from an accident and gas explosions. The physical and financial impacts to individual building owners and residents from gas explosions can be catastrophic.

(11) 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.

Yes. As indicated in Item (10), the Commission acknowledges that the regulations address similar federal standards that involve meter and regulator location. However the proposed Final regulation is merely more specific in terms of addressing meter access. Clearly, the proposed regulations are more detailed and address additional regulatory requirements for meter and service regulator locations such as notice, access, building openings, fire exits, stairways, crawl spaces and building air intakes. Therefore, since our adoption of the Federal regulations is only as minimum safety standards, we are implementing regulations that go farther and are more comprehensive regulatory requirements that will improve safety.

More specifically, paragraphs (a)(1), (5), (6), (7), and (8), along with section (b) address where meters and regulators can be located and factors that must be considered in locating meter sets. Paragraph (d)(1) addresses inside meter locations and the criteria to be satisfied before an inside meter shall be considered. Paragraphs (d)(2), (3), (4) address regulator location, a shut off valve requirement, and ventilation, respectively, when a meter is located inside.

All communities in Pennsylvania that have a NGDC will benefit from an upgraded, safer distribution system. The public health and welfare of these communities will be enhanced by a safe gas distribution system that does not experience the release of natural gas from an accident and gas explosions. The physical and financial impacts to individual building owners and residents from gas explosions can be catastrophic

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

The proposed regulation will be more consistent with the federal guidelines as well as the majority of other states. It is believed that the regulation will not put Pennsylvania at a competitive disadvantage with other states.

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

No.

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

Prior to the initiation of the rulemaking, the Gas Safety Division of the Public Utility Commission issued ten data requests to the ten largest gas utilities (annual revenues above $40 million) under PUC jurisdiction. The data requests included questions related to the number of inside/outside meter sets, inside regulators, tariff language, inside meter set leak calls, reportable incidents associated with inside meter sets, meter relocation charges, inside leak surveys, and local ordinances requiring certain meter locations. Comments to the rulemaking were filed by the Energy Association of Pennsylvania, all large gas utilities in the Commonwealth, and the Office of Consumer Advocate. In addition, comments were filed by historical commissions and boards, private citizens, preservation groups, civic associations, and government entities and officials. The Commission did not receive comments from the Office of Small Business Advocate.

Based on the extensive comments received on the proposed rulemaking, the Commission issued an Advanced Notice of Final Rulemaking Order prior to finalizing the regulation and received further comments from the Office of Consumer Advocate, gas utilities, the Pennsylvania Historical and Museum Commission and municipal government representatives.

(15) Identify the types and number of persons, businesses, small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) and organizations which will be affected by the regulation. How are they affected?

There are currently 30 NGDCs in Pennsylvania. Most, if not all, will be affected by this regulation. Pennsylvania has 25 NGDCs that have 500 employees or less and are, therefore, considered small businesses. *See* North American Industry Classification System (NAICS Code 221210). Although the

Section imposes regulatory requirements on these entities providing natural gas service, individuals and other small businesses may also be affected. In particular, under paragraph (a)(2) of the Final, a customer and building owner will be provided written notice if the utility is relocating a meter or regulator outside. A customer or building owner may have to pay the costs associated with relocation under paragraphs (a)(9), (10), and (11) of the Final. Finally, the location of a customer's or building owner's meters may be affected if the location of the building satisfies certain historic criteria.

(16) List the persons, groups or entities, including small businesses, that will be required to comply with the regulation. Approximate the number that will be required to comply.

There are currently 30 NGDCs in Pennsylvania. Most, if not all, will be affected by this regulation. Pennsylvania has 25 NGDCs that have 500 employees or less and are, therefore, considered small businesses. *See* North American Industry Classification System (NAICS Code 221210).

(17) Identify the financial, economic and social impact of the regulation on individuals, small businesses, businesses and labor communities and other public and private organizations. Evaluate the benefits expected as a result of the regulation.

A NGDC that provides adequate, efficient, safe, and reasonable service to the entire service territory in which it operates provides a benefit to the community at large. This benefit can be identified through the prevention of catastrophic events that involve death, injury, or excessive property damage. Moreover, the occurrence of gas line explosions negatively impacts the confidence that a community has in the safety of the gas service it receives from the utility.

The Commission expects this regulation to benefit approximately 2.91 million gas customers in Pennsylvania.

(18) Explain how the benefits of the regulation outweigh any cost and adverse effects.

Gas distribution utilities reported more than 4,000 leaks occurring on inside meter sets over a five-year period. The number of reportable incidents over the past forty years is 65 and counting. While inside meter and regulators were not always the primary factor for accidents, locating meters and regulators inside certainly contributed to these incidents through a release of natural gas. Additionally, state and federal gas safety regulations require gas utilities to perform leak surveys over service lines periodically. The state and federal regulations require leak surveys up to the meter, which can be difficult if it is located inside. By not having unrestricted access to the meter sets, the NGDCs can find it difficult to comply with the state and federal regulations and may, under certain circumstances, be unable to detect inside leaks. Generally, the safety benefit from having inside meter sets relocated outside can outweigh the cost of moving the meter sets. In addition, providing specific regulatory requirements for meter and service regulator locations will improve safety and is in the public interest, thus outweighing the costs of implementing these requirements.

(19) 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.

The Commission does not anticipate any additional costs to consumers as a result of compliance with the proposed regulation. In most instances, the NGDC will be responsible for the costs associated with meter, regulator and service line relocation. However, if a customer requests a meter set relocation, the customer pays for the extension of the customer piping up to the outlet valve of the meter set.

In 2009, the Pennsylvania natural gas industry had approximately 27% of all meter sets located inside of residential dwellings. This average was considered to be consistent over the previous five years. The average cost of moving only a meter and/or regulator from inside to outside is approximately $500 per unit. The cost of replacing the steel service line and moving the meter set outside is approximately $4,000 per unit. In response to the provision in the Advance Notice of Final Rulemaking Order (ANOFRO) that regulators connected to steel service lines must be relocated to the outside by December 31, 2020, PGW estimated it would cost approximately $11 million to $74.7 million to replace steel service lines. However, the time frame of the year 2020 for relocating steel service lines outside is no longer relevant, as we have modified the application of the regulation requirement and this provision is not carried over in the Final. Finally, the cost of retrofitting the cost of installation of an excess flow valve on a steel line is approximately $1500.

In response to the ANOFRO, some of the gas utilities provided cost estimates for compliance with regulations proposed therein. UGI has approximately 207,000 inside meters (approximately 1/3 of service locations), 48,600 of which are connected to steel service lines, and tend to be concentrated in older urban areas. UGI contends that the cost of replacing a service line, relocating the associated meter, and installing an EFV on medium pressure service lines is approximately $4,000 per service location if performed at the time of main replacement. UGI asserts that the best estimate of the incremental costs of performing these tasks not at the time of main replacement (non-coordinated) would be approximately $5,400, or approximately $1,400 more per service location.

With respect to the completion deadline, UGI estimates that it is already on schedule to replace approximately 58,000 service lines and relocate the same number of meters within the ten-year compliance period proposed in the ANOFRO. UGI explains that if it had to relocate all meters within ten years in a non-coordinated fashion, it would have to perform approximately 149,000 accelerated relocations and associated service line replacements in a non-coordinated fashion at an incremental cost of $1,400 per service location for a total incremental cost of approximately $208.6 million, or approximately $20.9 million per year. Finally, UGI submits that additional indirect costs will be imposed upon municipalities and residents.

PGW submitted that compliance with the ANOFRO would require that approximately 332,000 meter sets be relocated from an inside location to an outside location at a cost of approximately $826 million. Since PGW explains that 99% of PGW's service lines are operated at a low pressure (i.e. 0.25 to 5 psig), these costs are no longer relevant given the criteria for inside meter locations under paragraph (d)(1)(i) of the Final.

PECO comments generally that the Commission should not expand the scope of the rulemaking beyond meter sets attached to steel service lines. PECO believes that the ANOFRO significantly expanded the scope of the rulemaking where natural gas distribution companies now must relocate all indoor meter sets within 10 years from the effective date of the regulations regardless of the type of service line. PECO explained that relocating all indoor meter sets, regardless of the type of service line, within 10 years from the effective date of the regulations, would require the relocation of an additional 50,000 meter sets that are attached to other types of service lines, such as plastic, within 10 years. PECO asserts that it would almost double the cost of the project to ratepayers from $60 million under the Commission's original Proposed Rulemaking Order, to $110 million under the ANOFRO.

UGI explained further that if it only had to replace all inside meters served by steel service lines within ten years, as opposed to all inside meter sets, it estimates the incremental direct costs of performing non-coordinated service line replacements and meter relocations would be approximately $44.5 million, or $4.5 million per year, as opposed to $208.6 million, or approximately $20.9 million per year.

NFG explains that it has nearly 60,000 inside meters remaining in Pennsylvania. In order to comply with the 10 year timeframe for existing facilities, NFG would have to move approximately 6,000 meters outside each year for the next ten years.

Peoples is in the process of replacing its distribution system infrastructure and has been doing so for several years. Over the past two years, Peoples has replaced nearly 50 miles of cast iron pipe. Over the next twenty years, Peoples plans to replace its entire system of unprotected bare steel pipe and associated facilities (3,273 miles). If a 10 year standard is applied for the replacement of all inside meters. Peoples anticipates that it will need to expend greater capital over the 10 year period that was not previously planned. By requiring natural gas distribution companies to now replace all inside meters within 10 years, Peoples estimates that it will have to expend between $70 - $94 million dollars over the next 10 years to replace all 47,000 inside meters on its current system. If the project is split equally over a ten year period, Peoples asserts that $7 - $9.4 million per year is a considerable sum when placed on top of the already planned Long Term Infrastructure Improvement Plan expenditures of approximately $4.5 million per year already expected to be spent on meter replacement. Further, Peoples states that the estimated costs per meter relocation may increase beyond the estimated $1,500 - $2,000 per meter due to unique building configurations and other work necessary to bring the meter location into compliance.

These cost figures are no longer relevant or need to be adjusted to the new time frame proposed in the Final. These are the only cost analyses the Commission received, and, based on the information, we've expanded our compliance period in the Final regulation to address these concerns and lower the costs accordingly. Utilities shall have 20 years, instead of 10 years, from the effective date of this regulation to complete replacement of existing facilities in compliance with the requirements of the regulation or incorporate the requirements of the regulation in a distribution integrity management plan, whichever occurs first.

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

N/A

(21) Provide a specific estimate of the costs and/or savings to the **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.

Oversight responsibilities for this regulation will be included in the Commission's existing compliance and enforcement activities resulting in no additional costs.

(22) For each of the groups and entities identified in items (19)-(21) above, 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.

For item (19), we agree and expect that meter set relocation efforts will be aligned with planned gas utility projects to replace aging infrastructure or the gas utility's distribution integrity management plan. Therefore, we do not expect that compliance with the regulation will cause a significant increase in procedures and additional reporting.

For item (21), oversight of this regulation will fall under the Commission's existing responsibilities, so no additional procedures or reporting requirements are expected.

Item (20) – N/A

(23) 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.

There are no fiscal savings associated with implementation or compliance for any of the entities above. The costs associated will be to the NGDCs (regulated community) only, but are not costs in addition to already budgeted projects. All major NGDCs currently have main replacement programs in effect and have allocated funds for the implementation of these programs. The costs associated with implementing the main replacement programs are being recovered in base rates and, therefore, cannot properly be categorized as revenue losses. The current rulemaking acts in conjunction with these main replacement

programs and provides requirements for relocating meter sets. When concurrent with service line replacement, it currently costs approximately $4,000 per meter set to relocate from inside to outside, depending on the complexity of the job and the distance the meter set is being relocated. The cost to any one NGDC will depend on how many inside meter sets need to be relocated.

	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	n/a	n/a	n/a	n/a	n/a
State Government	n/a	n/a	n/a	n/a	n/a	n/a
Total Savings	0	0	0	0	0	0
COSTS:						
Regulated Community	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set
Local Government	n/a	n/a	n/a	n/a	n/a	n/a
State Government	n/a	n/a	n/a	n/a	n/a	n/a
Total Costs	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set	$500-$2,000 per set
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(23a) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
Main Replacement and Meter Set Relocation	$50M	$50M	$50M	$50M

(24) For any regulation that may have an adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), provide an economic impact statement that includes the following:

(a) An identification and estimate of the number of small businesses subject to the regulation.
(b) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record.
(c) A statement of probable effect on impacted small businesses.
(d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

As indicated in Items (15) and (16), Pennsylvania has 25 NGDCs that would satisfy the small business administration size standard for a "small business." We would not expect a significant increase in administrative costs for these companies since we would also expect meter set relocation efforts to be part of a larger infrastructure construction plan. The NGDC will be responsible for the costs associated with meters, regulators, and service lines relocation. The effect on any small business gas utility will depend on how many relocations have to be undertaken. However, since the utility will have 20 years to comply with the regulation, these costs will be spread over an extended period of time which will significantly reduce the cost impact. Given the safety impact of the regulation, we do not believe a satisfactory alternative is available.

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

None

(26) 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.

Because the problem identified is the location of meters and regulators inside structures and the fact that natural gas utilities are best positioned to address these concerns, the Final regulation amending existing Section 59.18 is the least burdensome acceptable alternative.

(27) In conducting a regulatory flexibility analysis, explain whether regulatory methods were considered that will minimize any adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), including:

a) The establishment of less stringent compliance or reporting requirements for small businesses;
b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
c) The consolidation or simplification of compliance or reporting requirements for small businesses;
d) The establishment of performing standards for small businesses to replace design or operational standards required in the regulation; and
e) The exemption of small businesses from all or any part of the requirements contained in the regulation.

NGDCs will be required to comply with the regulation. The Commission did not consider any regulatory methods to minimize any adverse impact on a particular gas utility. Given the regulations intended impact on improving safety, we did not consider less stringent compliance, simplification of compliance, or exemptions for any gas utility. In fact, no interested parties advocated minimizing an adverse impact based on the size of the utility. However, the Commission did make concessions for inside meter locations in section (d) of the Final and extended the application period for compliance in section (g).

(28) If data is the basis for this regulation, please provide a description of the data, explain in detail how the data was obtained, and how it meets the acceptability standard for empirical, replicable and testable data that is supported by documentation, statistics, reports, studies or research. Please submit data or supporting materials with the regulatory package. If the material exceeds 50 pages, please provide it in a searchable electronic format or provide a list of citations and internet links that, where possible, can be accessed in a searchable format in lieu of the actual material. If other data was considered but not used, please explain why that data was determined not to be acceptable.

In 2009, the Commission's Gas Safety Division, in conjunction with the Law Bureau, implemented an investigation regarding meter set (meter and regulator) location. The Gas Safety Division issued ten data requests to the ten largest gas utilities under PUC jurisdiction. The data requests included questions related to the number of inside/outside meter sets, inside regulators, tariff language, inside meter set leak calls, reportable incidents associated with inside meter sets, meter relocation charges, inside leak surveys, and local ordinances requiring certain meter locations. All ten gas utilities responded. The data revealed that the Pennsylvania natural gas industry has approximately 27% of all meter sets located inside of residential dwellings. The average had been consistent over the previous five years. Utility companies are required by law to accurately keep such records and provide them to the Commission upon request.

(29) Include a schedule for review of the regulation including:

A. The date by which the agency must receive public comments: N/A

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: mid 2014

D. The expected effective date of the final-form regulation: late 2014

E. The date by which compliance with the final-form regulation will be required: Upon publication

F. The date by which required permits, licenses or other approvals must be obtained: N/A

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

The regulation will be reviewed as needed. The Commission has responsibility for gas safety with respect to natural gas distribution service. In addition, the Commission has responsibility for assuring gas utility compliance with the Commission's gas service regulations.

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BY _____ (DEPUTY ATTORNEY GENERAL)	Pennsylvania Public Utility Commission (AGENCY)	BY Bohdan R. Pankiw
_____ DATE OF APPROVAL	DOCUMENT/FISCAL NOTE NO. L-2009-2107155/57-277	Bohdan R. Pankiw Chief Counsel
	DATE OF ADOPTION May 22, 2014	5/22/14 DATE OF APPROVAL
☐ Check if applicable Copy not approved. Objections attached	BY _____ Rosemary Chiavetta	☐ Check if applicable. No Attorney General approval or objection within 30 days after submission.
	TITLE _____ (SECRETARY)	

L-2009-2107155/57-277
Final Rulemaking
Amendment to 52 Pa. Code
Section 59.18, Meter Location
52 Pa. Code, Chapter 59

The Pennsylvania Public Utility Commission on May 22, 2014, adopted a final rulemaking order which amends the Commission's current regulations at Section 59.18 to be consistent with federal regulations. The contact person is Terrence J. Buda, Law Bureau, 717 783-3459.

EXECUTIVE SUMMARY

L-2009-2107155/57-277
Final Rulemaking Re
Amendment to 52 Pa. Code §59.18
Meter Location

The Commission is amending its existing regulations at 52 Pa. Code § 59.18 that are currently limited with respect to providing regulatory requirements for meters, regulators and service line locations. Specifying mandatory requirements for meter, regulator and service line locations is necessary to protect the safety of the public and, therefore, is in the public interest. The regulation provides a general rule that meters and regulators shall be located outside and aboveground, and that the utility shall provide written notice of a relocation. The regulation addresses where meters and regulators can be located and factors that must be considered in locating meter sets. Consideration is also given to inside meter locations that satisfy certain requirements. However, the utility will continue to retain discretion in applying this regulation. Gas utilities shall have 20 years from the effective date of this regulation to complete replacement of existing facilities in compliance with the requirements of the regulation or incorporate the requirements of the regulation in a distribution integrity management plan, whichever occurs first.

The contact person is Terrence J. Buda, Law Bureau (717) 787-5000.

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held May 22, 2014

Commissioners Present:

Robert F. Powelson, Chairman
John F. Coleman, Jr., Vice Chairman
James H. Cawley
Pamela A. Witmer
Gladys M. Brown

Rulemaking Re Amendment to
52 Pa. Code § 59.18 Meter Location

Docket No. L-2009-2107155

FINAL RULEMAKING ORDER

BY THE COMMISSION:

In accordance with Section 501 of the Public Utility Code, 66 Pa.C.S. § 501, the Commission formally commenced a rulemaking process to amend its existing regulations at 52 Pa. Code § 59.18 "Meter Location." On July 28, 2011, the Commission issued a Proposed Rulemaking Order deleting the current provisions and proposing new language for the regulation. Specifically, this review was to address meter placement and location and general requirements for new service lines. Comments were filed by various interested parties, including the Independent Regulatory Review Commission. The Commission reviewed those comments and issued an Advanced Notice of Final Rulemaking Order on September 13, 2013. Comments were again filed by various interested parties. The Commission has reviewed those comments, as well as all comments filed to its Proposed Rulemaking Order, and issues this Final Rulemaking Order.

Background and Procedural History

On August 21, 2008, the Commission directed the Bureau of Transportation, Gas Safety Division, to institute an investigation into the issue of gas meter placement and relocation in the context of service disputes between gas distribution companies and their customers. Pursuant to the Commission's directive, the Gas Safety Division reviewed existing regulations and tariff language on meter location. The Gas Safety Division concluded that the Commission's existing regulation is vague, inadequate, and out-of-date with respect to the federal standards which the PUC has adopted.

The issue of gas meter placement and relocation in the context of service disputes between Natural Gas Distribution Companies (NGDCs) and their customers came before the Commission in two cases. *Mitchell v. Equitable Gas Company*, Docket No. C-20077457 (Opinion and Order entered January 22, 2009); *Lucas v. Columbia Gas Company of Pennsylvania, Inc.*, Docket No. C-20065830 (Order entered June 3, 2008). In both cases, the meter relocation occurred due to a discovery and repair of leaking service lines. Each case involved a customer complaint filed after the utility charged for relocating the meter.

Specifically, customers had objected to being charged for the relocation of meters from inside their residences to an exterior location, and sought reimbursement of associated costs. The gas line from the meter outlet valve is considered customer owned property. Therefore, when the meters were relocated outside, the customer line was lengthened. Normally, a homeowner would have to contract with an Operator Qualified plumber to extend the house line outside to the meter. In the instances where the customers objected to the relocation of the meters, the NGDC required the meter to be relocated due to safety concerns.

After reviewing these and other cases, the Commission approved a motion finding that its regulations and the tariff provisions of gas utilities vary significantly:

> [I]t is evident that there is ambiguity with respect to meter placement and relocation...[and] it is critically important that our regulations and company tariffs provide clear direction on meter location issues to ensure safe and reliable service.
>
> As much of Pennsylvania's natural gas infrastructure is aging and a number of gas utilities are in the process of embarking on significant infrastructure replacement initiatives, it is an opportune time to assess the meter relocation policy to enable gas utilities to more efficiently address this issue in the context of these programs and to ensure safe and reliable service.[1]

The Commission then directed the Gas Safety Division to undertake a review of the regulations and to prepare a report with any recommendations.

Before discussing the Gas Safety Division's report, it is noteworthy that the Commission's only regulation governing gas meter location reads:

> **52 Pa. Code § 59.18 Location of meters.**
>
> Meters shall be installed in either of the following locations:
>
> 1. Inside the building, preferably in a dry, well-ventilated place not subject to excessive heat, and as near as possible to the point of entrance of the pipe supplying service to the building.
> 2. Outside the building at a location selected by the utility. A meter cover or housing is required if, in the judgment of the utility, conditions require the physical protection for the meter installation.

[1] *Gas Meter Location,* Docket No. M-2008-2058386, Motion of Commissioner Kim Pizzingrilli (August 21, 2008).

The U.S. Department of Transportation (DOT) regulations, which the Commission has adopted[2] and enforces pursuant to an agreement with the Pipeline and Hazardous Material Safety Administration (PHMSA), include the following:

49 CFR §192.353 Customer meters and regulators: Location.

(a) Each meter and service regulator, whether inside or outside a building, must be installed in a readily accessible location and be protected from corrosion and other damage, including, if installed outside a building, vehicular damage that may be anticipated. However, the upstream regulator in a series may be buried.

(b) Each service regulator installed within a building must be located as near as practical to the point of service line entrance.

(c) Each meter installed within a building must be located in a ventilated place and not less than 3 feet (914 millimeters) from any source of ignition or any source of heat which might damage the meter.

(d) Where feasible, the upstream regulator in a series must be located outside the building, unless it is located in a separate metering or regulating building.

49 CFR §192.357 Customer meters and regulators: Installation.

(a) Each meter and each regulator must be installed so as to minimize anticipated stresses upon the connecting piping and the meter.

(b) When close all-thread nipples are used, the wall thickness remaining after the threads are cut must meet the minimum wall thickness requirements of this part.

(c) Connections made of lead or other easily damaged material may not be used in the installation of meters or regulators.

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[2] *See Ratification and Adoption of Amendments to Part 192 of Title 49 of the Code of Federal Regulations*, Docket No. M- 00001347, Order entered March 16, 2000, 2000 Pa. PUC LEXIS 4; 52 Pa. Code § 59.33 Safety.

(d) Each regulator that might release gas in its operation must be vented to the outside atmosphere.

The Commission's Gas Safety Division, in conjunction with the Law Bureau, implemented an investigation regarding meter set (meter and regulator) location. The Gas Safety Division issued ten data requests to the ten largest gas utilities under PUC jurisdiction. The data requests included questions related to the number of inside/outside meter sets, inside regulators, tariff language, inside meter set leak calls, reportable incidents associated with inside meter sets, meter relocation charges, inside leak surveys, and local ordinances requiring certain meter locations. All ten gas utilities responded. The data revealed that the Pennsylvania natural gas industry has approximately 27% of all meter sets located inside of residential dwellings. This average has been consistent over the last five years.

All the tariffs for the solicited utilities have tariff rules governing the location of meter sets. Each tariff states that the utility will make the ultimate siting determination. The basis for the utility decision for meter and regulator location is safety. The majority of the tariffs include language that allows for exceptions to outside siting. Allowance for inside meter and regulator sets are based upon historic area prohibitions and areas that have high amounts of vandalism.

The Commission is also concerned about the number of reportable incidents resulting, at least partially, from locating meters and regulators inside structures. The gas distribution utilities reported more than 4,000 leaks occurring on inside meter sets over a five year period. The number of reportable incidents[3] (65) over the past forty years, however, is more alarming. While it appears from the data that the inside meter and regulators were not always the primary factor for accidents, locating meters and regulators inside certainly contributed to these incidents through a release of natural gas.

[3] A reportable incident exists where there was a release of gas and (1) greater than $50,000 in damages; (2) death or injury; or (3) a significant event in the determination of the distribution utility.

State and federal gas safety regulations require gas utilities to perform leak surveys over service lines periodically; however, several of the utilities reported that they could not comply with the leak survey requirements when the meter and regulator are inside a building which prevents access. This is troubling because the state and federal regulations require leak surveys up to the meter. By not having access to the meter sets, the NGDCs cannot comply with the state and federal regulations and cannot detect inside leaks.

The state has experienced several gas explosions related to steel service lines being struck and pulled up from their stable position and subsequently pulling the service line from the inside meter set. Plastic service lines with inside meter sets do not pull away since the excavation equipment usually severs the line immediately after being struck. The combination of steel service line and inside meter set is a high risk factor for natural gas incidents.

The responding NGDCs also addressed the cost of moving meter sets from the inside to the outside. In most instances, if the customer requests a meter set relocation, the customer pays for the extension of the customer piping up to the outlet valve of the meter set. But the utilities have multiple exceptions as to who pays. Under federal regulations, Operator Qualified plumbers are the only plumbers who may perform work on service lines and meters. The Operator Qualified plumbers are certified and tested by the specific gas utility.

If a meter set is to be moved outside and the meter set was connected to a steel service line, the NGDC would replace the steel service line and move the meter set outside where practical. The cost of replacing the steel service line and moving the meter set outside is approximately $4,000 per unit. The average cost of moving only a meter set from inside to outside is approximately $500. UGI Utilities, Inc. (UGI) opined that most of the steel service lines with inside meter sets were connected to bare steel or

unprotected steel mains which would also need to be replaced and would increase the cost.

Therefore, if an NGDC is replacing a natural gas main in accordance with its main replacement program, the NGDC should make all reasonable efforts to replace the bare or unprotected steel service lines in addition to relocating the meter set. In 2008, Columbia Gas of Pennsylvania, Inc. (Columbia) requested limited waivers of the tariff rules relating to customer service line replacement.[4] According to Columbia's existing tariff, certain customers are responsible for the installation, maintenance, and replacement of their service lines. We agreed it would be inequitable to require these customers to replace their service lines at the customers' expense when the replacement was required by Columbia's main replacement and upgrade project. Thus, it would be prudent and more cost effective for NGDCs to coordinate their meter set relocation program (including steel service line replacement when necessary) with their main replacement program.

There are several alternatives, however, to relocation and replacement of inside meter sets and steel service lines. One alternative is to retrofit existing service lines with Excess Flow Valves (EFV). An EFV is a device that reduces gas flow in the event that a pipe fails beyond the valve. EFVs are currently mandated for all new and replaced service lines by federal law. *See* 49 U.S.C. 60110, 49 CFR § 192.383. We have adopted the Federal regulation. *See* 52 Pa. Code § 59.33(b). The cost of retrofitting a steel service line with EFV is approximately $1,500.

Another alternative to relocation and replacement is to relocate the inside regulator to the outside. The majority of NGDCs do not allow inside regulators; however, the companies that do allow them include UGI, PECO Energy Company (PECO), and Philadelphia Gas Works (PGW). The relocation of the inside regulator costs approximately $450.

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[4] *See Petition of Columbia Gas of Pennsylvania, Inc. for Limited Waivers of Certain Tariff Rules Related to Customer Service Line Replacement*, Docket No. P-00072337 (May 19, 2008).

Finally, several utilities provide service in historic districts where municipal laws may require the meter set to be located inside structures.[5] In some instances, the utilities may be able to locate the regulator outside; however, it was represented that there are instances when the utility must locate the entire meter set inside due to zoning ordinances. In addition, some utilities may locate meter sets inside due to vandalism concerns.

After review of the state and federal regulations pertaining to meter set location, gas distribution tariffs, and after meeting with the gas utilities and reviewing the data responses, Gas Safety concluded the following:

1. The Pennsylvania regulations at §59.18 are silent as to reimbursement costs related to relocation of meters.

2. The Commission has adopted provisions of the Code of Federal Regulations, which address the safety issues related to meter set location and installation and thus are in conflict with the existing Pennsylvania regulations.

3. The collected data show that Pennsylvania has experienced 65 reportable incidents associated with inside meter sets and inside regulators over the last 40 years.

4. The gas distribution utilities have had more than 4,000 leaks related to inside meter sets over the last five years.

5. Several of the gas distribution utilities assert they cannot comply with the state and federal regulations pertaining to leakage surveys because they cannot get access to inside meter sets.

6. Inside meter sets with inside regulators are a major concern due to the possibility of high pressure gas flowing into a structure if the inside meter or inside regulator is detached from the service line. Three gas distribution utilities have high numbers of inside meter sets with inside regulators that are at higher risk for failure because the inside meter and regulator are connected

[5] Such municipal laws may not be enforceable against public utilities due to the Commission's exclusive jurisdiction of utilities under the Public Utility Code. *See Duquesne Light Co. v. Monroeville Borough*, 449 Pa. 573, 581, 298 A.2d 252, 257 (1972).

> to a steel service line. Steel service lines are susceptible to pulling from excavation equipment. Pennsylvania has experienced several catastrophic explosions due to steel service lines pulling away from inside meter sets and inside regulators.

Ultimately, Gas Safety concluded that the Commission's existing regulation at 52 Pa. Code § 59.18 is vague, inadequate, and out-of-date with respect to the federal standards which the Commission has adopted.

Therefore, on July 28, 2011, the Commission adopted and entered a Proposed Rulemaking Order titled "Rulemaking Re Amendment to 52 Pa. Code § 59.18 Meter Location." As indicated previously, the Commission addressed meter placement and location and general requirements for new service lines. The Commission proposed deleting the current provisions and adding new language for the regulation. The Order was published in the *Pennsylvania Bulletin* on June 16, 2012. Comments were filed by approximately 44 interested parties, including the Independent Regulatory Review Commission (IRRC), and numerous letters were also filed by individual homeowners.

COMMENTS TO THE PROPOSED RULEMAKING ORDER

Essentially, the consensus of the utility industry's comments to the proposed regulations is that changes to existing provisions are unnecessary because the Commission's regulations are already consistent with Federal regulations and that the proposed rules are inconsistent with Federal regulations and impose new additional regulatory requirements. Furthermore, some of the utilities and the Energy Association of Pennsylvania (EAP) contend that the proposed regulation is based on the Gas Piping Technology Committee's (GPTC) Guide for Gas Transmission and Distribution Piping Systems (Guide or Guide Material) which is advisory in nature and not meant to be a regulation. Moreover, NGDCs are concerned about any removal of a utility's discretion in meter placement. It was suggested that relocation should be coordinated with the utility's established main replacement program and schedule, and that, specifically,

utilities should not have to replace indoor regulators connected to steel service lines by 2020, as required in the proposed regulation. Utilities also seek clarification whether this regulation, if adopted, would apply to meter sets installed after the effective date of this proposed regulation since a number of new requirements are not requirements of meter sets today.

The general comments of historical commissions and boards, private citizens, preservation groups, civic associations, and government entities and officials is that meters and regulators should remain in the basements of properties within historic districts to preserve beauty and uniqueness of these areas. Also, moving meters outside will risk damage to the units caused by vehicles hitting meters and tampering, among other occurrences. Moreover, with the development of remote meter reading devices, some of these parties believe there is not a need to make meters visible in front of historic homes.

These parties also argue against limiting historic districts to those that are federally recognized. In other words, the definition of "Historic District" should specifically include local historic districts designated by municipalities, as well as others locally significant. These parties are also looking for a process for utilities to notify property owners about projects and allow the property owners to participate and make informed decisions about where the meter will be located. It was also recommended to the Commission to develop design guidelines for the appropriate location of meters and regulators. The Pennsylvania Historical and Museum Commission (PHMC) also disagreed with a statement in the Order, asserting that it was unable to identify any locally adopted historic property regulations that stipulate the location of gas meters.

The IRRC emphasized the point that the Commission established in Section 59.33 that the Code of Federal Regulation (CFR) and its subsequent amendments effectively supersede the Commission's regulations; and since the CFR addresses meter and

regulator location, the proposed Section 59.18 raises the issue of "possible conflict with or duplication of Statues or existing regulations." 71 P.S. § 745.5(b)(3)(i). IRRC continues its comments asking the Commission to explain how these mandates support the Commission's stated intent to make Pennsylvania's regulations consistent with federal regulations and reconcile with the Commission's statement that "the proposed amended language imposes no additional regulatory requirements upon natural gas distribution companies (NGDCs) that these utilities are not already subject to under the federal regulations."

IRRC further believes the proposed regulation includes only meter and regulator locations and does not address several of the other safety concerns identified by the Commission in its Order.

IRRC then notes that the Commission has not explained which state and federal provisions are inconsistent, or how the Commission's regulations could conflict. In order to clearly establish and support this rulemaking's intent, IRRC recommends that the Commission review and revise its Preamble and responses in the Regulatory Analysis Form (RAF) prior to submitting a final regulation. IRRC questions the Commission's support for the regulation based on safety concerns stating that the Commission has not addressed excess flow valves as alternatives to relocating inside meter sets outside, or established a direct link between reportable incidents and leaks at inside meters.

IRRC recommends that the Commission withdraw this regulation. If the Commission does not withdraw the regulation, IRRC recommends that it conduct stakeholder meetings with gas utilities and commentators, including those with knowledge of ordinances regulating historic properties. IRRC also recommends that the Commission publish an advance notice of final rulemaking to allow the public and standing committees the opportunity to review any revisions that the Commission makes to the regulatory language before submittal of a final-form regulation.

DISCUSSION OF COMMENTS TO THE PROPOSED RULEMAKING ORDER

In response to IRRCs comments and concerns about the progress of the rulemaking, the Commission published an advance notice of final rulemaking to allow the public and standing committees the opportunity to review the revised regulatory language before submittal of a final form regulation. *Advance Notice of Final Rulemaking Order*, L-2009-2107155, Public Meeting held September 12, 2013, order entered September 13, 2013; 43 Pa.B. 5705 (September 28, 2013).

The Commission believed that Section 59.18 is currently limited with respect to providing regulatory requirements for locating meters. The regulation merely provides that meters can be installed inside or outside the building with a few location requirements. Our Proposed Rulemaking Order (page 1) acknowledged that the existing regulation is inadequate. IRRC notes that the Commission in Section 59.33 adopts the pipeline safety laws including 49 CFR Parts 191-193, 195 and 199 that address meter and regulator location. We did not believe that our adoption of these minimum safety standards in Section 59.33(b) conflicts or duplicates the proposed regulation. Section 59.33(b) is clear that the Federal regulations are the minimum safety standards that apply to natural gas public utilities.

While the CFR might address similar provisions in terms of subject matter to the proposed regulations, the specific requirements are not the same. In fact, we agreed with the commentators that the proposed Section 59.18 is taken, largely, from the Guide Material and not the Federal regulations. The proposed regulation relies heavily on the Guide Material for structure and substance. That being said, we disagreed that the language is inflexible and leaves no room for utility discretion. We believed that any limitation of an NGDC's discretion through this regulation is in the public interest. We submitted that specifying mandatory requirements for meter, regulator, and service line locations is necessary to protect the safety of the public and, therefore, is in the public interest. However, the proposed regulation allowed the utility in many instances to

deviate from the general rule or requirement if it is not "feasible and practical to do so." The utility will retain discretion in applying this regulation.

Our adoption of the CFR under Section 59.33(b) sets the minimum safety standards for all natural gas and hazardous liquid public utilities. Therefore, Section 59.33(b) does not prohibit the Commission from imposing additional regulatory safety requirements. Although there are additional requirements, we believed that the additional regulatory requirements are all in the public interest. In effect, the proposed regulation does impose additional regulatory requirements for utilities, whereas the Guide Material made them discretionary. Therefore, we agreed that statements to the contrary in the RAF were incorrect and we will make the appropriate corrections.

We further noted IRRC's comment that the proposed regulation includes only meter and regulator location and does not address several other safety concerns identified in the Preamble (Order). The issue of access to inside meters to conduct leak surveys up to the meter is raised by IRRC. We believed that reasonable access by the utility to its facilities should be addressed in the utility's tariff. We also addressed the safety issue with respect to steel service lines pulled from a stable position with the regulations that provide for the placement of the regulator outside the building. Finally, the use of excess flow valves is a safety device used in the industry and, at this point, we are not concerned by any lack of use within the industry to warrant regulatory oversight. However, in addition to noting that federal law already requires EFV installation on all new and replaced service lines, we proposed that excess flow valves must also be installed on all service lines when a meter is located inside.

The proposed regulations do amend existing regulations and we believe are consistent with the already adopted federal regulations. However, we did not intend to imply in response to RAF questions that we would not address other issues and safety concerns. Furthermore, it was not our intent to imply that the provisions of the CFR are

in conflict with existing PUC regulations. Rather than be inconsistent, we believed the proposed regulations supplement our current regulations which adopt the federal regulations.

Moreover, we did not intend to imply that NGDCs do not have access to meter sets, and that NGDCs cannot comply with state and federal regulations. Gas utilities always have the ability to gain access to their facilities by applying their tariff rules.

We also questioned the comments that assert homeowners will be adversely affected economically by the additional regulatory requirements. With respect to regulators being relocated outside buildings in historic districts, we believed that it is merely speculation to maintain that the relocated regulators would diminish the property value of the historic resource.

IRRC believes that the PUC should explain how the final regulation takes into consideration the impact of the location of meters and regulators on NGDCs, homeowners, communities, Pennsylvania's historic resources, and local preservation programs. As indicated previously, IRRC also recommended that the PUC publish an advance notice of final rulemaking to allow the public and standing committees the opportunity to review any revisions that the PUC makes to the regulatory language before submittal of a final-form regulation. IRRC recommended that the PUC review and revise its final rulemaking order and responses in the RAF prior to submitting a final regulation, in order to clearly establish and support the rulemaking's intent that it is in the public interest.

Attachment One to the Advance Notice of Final Rulemaking Order contained a more extensive summary of the Proposed Rulemaking Order comments from the utility industry, historical commissions and boards, private citizens, preservation groups, civic

associations, and government entities and officials. In addition, the general comments of the IRRC to the Proposed Rulemaking Order are summarized and then addressed in a response section. Finally, the specific issues raised by the comments to the specific subsections, paragraphs and subparagraphs of Annex A of the Proposed Rulemaking Order are addressed, discussed, and resolved. In so doing, we have retained language, struck proposed language, and added new language.

As indicated previously, the Commission issued an Advance Notice of Final Rulemaking Order (ANOFRO) on September 13, 2013. Accordingly, the Order established an additional comment period that ended 30 days from the date of the publication in the *Pennsylvania Bulletin,* that date being September 28, 2013.

The Commission welcomed public comments on all revisions to the proposed regulations. We emphasized that parties should use this opportunity to focus on the revisions to the proposed rule, and not to revisit issues already raised in previously submitted comments. We were particularly interested in receiving comments on the costs that would be incurred, and any savings that might be realized by affected parties as the result of these proposed amendments.

GENERAL COMMENTS TO THE ADVANCE NOTICE OF FINAL RULEMAKING ORDER

The Energy Association of Pennsylvania (EAP) filed comments first noting that when the issue of meter placement developed, the Commission and the General Assembly were already engaged in policy discussions regarding a more cost-effective and efficient way to fund the necessary replacement of aging utility infrastructure. EAP submits that the Commission recognized that gas utilities needed to initiate infrastructure

replacement programs and supported legislation to implement a distribution system improvement charge (DSIC).[6]

EAP further believes that a utility main replacement program would create the economic and risk management efficiencies needed to consider relocation of inside meters or regulators as contemplated in the proposed amendments. EAP states that stand-alone regulatory mandates are not warranted based on the historical risk of failure associated with inside meters and regulators. According to EAP, the proposed meter location regulations will result in higher costs and the inefficient use of resources that otherwise might be dedicated to the replacement of aging infrastructure, and will not be in alignment with the risk analysis detailed in current natural gas distribution company (NGDC) federally required Distribution Integrity Management Plans (DIMP). EAP submits that under various provisions of federal regulations found at 49 C.F.R. Part 192 (which have been adopted in Pennsylvania at 52 Pa. Code § 59.33), natural gas utilities are required to file DIMP plans which identify, categorize, and rank risks associated with distribution facilities. EAP notes that all the large NGDCs have filed individual LTIIPs under Act 11, all of which have been approved by the Commission. EAP maintains that all of these plans consider meter relocation in the context of larger efforts to replace aging infrastructure. Moreover, EAP comments that the proposed language at section 59.18(d)(1)(iv) which provides that "[i]nside meter locations shall be considered only when: ....(iv) a utility determines that an outside meter location is neither feasible nor practical" is a cumbersome manner in which to provide the desired flexibility to the gas utility to determine meter location.[7]

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[6] Act 11 of 2012 signed into law on February 14, 2012. According to EAP, the Commission entered a Final Implementation Order on August 2, 2012 which included detailed discussion, *inter alia*, regarding the content and purpose of Long Term Infrastructure Improvement Plans (LTIIP) required under Section 1352 (a) of Act 11.

[7] EAP suggests further amending the phrase to read "feasible and reasonable" and to eliminate the use of the word "practical." EAP believes the phrase "feasible and practical" will actually limit utility discretion regarding meter location and give rise to unnecessary litigation regarding, *inter alia*, meter placement.

EAP requests that the Commission strike the mandate to relocate all meters and regulators outside within 10 years of the effective date of the proposed amendments and draft new language which seeks to align meter relocation efforts with planned gas utility projects to replace aging infrastructure. According to EAP, the costs associated with the meter and regulator relocation mandate could delay replacement of aging pipeline infrastructure. Moreover, EAP contends that the costs would be considerably higher under the ANOFRO where meter relocation is a stand-alone project mandated to occur in a prescriptive timeframe and not coordinated with either a utility DIMP or LTIIP. Finally, EAP seeks further clarification that costs incurred when customer-owned facilities are extended (or replaced) in the course of relocating a meter will be handled as utility expenses for the purposes of cost recovery.

EAP states that it has compiled estimates from its members assuming all inside meters and regulators would be relocated over the mandated ten year timeframe without necessarily attempting to identify either historic properties or those in areas with a "high risk of vandalism" as exempted under section 59.18(d)(1)(i) and (iii). EAP explains that meters are not currently tracked in that manner and that the cost estimate reflects the incremental cost of adhering to the amended regulation, recognizing that a certain number of meter relocations would occur over the next ten years under current main replacement programs. According to EAP, the fact remains that capital and resources will be diverted to complete work that has a lower risk priority based on gas utility DIMP programs.

In addition to its own recommendations, EAP supports the specific language changes to particular sections of the amended regulation as suggested by its member NGDCs. EAP also suggests, in line with the recommendations of the IRRC, that a stakeholder group to address continuing concerns regarding the new mandated timeframe for relocating all meter sets and the specific language of the proposed amendments to section 59.18 should be assembled.

UGI Distribution Companies' (UGI) comments first layout statistical information about its system. UGI has approximately 207,000 inside meters (approximately 1/3 of service locations), 48,600 of which are connected to steel service lines, and tend to be concentrated in older urban areas. As of December 31, 2012, UGI also reported having 196,696 excess flow valves installed on its service lines that tend to be located in areas where UGI has more recently initiated service or where it has more recently replaced gas mains.

UGI explains that it has implemented the policies of (a) installing contemporary plastic, as opposed to steel or other metal, service lines, (b) placing meters and regulators at outside locations, and (c) installing excess flow valves on new medium pressure service lines. According to UGI, excess flow valves recognize a drop in pressure resulting from an unrestricted flow of gas caused on a medium pressure service line and automatically cut off the flow of gas. UGI submits that under the applicable federal gas safety regulation at 49 C.F.R. § 192.383(b), excess flow valves are not installed on low pressure service lines that operate at a pressure less than 10 pounds per square inch gauge (psig) throughout the year because excess flow valves are generally unable to detect and shut off unrestricted gas flows on such low pressure service lines.

UGI believes that the most efficient means of replacing service lines and relocating meters and regulators is to perform such tasks (1) when streets and sidewalks are already being opened up to replace mains, (2) when there otherwise is a need to perform an excavation at a service location, such as an excavation to repair a leak, or (3) if the main replacement can be performed in conjunction with local street re-paving efforts or other infrastructure replacement projects that require excavation.

UGI contends that when service lines are replaced at the time of main replacement the costs of permitting fees and repaving costs can be shared, only one service line tie-in to the main has to be performed, only one excavation has to be performed, only one

restoration project has to be performed, and work crews and equipment do not need to be dispatched multiple times. In addition, gas service disruptions to customers and gas service restoration activities only need to be performed one time, only one set of notices and community outreach plans needs to be implemented, and associated disruptions to the municipality and its citizens can be minimized.

UGI agrees that the costs of replacing a service line, relocating the associated meter, and installing an EFV on medium pressure service lines is approximately $4,000 per service location, as indicated on page 6 of the ANOFRO. However, UGI believes this estimate reflects replacements and relocations performed at the time of main replacement. UGI asserts that the best estimate of the incremental costs of performing these tasks not at the time of main replacement (non-coordinated) would be approximately $5,400, or approximately $1,400 more per service location.

With respect to the completion deadline, UGI estimates that it is already on schedule to replace approximately 58,000 service lines and relocate the same number of meters within the ten years compliance period proposed in the ANOFRO. UGI explains that if it had to relocate all meters within ten years in a non-coordinated fashion, it would have to perform approximately 149,000 accelerated relocations and associated service line replacements in a non-coordinated fashion at an incremental cost of $1,400 per service location for a total incremental cost of approximately $208.6 million, or approximately $20.9 million per year. Finally, UGI submits that additional indirect costs will be imposed upon municipalities and residents.

UGI maintains that the ANOFRO would take one element of risk, which rates relatively low in UGI's DIMP analysis, and require a significant re-allocation of resources to address this lower risk issue in an inefficient manner. Moreover, UGI explains that since this rulemaking was initiated, an acceleration of the goals of the ANOFRO has already been achieved by these other means.

National Fuel Gas Distribution Corporation (NFG) comments that the proposed final rule made various changes to the requirements for locating meters and service regulators and several of the changes provide needed clarity with respect to the appropriate location for meters and service regulators. However, NFG still believes that additional clarity is warranted and has made numerous recommendations with respect to specific provisions of the regulation.

Columbia Gas of Pennsylvania, Inc. (Columbia) also filed comments and acknowledged that the Commission is headed in the right direction but continues to have concern about the funds that utilities will need to divert from other potentially higher priority risks enumerated in their existing DIMP to accommodate the requirements of the new regulations. According to Columbia, the proposed requirement to move existing inside meter sets outdoors conflicts with existing DIMP priorities. Columbia asserts that its DIMP reflects its highest priority risks as third party damage on main and service lines first, then its first generation assets that will be mitigated as part of the Company's accelerated priority pipe replacement plan for mains and services (*e.g.* corrosion, and material defect).

Columbia submits that it has been engaged in an accelerated infrastructure replacement program since 2007 and at no time since the Company initiated that program has the risk associated with inside meter sets risen to a level that requires replacement ahead of the rate of relocation associated with main replacement. Columbia explains that it is actively addressing inside meter sets as part and parcel of its priority pipe replacement program, thus structurally creating new, integrated distributions systems (mains, services, and outside risers) entirely made up of new, plastic, or coated cathodically protected steel systems. According to Columbia, this will allow the Company, in an organized, efficient, cost effective way, using engineering and operating principles of today's standards, to address top risks such as corrosion and aging priority pipe, while also addressing inside meter sets by moving those sets out as the Company

replaces its aging main lines. Columbia submits that it will be forced to redirect resources away from higher priority risks and jeopardize Columbia's ability to meet its Commission approved forecasted LTIIP, and notably, does not take into account that Act 11 was passed after these proposed regulations were initiated.

Columbia notes that its waiver of tariff rules is specifically related to, and is confined to, service lines required to be replaced as part of the Company's main replacement and upgrade project. Without a waiver, or other form of permission to replace customer-owned service lines, Columbia maintains that the cost burden will be on the customers to replace a service line in situations where older service lines are no longer able to hold a pressure test that is performed in conjunction with the relocation of a meter.

Columbia states that the proposed requirement to move existing meter sets outdoors will result in increased costs with minimal savings, and, therefore, at a minimum, the deadline to comply should be 20 years from the effective date of the regulation and not 10 years. Columbia submits that this will allow it to continue to address its top priority risks and also accommodate the Commission's concerns for inside meter sets.

In addition, Columbia argues like EAP, UGI, and PGW that the proposed requirement to install excess flow valves as an alternative to relocating inside meters conflicts with low pressure operating system areas. Columbia explains in more detail that excess flow valves are a cartridge-like valve that is fitted within the pipe that stops the flow of gas when a line ruptures or is damaged, such as when severed by an excavator, creating a very high flow rate. Columbia explains further that EFVs are triggered by a pressure differential that cannot be created with a low-pressure operating system like Columbia still has today in some areas. According to Columbia, when service lines are replaced or installed on a pressure system operating at less than 10 psig and it is planned

to be uprated to greater than 10 psig, EFVs can be installed before the uprate. However, Columbia submits that it is unlikely that EFVs will activate if outside of their functioning parameters thereby negating the purpose of installing an EFV to begin with. Moreover, under certain design parameters, such as a lengthy customer service line operating on a low pressure system, due to their functional characteristics, Columbia maintains that EFVs will reduce the pressure of flowing gas from the inlet side of the EFV to the outlet side. As a result, Columbia explains that the pressure drop caused by the mere presence of an EFV on a low pressure system may limit available pressure to serve a customer with greater than average demand resulting in unintended service interruptions during the higher flow needs of winter heating.

Peoples Natural Gas Company LLC and Peoples Twp LLC (Peoples) expressed concern that the newly proposed modifications, in certain parts, continue to limit the flexibility of the natural gas distribution companies to use their expertise in designing and placing meters sets, service lines and associated facilities. Further, Peoples is also concerned that the new requirement to replace all inside meters within ten (10) years, which was not present in the July 2011 Order, will unnecessarily increase costs and will be less efficient than if such meter replacements were done in conjunction with the system improvement plans already established by Peoples and approved by the Commission.

PGW submits that compliance with this rulemaking will require that approximately 332,000 meter sets be relocated from an inside location to an outside location at a cost of approximately $826 million, and if PGW were required to spend $826 million during a ten year period, the impact on the Company, its capital budgets and its customers would be overwhelming. PGW's relocation cost for 332,000 meters is $670,000,000 and the renewal cost for 62,000 unprotected steel service lines is $156,000,000. PGW maintains that the cost of relocation is unwarranted based on the substantially minimal risk in PGW's service territory.

In support, PGW explains that 99% of PGW's service lines are operated at a low pressure (*i.e.* 0.25 to 5 psig), and, therefore, the identified risk of delivering high or medium pressure gas which flows to the inside of a customer's building does not exist at virtually all of the customer locations in PGW's service territory.

Moreover, PGW contends that it has not experienced an incident in which an explosion occurred because a steel service line was struck and pulled from an inside meter set. Finally, PGW submits that its DIMP which was reviewed by the Commission's Gas Safety Division in December 2012 does not identify any risk associated with excavations in which a service line is pulled from an inside meter set. In addition to relocation costs, PGW contends that it will also experience substantial costs related to possible damage to existing buildings and structures, increased customer complaints and lawsuits, and potential liability associated with PGW's work on inside piping. PGW concludes that the regulations should be modified so that inside meter sets connected to certain service lines are excluded from the relocation requirement.

The PECO Energy Company (PECO or Company) comments generally that the Commission should not expand the scope of the rulemaking beyond meter sets attached to steel services. PECO believes that the ANOFRO significantly expanded the scope of the rulemaking where natural gas distribution companies now must relocate all indoor meter sets, regardless of the type of service line, within 10 years from the effective date of the regulations. PECO explains that such a change would require the relocation of an additional 50,000 meter sets that are attached to other types of service lines, such as plastic, within 10 years. PECO does not believe that the public interest is served by performing more than twice the remediation work that is already included in its approved LTIIP over the same 10 year period when plastic services are involved.

PECO maintains that it would significantly change the focus of its LTIIP by requiring the Company to accelerate lower safety risk work at the expense of higher

safety risk work, which is not the safest, most effective, or efficient approach to meter relocation and, for these reasons, nor is it in the public interest. Finally, PECO asserts that it would almost double the cost of the project to ratepayers from $60 million under the Commission's original order, to $110 million dollars under the ANOFR.

According to PECO, the LTIIP was not designed to accommodate high and low priority remediation work simultaneously and doing so would not be in the public interest. PECO explains that high priority remediation work addresses risks of incidents that have a higher likelihood of occurring like cast iron main replacements because when they break a large amount of gas can be released and steel service lines because they have a high likelihood for leaking.

PECO explains that the relocation of indoor meter sets connected to plastic service lines is considered low risk because they have a low likelihood for leaking. The main concern PECO explains is if it is now required to perform high and low priority work simultaneously, high priority work will become delayed by low priority work. Therefore, if this happens, the more significant risks to life, injury, and damage (aged infrastructure consisting of cast iron mains) will not be eliminated within the next 10 years.

PECO states that it already has an effective process for notifying customers of maintenance work - PECO sends letters one week in advance of the work beginning. PECO believes that this provides more time to account for scheduling changes based on unexpected storm response or other emergent work. PECO believes the regulation will increase cost and customer frustration, which can be avoided by adopting notifications with a one week lead time.

The OCA submits that some proposed amendments to Section 59.18 require revision or clarification and requests that the Commission adopt these revisions to improve the regulation for the protection and promotion of public safety.

The City of Allentown (City) filed comments first asserting that natural gas distribution companies should be required to share the specific location of emergency shut-off valves, meters, and regulators with local emergency services, especially in instances where the service line to a property or customer is being upgraded or newly installed. In addition, the City maintains its previous position that the proposed Rule does not address the visual impacts to an historic resource when the equipment is installed outside on a primary façade. The City submits that the Rule does not require that alternatives be considered to avoid or minimize the impact of installing the meter and/or regulator outside on primary facades of historic resources. The City would require that the Rule be revised to discuss in a very specific manner how the utility companies are to work with the property owner to consider regulator placement options, and select one that minimizes the visual impact to the historic property and/or historic district. Moreover, the City argues that the new Rule should require public notification through a meeting or appropriate media outlets when projects impact the neighborhood as a whole. The City also would require natural gas distribution companies to notify property owners as well as the utility customer when they plan to move meter sets to the exterior of a property.

The Pennsylvania Historical and Museum Commission (PHMC) continues to be concerned, however, that the final rule does not provide any direction or guidance to the utilities for identifying and/or negotiating appropriate alternatives when the utility deems it necessary, practical, or less expensive to relocate a meter on the outside of a designated historic property. In the case of a historic district covered by a municipal ordinance, PHMC explains that gas companies will essentially have the choice of 1) submitting each meter relocation to the local Board of Historical Architectural Review or Historical Commission for their review, or 2) avoiding the review process altogether (since nearly all local ordinances are mute on the subject of installing utility equipment). According to PHMC, neither of these choices is in the best interest of the gas utilities, the municipalities, or the property owners.

PHMC recommends that the regulations direct gas companies to develop guidelines for relocating outside meters in locally designated historic districts, and these guidelines should provide alternatives for typical historic building types (e.g. row houses, downtown commercial buildings, detached houses on narrow lots, etc.) PHMC still questions who is responsible for determining whether a building or a neighborhood meets one of the historic designation criteria; while many property owners are proud that their property or district is recognized as being significant, others are unaware of that status. PHMC strongly recommends that the Commission require gas utility companies to verify which properties or neighborhoods meet the regulation criteria when planning gas line improvement and meter relocation projects.

City of Allentown Mayor, Ed Pawlowski (Mayor), strongly supports the amendment to the regulation that permits inside meter locations for properties that have been designated as historic under the Pennsylvania Municipal Historic Districts Law, the Municipalities Planning Code, or a Municipal Home Rule Charter.

The Mayor also argues that the inside meter locations in historic districts should be the rule unless the utility can justify the placement should be varied for a particular location. Moreover, the Mayor favors the placement of gas meter sets indoors while the regulators, which are small and will be less intrusive on the aesthetics of historic structures, may remain outside.

Finally, the Mayor argues that property owners should be notified of installation projects and be given the opportunity to participate in public meetings with utility company representatives.

DISCUSSION OF THE GENERAL COMMENTS TO THE ADVANCE NOTICE OF FINAL RULEMAKING ORDER

The consensus position of the gas utility companies is, first, that the proposed meter and regulator location regulation is not warranted based on the historical risk of failure associated with inside meters and regulators. The gas utilities specifically note that federal regulations require utilities to file DIMPs, audited by the Commission, which identify, categorize, and rank risks associated with distribution facilities.

The United States Department of Transportation's Pipeline and Hazardous Material Safety Administration (PHMSA) published the final rule establishing integrity management requirements for gas distribution pipeline systems on December 4, 2009. *See* 74 FR 63906. The effective date of the rule was February 12, 2010. Distribution system operators were given until August 2, 2011 to write and implement DIMP plans. *See* 49 C.F.R. § 192.1005.

The gas utilities expressed concern that the requirements of the new regulations to move existing inside meter sets outdoors will divert funds needed to address higher priority risks enumerated in existing DIMPs. In addition to the federal requirements, large NGDCs have filed individual Long Term Infrastructure Improvement Plans (LTIIPs) under Act 11, some of which have been approved by the Commission. We supported this legislation to implement a distribution system improvement charge (DSIC) based on our belief that gas utilities need to initiate infrastructure replacement programs. We further acknowledge these plans consider meter relocation in the context of replacing aging infrastructure. We further agree with the utility position that replacement and relocation of meter sets performed at the time of main replacement can be an efficient and cost effective way of upgrading existing service locations.

Clearly, these efficiencies for relocating meters and regulators would result when streets and sidewalks are already excavated for main replacement. Under these

circumstances, when a cost effective coordinated schedule for upgrading infrastructure is undertaken, the permitting and repaving costs can be shared, only one excavation and restoration project is scheduled, service is interrupted only once, and only one set of notices are required.

However, rather than completely leave compliance with the regulation to the time line imposed by a DIMP, we will set a time limit for gas utilities to complete replacement of existing facilities required by the regulation. We believe that a 10 year time frame is not realistic even if completed as part of a coordinated infrastructure plan. A number of the utilities expressed concern over the 10 year period. Given the remediation work and cost to be undertaken, we shall add paragraph (3) of subsection (g) to set the completion date of 20 years from the effective date of the regulation "or incorporate the requirements of the regulation in a Distribution Integrity Management Plan, whichever occurs first."

Columbia submits that the 20-year period will allow it to continue to address its top priority risks and also accommodate the Commission's concerns for inside meter sets. UGI estimations with respect to the relocation of inside meters over 10 years also support an increase in the time period for compliance with the regulation.

The 10 year time frame was not included in the July 28, 2011 Proposed Rulemaking Order. The time frame of the year 2020 for relocating steel service lines outside, that was included, is no longer relevant as we have modified the application of regulation requirement.

We do not agree with the alternative proposed by the gas utilities that meters may be located inside within a building if an excess flow valve is installed at the service line tap and the service line pressure is equal to or greater than 10 psig. EFVs do not stop the gas flow completely in the event of a service line break. Moreover, meters can also leak and utilities must access the meters to conduct a leak survey.

In addition, we recognize that excess flow valves may not be triggered by a pressure differential that cannot be created with a low-pressure operating system. As a result, meters may be located inside in low-pressure operating systems and regulators are not required. As discussed herein, we shall be adding a new subparagraph (d)(1)(i) that provides that an inside meter location shall be considered where the service line is a low pressure line. For service line pressure of 10 psig or greater, however, regulators are needed to reduce pressure. Therefore, we will retain the provision in the proposed rulemaking at paragraph (c)(2) that "[r]egulators shall be located outside when a meter is located inside." However, consistent with our understanding of where regulators are not required, we shall qualify this paragraph by adding the introductory clause "[e]xcept for low pressure systems with service line pressure less than 10 psig."

We further agree with the Mayor of the City of Allentown that regulators are less intrusive and may remain outside. Therefore, if an excavation involves a line hit that tears the line from the regulator, the gas leak will occur outside the building, rather than inside. This would represent a change to Annex A of the ANOFRO that we believe is warranted for safety reasons and aesthetics, and is now reflected in paragraph (d)(2) of the Final rulemaking.

Moreover, since gas utilities will not be required to perform stand-alone projects not coordinated with either a utility DIMP or LTIIP, we shall not make a distinction in the regulation for the type of service construction, such as plastic service lines that need to be relocated. In other words, meter set relocation required by regulation is not dependent on the type of service line and we shall not make any exceptions. The replacement of service lines whether plastic or steel should depend on the priority of risk in its existing DIMP.

We also agree that gas utilities should share the specific location of emergency facilities with local emergency services. Although the argument could be made that

reasonable service would require that the utility share this information, we do not believe that this requirement is a subject covered or addressed in this regulation.

We shall also decline to address visual impact alternatives that may avoid or minimize the impact of installing the meter and/or regulator outside. Although we would expect a gas utility or any utility to provide reasonable and adequate service when installing its equipment outside,[8] we shall not attempt to set what may be subjective requirements that would avoid or minimize the impact to an historic resource. However, we do agree that property owners, as well as utility customers, should be notified of neighborhood projects, which we believe is covered under compliance with the notice requirement of paragraph (a)(2).

We further believe that the regulation sufficiently defines the restrictions under which inside meters shall be considered. If these circumstances do not exist, then the general rule of paragraph (1) of subsection (a) applies and the meter and regulator shall be located outside and above ground. Therefore, we do not agree that the rule does not provide guidance and direction. Subsection (a) lists general requirements for meter and regulator location. Specifically, for location guidance under paragraph (3) (paragraph 5 in the Final rulemaking), the utility shall consider potential damage by outside forces; under paragraph (4) (paragraph 6 in the Final rulemaking), the utility must consider a number of factors for accommodating access; and under paragraph (6) (paragraph 8 in the Final rulemaking), a list of prohibited locations is provided. Finally, under subsection (b), the regulation lists the locations where outside meter or service regulator locations can be located.

The recommendation has been made that the regulations should develop requirements for relocating meters and regulators outside in locally designated historic

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[8] *See e.g.*, West Penn Power Company v. Pennsylvania Public Utility Commission, 578 A.2d 75, *appeal denied*, 593 A.2d 429 (1990)

districts and provide alternatives for typical historic building types. As we just indicated, we do have a number of guidelines for relocating meters outside which would apply to outside meters in locally designated historic districts. We do believe, however, that the utility, in applying the regulation, has an obligation to know whether gas line improvements and meter location projects are located in historic areas. This is a burden that any property owner or contractor would probably have in undertaking exterior improvements in an historic district, since the local municipality may require prior approval before a building permit is issued.

The interested parties also made the following comments and recommendations specific to the regulatory provisions.

COMMENTS AND DISCUSSION TO SPECIFIC REGULATORY PROVISIONS OF THE ADVANCE NOTICE OF FINAL RULEMAKING ORDER

Section 59.18(a) General requirements for meter and regulator location.

(1) Unless otherwise specified in this section, meters and regulators shall be located outside and aboveground. A utility shall provide written notice to a utility customer by first class mail or by personal delivery 30 days prior to relocating and subsequently installing a meter or regulator outside the customer's property.

(2) When it is necessary to install meters at multiple locations on a premises, a utility shall provide a tag or other means to indicate there are multiple meter locations.

EAP supports notice to the customer prior to relocation but requests elimination of the perceived requirement of notice thirty (30) days prior to relocating the meter set.

UGI believes deletion of the reference to steel service lines and the general statement in § 59.18(a)(1) that "METERS AND REGULATORS SHALL BE LOCATED OUTSIDE" suggests that all meters and regulators must be located outside by the deadline specified in subsection (g) (10 years from effective date of regulation) even if

served with plastic service lines or with steel service lines with an excess flow valve. UGI explains that if it only had to replace all inside meters served by steel service lines within ten years, as opposed to all inside meter sets, it estimates the incremental direct costs of performing non-coordinated service line replacements and meter relocations would be approximately $44.5 million, or $4.5 million per year, as opposed to $208.6 million, or approximately $20.9 million per year. UGI recommends that the Commission redraft the regulation to remove ambiguity and more clearly state in an affirmative manner what circumstances would require a meter and regulator relocation by an NGDC.

In addition, UGI notes that there are certain factors that may result in opportunities to accelerate installations of facilities before the expected installation date as well as unexpected delays. By establishing a rigid advance notice requirement, UGI states that crews might have to be demobilized, equipment idled and construction disruptions extended at considerable cost simply to comply with advance notice requirements.

UGI urges the Commission to either remove the notice requirement from its regulation, or alternatively to simply establish that reasonable advance notice to homeowners should be provided unless it is impossible or impractical to do so. According to National Fuel, providing prior written notice is not always feasible; for example, when work at a customer's premises is triggered by a gas leak or other time sensitive repair, the meter will routinely be moved outside as part of the larger repair and providing written notice is unnecessary because the utility and customer are already in communication regarding the larger repair. Therefore, National Fuel argues that subsection (a)(1) should contain an exception for situations when the meter and/or regulator is moved outside as part of an emergency repair being performed at the customer's premises.

In addition, National Fuel submits that the language on timing of the notice should be clarified to indicate that the requirement is at least thirty days advanced notice not

exactly thirty days. Finally, National Fuel recommends that a sentence should be added to subsection (a)(1) that states that when feasible, the utility shall perform the relocation within the period of time set forth in any written notice provided to the customer. Peoples generally agrees with the ANOFRO revisions, except stating that there are instances in which it is not possible to provide thirty (30) days advance notice prior to relocating and installing a new meter or regulator outside of a customer's building. Specifically, in instances of emergency or unanticipated work on site, it would be economical and efficient to relocate the meter during the repairs – in such instances, advance notice is not feasible.

Peoples suggests providing "at least" 30 days' advance notice, and the natural gas distribution company may send notice to the customer advising that the meter will be removed within a coming period of time – the exact date for which may shift due to various legitimate reasons, such as emergency work, weather conditions and crew availability. Finally, Peoples suggests that the term "property" at the conclusion of the sentence should be changed to "building" or "structure" to ensure that the regulation is specifically addressing meter and regulator locations outside of the building structure itself, and not off of the physical property (land) of the customer. Accordingly, Peoples suggests that the ANOFRO revisions be amended to reflect these changes that are provided on page 3 of its comments.

PECO notes that it does not allow for gas meters to be installed at multiple locations for safety reasons and recommends removing the proposed section.

The OCA submits that proposed Section 59.18(a)(1) should first be divided so that the general rule and customer notice provisions are set forth in separate subparts. The customer notice provision contained in proposed Section 59.18(a)(1) should be numbered as a separate subpart of Section 59.18(a) "General Requirements for Meter and Regulator Locations."

As to the first sentence of amended section 59.18(a)(1), the OCA asserts that the language "[u]nless otherwise specified in this section" does not accurately encompass that exceptions to the rule that meters and regulators be installed outside and aboveground may be the result of impossibility, a lack of feasibility, or the utility's determination that the location of the meter inside or in a specially designed cabinet with exterior access is in the public interest. The OCA recommends that the first part of proposed section 59.18(a)(1) be revised to read:

> Unless otherwise ~~specified~~ allowed or required in this section, meters and regulators shall be located outside and aboveground.

The OCA also submits that the Commission should clarify and refine the customer notice provisions so that the utility provides the customer with appropriate notice and contact information. Additionally, the OCA contends that the Commission needs to revise proposed section 59.18 to assure that both customers and the property owner receive notice. The OCA recommends the following amendments to the customer notice language proposed by the Commission:

> A utility shall provide written notice to a utility customer and *also, if different, the property owner* by first class mail or by personal delivery 30 days prior to relocating and subsequently installing a meter or regulator outside the customer's property. *The written notice shall inform the customer and property owner of the equipment that the utility proposes to relocate, the planned new location, and how to contact the utility to provide supplemental information that the utility may not have had available, such as the property's historic status. The written notice should also include contact information for the Commission's Bureau of Consumer Services.*

Under paragraph (a)(1), if the customer is not the property owner, PGW recommends that the customer must be required to forward the written notice to the property owner. Accordingly, PGW recommends that the following sentence should be added at the end of this paragraph:

> (1) A utility shall provide written notice to a utility customer by first class mail or by personal delivery 30 days prior to relocating and

subsequently installing a meter or regulator outside the customer's property. If the customer is not the owner of the property, the customer must forward the written notice to the owner of the property.

Under this section, Society Hill Civic Association (Society Hill) comments that the 30-day period is too short to permit a property owner to make an adequate response, and would propose that the notification period be extended to 60 days. Moreover, Society Hill suggests that a pictorial representation of the meter and related equipment, demonstrating its size and character in readily understandable form accompanies the notice.

Society Hill also urges that the proposed provision relating to recessed cabinets in the building wall expressly exempt activities that would result in the destruction of any portion of the historic fabric of an historic building.

DISCUSSION

We agree with NFG and Peoples that the notice provision should provide the phrase "at least" before thirty (30) days to establish that the advance notice does not have to be exactly 30 days. We believe it is reasonable to establish a specific time period as a minimum amount of time to provide the customer notice of the proposed relocation. We have made this change, now found at Section 59.18(a)(2) in the final.

In addition, we recognize People's and NFG's concern that in the event of an emergency repair the utility may move the meter outside and the customer would not have had the requisite notice. Even under these rare circumstances, we believe the utility could provide some notice to the customer. Although we believe that it is necessary to provide some notice that the utility will be engaging in the work inside and in front of the customer's property, regardless of the emergency situation, we shall include the clarifying phrase "[e]xcept in the case of an emergency." In addition, although we agree that there could be factors that may result in opportunities for People's to accelerate

installations, we assume these are sporadic and that generally the utility will have an infrastructure replacement construction schedule more than 30 days out.

In fact, under Section 59.38 of our gas service regulations, a public utility is required by regulation to provide to the Commission a report of proposed major construction at least 30 days prior to the commencement of work. Given that there is a notice requirement of at least 30 days for the public utility to notify the Commission of a major construction project, we consider at least 30 days prior notice to the customer to be reasonable. In addition, if the utility provides at least 30 days' notice, the exact date may shift to account for any emergency work, weather conditions, or manpower issues.

With respect to Peoples suggestion about changing the term "property," we agree and shall implement the recommendation throughout the regulation. We shall replace "property" with "building" which is a more accurate description and is used in the current regulations. Furthermore, we shall not remove the language in paragraph (2) as recommended by PECO, as other utilities under certain circumstances could allow gas meters installed at multiple locations. However, the language is now located at paragraph (a)(4).

UGI is correct that the final regulations require that all meters and regulators must be located outside even if served with plastic service lines or with steel service lines, unless a specific exception applies. We have extended the application deadline in paragraph (g)(3) and this work may be coordinated with the utility's general infrastructure DIMP program.

Finally, we agree that the OCA's recommended language change is more accurate and that paragraph (a)(1) should be divided so that the customer notice provisions are set forth separately. We shall also accept the OCA's language change which acknowledges that the property owner must also be notified and provides specifity about the content of

the notice. However, we cannot expect the utility to undertake an extensive property search and know whether the customer is the property owner. Therefore, we shall accept PGW's suggestion, with modification, that the notice make clear that the written notice is for the owner of the property if different than the customer. In addition, if the utility knows the current address of the owner of the building, the notice shall also be mailed or delivered to that address.

Finally, we do not agree with PGW that the general rule needs any further clarification. We shall add new paragraphs (2) and (3) to reflect these changes regarding notice requirements.

We have struck language and added new language from proposed rulemaking paragraphs (a)(4) – (a)(9), which is now found at Section 59.18(a)(5) – (a)(8). See our analysis of comments to the proposed rulemaking in Attachment One (pages 23-28) for discussion of these revisions.

Section 59.18(a)

(6) Meters and service regulators may not be installed in the following locations:

- **(i) Beneath or in front of windows or other building openings that may directly obstruct emergency fire exits.**
- **(ii) Under interior stairways.**
- **(iii) Under exterior stairways, unless an alternate means of egress exists and the meter and service regulator are installed in a well-vented location under stairs constructed of non-combustible material.**
- **(iv) A crawl space**
- **(v) Near building air intakes pursuant to local or State building codes.**
- **(vi) In contact with soil or other potentially corrosive materials.**

National Fuel suggests four revisions to subsection (a)(6). First, National Fuel recommends that this section should be introduced by the phrase "when feasible and practical to do so, a utility shall avoid installing meters and service regulators in the following locations:" rather than the current introduction.

Second, National Fuel submits that subsection (a)(6) should be modified to note that the utility is not under an ongoing obligation to review the factors at subsection (i) thru (vi) with respect to a meter and/or service regulator that has been installed in compliance with the regulation nor is the utility obligated to move the meter and/or service regulator additional times except at the owner's expense.

Third, National Fuel contends that the requirement in subsection (a)(6)(v) should be stricken since utility workers are not trained in building construction or building codes and may work in a service area that encompasses more than one local building code.

Finally, National Fuel argues that subsection (a)(6) should not apply to meters located outside prior to the effective date of this rulemaking. National Fuel reasons that if a meter has already been placed at an outside location, the major safety concerns that underlie this rulemaking have been achieved and the utility should not be obligated to move the existing outside meter to a new outside location to comply with the requirements at subsection (a)(6)(i)-(iv). National Fuel submits that these requirements should only apply to new outside meters, including those inside meters relocated outside as a result of this rulemaking.

UGI recommends that the phrase "pursuant to local or state building codes" should be removed from the proposed language of § 59.18(a)(6)(V) since UGI believes it would be unduly burdensome for utility employees to be trained in such local or state building codes.

Peoples argues that this section should acknowledge that there are some circumstances in which meters may need to be installed in the places now designated as prohibited in the ANOFRO revisions. Peoples believes the better alternative is to amend the ANOFRO revisions to acknowledge that in certain circumstances, meters may need to

be placed in prohibited locations – and to provide the natural gas distribution company with the flexibility to use its expertise in determining whether the meter should be placed inside the structure, or outside of the structure in one of the areas now noted as prohibited.

Additionally, once a meter is placed at a building, Peoples submits that the natural gas distribution company should not be under an ongoing obligation to police the location of the meter over time, nor shall it be required to expense the cost of a relocation necessitated by a building remodeling. Finally, Peoples also believes the natural gas distribution company is not an expert in local or state building codes and therefore, subparagraph (v) should be stricken.

PECO requests that this section be revised to indicate that natural gas distribution companies do not have a continuing obligation to monitor changes to customer properties that would make a previously acceptable meter set location become a prohibited one and the companies also should not be obligated to move the meter additional times if the customer makes multiple changes that cause previously acceptable meter set locations to become prohibited except at the owner's expense.

PECO argues that the Commission also should revise the section that prohibits the placement of meter sets near building intakes pursuant to local or state building codes to make it clear that contractors/developers are responsible for ensuring that meter sets will not be placed near building intakes because local and state building codes are applicable to their building design work.

DISCUSSION

We shall decline to add the introductory phrase suggested by NFG. Some of those locations for installing meters and service regulators identified in the regulation should not be considered and if it is not possible to avoid the locations, then the meter should not

be located outside such as provided for under subparagraph (d)(1)(iv). In addition, we shall also decline to make the other changes recommended by NFG. Any issue with respect to having to move equipment that had been located in compliance with the regulation can be addressed through tariff provisions. Also, we disagree that a utility should not be knowledgeable about where it can or cannot install its equipment based on local building codes. When the utility embarks on a major construction project, the utility must be knowledgeable about the building standards. Finally, we believe the new requirements should apply to all outside meters but the utility would have the extended application period of paragraph (g)(3) to comply. We have added new language to that found in the proposed rulemaking, which we discuss in our analysis of comments from the proposed rulemaking found in Attachment One (page 28).

Section 59.18(a)

(7) Unless caused by a customer's violation of applicable gas safety or tariff rules, a utility shall pay the costs of relocating a meter or regulator when the relocation is performed to meet utility or Commission safety requirements.

(8) Unless caused by a customer's violation of applicable gas safety or tariff rules, a utility shall pay the cost of extending customer-owned facilities to the new meter or regulator location when the relocation is performed to meet utility or Commission safety requirements.

(9) A customer requesting that a meter or regulator be moved shall pay the costs associated with relocation when the meter and regulator are currently situated in a suitable location under State and Federal guidelines.

Peoples generally agrees with the language of this provision but believes a modification should further clarify this section to address situations, such as those addressed in the immediately preceding section, in which property owners modify buildings in a manner that cause the meter location to be out of compliance with these regulations. Peoples submits that in the event a building owner modifies a structure, after

meter placement, in such a way that interferes with the safety of the meter location, the regulations should be clear that the natural gas distribution company is not required to expense the costs associated with such relocation. As such, Peoples suggests that the ANOFRO revisions be further amended as stated on page 5 of its comments.

The OCA supports the Commission's development of these cost responsibility rules. The OCA submits that the gas utilities have an obligation to maintain their system in conformance with Pennsylvania and federal safety standards. However, the OCA submits that the regulation does not recognize the customer may not be the owner of the property and so may not have the ability to prevent the violation or otherwise protect the meter or regulator against damage. The OCA submits that the utility should not have the power to impose costs for relocating regulators or meters or extending customer-owned facilities to connect with the new meter or regulator on a customer or property owner without notice and a reasonable opportunity to cure the violation. However, if the utilities are allowed to impose costs, the OCA advocates that the Commission should require the gas utility to provide written notice to the customer or property owner.

DISCUSSION

We agree with the OCA that the customer is not always the owner of the property, and this is not recognized in paragraphs (a)(7), (8) and (9) of the ANOFRO. We shall modify the regulation accordingly by adding the term "or building owner," as well as new language we discussed in our analysis of comments to the proposed rulemaking in Attachment One (page 32), to new paragraphs (a)(9), (10) and (11) in the final. As indicated previously, the notice must clearly state that the notice of relocating meters and/or regulators is for the owner of the building if different than the utility customer. Also, we agree that a utility should not have the power to impose costs without prior written notice to the customer. We agree, but believe that the utility should have this notice in a tariff provision. Finally, paragraph (9) of the ANOFRO makes a reference to

"a suitable location under State and Federal guidelines." We believe the reference, found now in paragraph (11) of the Final, should be to "regulations" instead of "guidelines," since regulations are nondiscretionary requirements that must be implemented.

Section 59.18(b) *Outside meter or service regulator locations.* Outside meters or service regulators shall be installed in one of the following locations:

(2) In a buried vault or meter box.

According to PGW's experience, a vault creates a corrosive environment which cannot be remediated. PGW urges that the Commission not permit vaults as an option for outside meter location.

DISCUSSION

Since this is not a requirement but is left to the discretion of the utility, we shall leave the provision in. We have additionally added language to paragraphs (b)(1) and (2) as addressed in our analysis of comments to the proposed rulemaking in Attachment One (pages 33-35). Finally, we have added subsection (c) which we discuss in our analysis of comments to the proposed rulemaking in Attachment One (pages 34-37). Subsection (c) is taken from paragraphs (b)(3) – (b)(7) in the proposed rulemaking which are discussed in Attachment One, as noted above.

Section 59.18(d) *Inside meter locations.*

(1) Inside meter locations shall be considered only when:

(i) An outside location is not available due to one of the following restrictions:

(A) A property is listed or is eligible for listing in the National Register of Historic Places.

(B) A property is located within a historic district that is listed or is eligible for listing in the National Register of Historic Places.

(C) A property has been designated as historic under the Pennsylvania Historic District Act, Municipalities Planning Code, or municipal home rule charter.

(ii) Protection from ambient temperatures is necessary to avoid meter freeze-ups.

(iii) A utility determines that a meter is subject to a high risk of vandalism based on the utilities prior experience.

(iv) A utility determines that an outside meter location is neither feasible nor practical.

PGW has apparently learned through a discussion with the Pennsylvania Historical and Museum Commission (PHMC) that after "eligibility for listing" status is granted for a property or historic district, this status is not communicated to the party who is seeking to have the property or district listed. In order for a utility to be properly informed, PGW submits that the PHMC must notify the party seeking the national register listing of the "eligibility for listing" status. Accordingly, PGW recommends that these sections should be modified as follows:

(1) Inside meter locations shall be considered only when:

(i) An outside location is not available due to one of the following restrictions:

(A) A property is listed ~~or is eligible for listing~~ in the National Register of Historic Places or the customer notifies the utility that the property is eligible to be listed in the National Register of Historic Places and the eligibility can be readily confirmed by the utility.

(B) A property is located within a historic district that is listed ~~or is eligible for listing~~ in the National Register of Historic Places or the customer notifies the utility that the historic district is eligible to be listed in the National Register of Historic Places and the eligibility can be readily confirmed by the utility.

OCA also is concerned that the structure of amended section 59.18(d)(1) may allow the gas utility to make the final decision regarding the location of a gas meter.

Therefore, the OCA submits that the Commission should consider more refinements to assure that the impact on Pennsylvania's historic resources are minimized. According to the OCA, the Commission should clarify that the status of a property as a historic resource or part of a historic district, restricts the property from consideration for an outside meter. The OCA submits that this clarification is needed to offset the ambiguity in the wording of amended section 59.18(d)(1) which allows the gas utility to simply consider the use of an inside meter, while the historic nature of a property, the risk of vandalism, and ambient temperature are labeled as restrictions that make the location of a meter outside "not available."

Finally, the OCA submits that the Commission should clarify that the utility and affected customers or properties may request a case-by-case waiver of this requirement regarding the location of regulators. The OCA submits that customers and communities that have made the effort to restore and preserve historic homes and neighborhoods should have the opportunity to work cooperatively with the gas utilities regarding the placement of regulators and other gas safety installed facilities to find the right balance between the safe provision of gas utility service and preservation of Pennsylvania's historic resources.

Society Hill points out that restrictions arise primarily from local historic preservation ordinances and façade easements recorded in local land registries. Therefore, Society Hill submits that only local historic districts have the power to prohibit alteration or demolition of historic properties. Moreover, by use of the term "municipal home rule charter," the Commission intended to include individual properties designated as historic pursuant to ordinances enacted by cities of the First Class. However, the language of the revision does not extend to properties located in historic districts designated pursuant to local ordinances adopted by such cities. Society Hill also argues that Federal listings do not constitute restrictions and in fact place no restrictions on the alteration or demolition of listed properties or properties located in listed districts.

Accordingly, Society Hill proposes that subsection (d)(1) of the proposed rule be amended to read, in pertinent part, as follows:

(1) Inside meter and *service regulator* locations and shall be *required*:

(i) *In buildings located in historic districts listed on the National Register of Historic Places or eligible for such listing, buildings individually listed on the National Register of Historic Places or eligible for such listing, buildings located in locally designated historic districts or eligible for such listing, and buildings individually designated pursuant to local ordinances as historic landmarks or eligible for such listing, except in cases where an outside meter set may be placed in such a location as not to be visible from a street;*

(ii) *on buildings subject to historic preservation façade easements recorded in local land registries except where the outside placement of meter equipment would not violate the terms of the easement.*

DISCUSSION

We shall adopt PGW's amendment to the regulation at (d)(1)(i)(A) and (B) of the final rulemaking. This does not appear to be an unreasonable burden to place on the customer or building owner to notify the gas utility of the eligibility of the building or historic district. However, we shall further amend the regulation to account for the possibility that the customer is not the building owner as we have discussed previously, and we shall also provide for the building owner notifying the utility.

The general rule of the regulation under paragraph (a)(1) is that meters and regulators shall be located outside unless otherwise allowed or required in the regulation. This subsection and paragraph identifies situations where an inside meter will be considered. We agree that the regulation does contain provisions that delegate discretion to the utility in making a determination with respect to locating an outside meter. Although we believe that it is necessary that, due to its public safety obligations, the

utility be allowed to make the final decision, this decision to locate a meter inside is not without direction. The regulation does provide, in effect, guidelines that must be followed. If an outside meter is not going to become available because of certain restrictions, then an inside meter location must be considered, and that does not appear to us to be ambiguous.

We do believe, however, that it is necessary to add an additional category in paragraph (d)(1) to inside meter locations. We shall add a new subparagraph (d)(1)(i) that reads "[t]he service line pressure is less than 10 PSIG." PGW comments (page 5) that the risk of low pressure lines delivering gas flows inside a building do not exist at virtually all of its customer locations. In fact, regulators are not generally required in low pressure operating systems and the risks associated with inside meters are reduced because the system operates at low pressure.

In addition, we shall not accept EAP's recommendation with respect to subparagraph (d)(1)(iv) in the ANOFRO that the phrase read "feasible and reasonable." The phrase "feasible and practical" is very similar to the phrase advocated by EAP in its comments to the proposed rulemaking. As we discussed in our analysis of comments to the proposed rulemaking in Attachment One (page 21), we believe this is a more descriptive standard. Finally, we do not believe that the regulation prevents customers, property owners, and communities from working cooperatively with gas utilities. This language is now incorporated in (d)(1)(v) in the Final.

In our analysis of the comments to the proposed rulemaking in Attachment One (pages 40 – 43), we discussed and accepted the historic district designations in subparagraph (d)(1)(i) recommended by PHMC and PGW's modification with respect to addressing meter vandalism in subparagraph (d)(1)(iii). These subparagraphs are now identified as (d)(1)(ii) and (d)(1)(iv), respectively. Language has also been added and

stricken in paragraphs (d)(2) – (d)(5) consistent with our discussion of the comments to proposed rulemaking in Attachment One (pages 43 – 49).

We also find merit with Society Hill's comments about our use of the term "restriction" in subparagraph (d)(1)(i). For the reasons stated therein, we have modified subparagraph (d)(1)(i), which is now identified as (d)(1)(ii). Rather than referred to as "restrictions," we shall refer to the listings, location, or designation as "criteria." We are also persuaded by Society Hill's arguments with respect to inclusion of historic districts designated pursuant to local ordinances. We have added a new subparagraph (d)(1)(ii)(D) to implement this inclusion.

(4) Excess flow valves must be installed on all service lines when a meter is located inside a building.

For the installation of excess flow valves (EFV), EAP requests a modification to conform to the federal standard established under 49 C.F.R. § 192.383(b). As currently drafted, EAP believes that the proposed amendment contradicts the federal rule which includes a number of situations when excess flow valves are not effective and need not be employed.

Rather than require the installation of excess flow valves on all service lines, UGI submits that the regulation should conform its standard to the requirements of 49 C.F.R. § 192.383(b) since, as the regulation implicitly recognizes, excess flow valves are not effective on a low-pressure service line which does not operate at a pressure of 10 psig or greater throughout the year.

National Fuel submits that the requirement at subsection (d)(4) is redundant with subsection (d)(2) and the new requirement at (d)(4) contradicts the federal rule which contains a number of situations when excess flow valves need not be employed, including when the service line does not operate at a pressure of 10 psig or greater throughout the

year. 49 C.F.R. § 192.383(b). Since many service lines operate at pressures below 10 psig, National Fuel asserts that subsection (d)(4) should specifically state that excess flow valves are not required in situations described in 49 C.F.R. § 192.383(b).

PGW generally agrees with this provision, but believes there are certain circumstances in which an excess flow valve cannot or should not be installed. PGW notes that the Pipeline and Hazardous Materials Safety Administration (PHMSA) also regulates this area of concern and a federal regulation recognizes the circumstances in which an excess flow valve cannot or should not be installed as set forth directly below:

> Section 192.383 Excess flow valve installation.
>
> ***
>
> (b) installation required. An excess flow valve (EFV) installation must comply with the performance standards in § 192.381. The operator must install an EFV on any new or replaced service line serving a single-family residence after February 12, 2010, unless one or more of the following conditions is present:
>
> (1) The service line does not operate at a pressure of 10 psig or greater throughout the year;
>
> (2) The operator has prior experience with contaminants in the gas stream that could interfere with the EFV's operation or cause loss of service to a residence;
>
> (3) An EFV could interfere with necessary operation or maintenance activities, such as blowing liquids from the line; or
>
> (4) An EFV meeting performance standards in § 192.381 is not commercially available to the operator.

Therefore, PGW recommends the following modification to paragraph (d)(4):

> Excess flow valves must be installed on all <u>new or replaced</u> service lines when a meter is located inside a building <u>unless one or more of the conditions set forth in 49 C.F.R. § 192.383(b)(4) is present</u>.

PECO also notes that this requirement does not consider the prohibitions against using EFVs on new installations and proposes that the regulation should have a qualification for the prohibitions set forth in 49 C.F.R. § 192.383.

DISCUSSION

A number of utilities have expressed the same comment with respect to EFVs. We agree that our regulation should not conflict with the Federal regulation. We also agree that EFVs are not effective or needed on low pressure service lines. In fact, EFVs do not work on low pressure systems so they should not be required for those systems.

As indicated in the gas utilities' comments, an EFV must be installed on any new or replaced single family residence service line unless the line operates at pressure below 10 psig. Although that comment is consistent with 49 C.F.R. § 192.383(b), we do not believe that it is necessary to cite the Federal regulation as proposed in the ANOFRO. Therefore, we shall not adopt PGW's change with respect to paragraph (d)(4).
In fact, we shall not make any reference to EFVs and the Federal regulation at 49 C.F.R. § 192.383(b).

Pursuant to 52 Pa. Code § 59.33(b), the Commission has already adopted the Federal pipeline safety laws, including Part 192. Consequently, Pennsylvania gas utilities are already required to comply with the EFV requirements, which only apply to service lines serving a single-family residence. Given our prior incorporation of the Federal regulation, should PHMSA decide to expand the regulation further to large industrial customers, the new Federal regulations will apply to our Pennsylvania large industrial customers or any class of customers covered by the Federal regulatory expansion. Thus, we shall not include any additional requirements providing for installation of EFVs, which could also be interpreted as duplicative of existing Federal regulations.

No changes were made to what is now Subsection (e) in the final rulemaking from the proposed version.

Section 59.18(f) General requirements for new service lines.

(1) When feasible and practical to do so, a building may not have more than one service line.
(2) When feasible and practical to do so, a service line must terminate at the inlet valve of the meter set in the building in which the service line enters.
(3) When feasible and practical to do so, the service line must be installed in a straight line perpendicular to the main.

EAP recommends striking this entire section because no safety concerns exist and, in its current iteration, it does not accord the utility with the necessary flexibility needed to handle complex industrial properties with multiple buildings or unusually shaped lots.

NFG believes the addition of "when feasible and practical to do so" at the start of (f)(1)-(3) adds some needed operational flexibility to the requirements in subsection (f). NFG states that "feasible and practical" defines a narrow set of circumstances when something cannot be done or accomplished and in fact has never been done before. Therefore, the requirements at (f)(1)-(3) are still too restrictive and should be deleted.

NFG explains that although the majority of the time the service line will comply with these three requirements, there are situations beyond those that are "infeasible and not practical" that warrant deviations from these three requirements. NFG submits that the Commission should maintain the existing flexibility in the current rules regarding service lines and forego these revisions.

In order to make it clear that the feasibility and practicality of these requirements are not to be left to a customer's discretion, PGW recommends the addition of language granting the utility the discretion to make the determination.

DISCUSSION

We believe that the application of general requirements for new service lines represents reasonable and necessary engineering practices and implementation of these requirements is in the public interest. Furthermore, we agree with NFG that the language of the subsection adds operational flexibility to the requirements. Moreover, we do not share the same concern as PGW that it is within the customer's discretion to apply the general requirements for new service lines. We shall not make the recommended language change offered by PGW. Finally, in Attachment One (pages 21 and 28) we analyzed comments addressing requirements for new service lines and made changes that were incorporated in a separate subsection (f) for service lines.

Section 59.18(g) Application of regulation

(1) Upon its effective date, utilities shall comply with this regulation for new meter, regulator, and service line installations in new locations.
(2) Upon its effective date, utilities shall comply with this regulation when replacing existing meters, regulators and service line facilities.
(3) Utilities shall have 10 years from the effective date of this regulation to complete replacement of existing facilities in compliance with the requirements of the regulation.

EAP requests clarification of the application of subsection (g)(2) to the extent it would require a utility to comply with section 59.18(f) when replacing/renewing existing service lines. EAP suggests that the most cost effective way to "replace" an existing service line may be to "renew" the line by inserting contemporary pipe into the existing service line which may not comply with the proposed regulations at section 59.18(f). EAP recommends eliminating subsection (g)(3) in its entirety and consider language which aligns the risk associated with certain inside meters and/or regulators when attached to steel service lines, as determined under a DIMP, with the utility's program to replace cast iron and bare steel pipelines as established in its LTIIP or other pipe replacement programs. EAP concludes that the new mandate to relocate all inside meter sets within a ten year period to the outside of a building or residence regardless of the

nature of the existing service line and without aligning this new regulatory program with current programs to replace aging infrastructure, is not based on recognized principles of risk management and gas safety, is not cost-effective, and is not in the public interest.

NFG recommends that the reference to "replacing existing meters" should be deleted because meters are often replaced because they are non-functioning or suspected of malfunctioning, and if the problematic meter is inside, the utility should be permitted to replace it with a new inside meter immediately without having to comply with the time consuming requirements of this rulemaking.

Moreover, NFG states that paragraph (g)(2) should be revised to specifically exclude Section 59.18(f) which by its title applies to "new service lines."
In other words, NFG explains that a utility should not be required to reconfigure existing service lines since this would add significantly to the expense and resource demands of compliance with this regulation. As an example, NFG explains that if a utility detected a leak on a steel service line for an industrial or commercial customer, it would normally correct the problem by inserting a plastic line within the existing steel line. However, under the new rule, NFG submits that this would be a replacement of an existing facility and the utility would need to reconfigure the layout of the service line to be perpendicular to the main and/or to go from two or more service lines into the building to only one. As a result, NFG argues that existing service lines should be "grandfathered" from the requirements in Section 59.18(f).

NFG's position is that paragraph (g)(3) should be deleted entirely or revised to contain a significantly longer term for compliance for existing facilities. NFG concludes that the data summary in the Order suggests that little or no empirical evidence supports the immense burden of accelerated compliance for existing facilities, especially in light of other infrastructure improvement planning.

NFG explains that it has nearly 60,000 inside meters remaining in Pennsylvania, so in order to comply with the 10 year timeframe for existing facilities, NFG would have to move approximately 6,000 meters outside each year for the next ten years. NFG submits that this is roughly three times its average rate over the last three years and will require NFG to take actions that would not coordinate with its larger infrastructure improvement plans.

According to NFG, its DIMP, which was prepared in compliance with 49 C.F.R. § 192 subpart P, and is subject to audit by the Gas Safety Division of Bureau of Investigation and Enforcement, was developed after an assessment of applicable safety risks and attempts to balance safe operations with the need to operate in a cost effective and prudent manner. Therefore, NFG believes that any deadline on the application of this rulemaking to existing facilities jeopardizes the risk assessment and analysis that led to the development of NFG's DIMP by diverting resources to relocating existing meters, service regulators, and service lines.

Finally, if any deadline is included in paragraph (g)(3), NFG submits that it should specifically state that it does not apply to the requirement at Section 59.8(f), which by its title applies to "new service lines." Given the addition at numerous places in the proposed final rule of the new phrase "when feasible and practical to do so," NFG submits that it is essential to add to this rulemaking a new subsection that clarifies how a utility demonstrates that something is infeasible and not practical. The utility should be able to rely on "reasonable documentation" created by its employees that explains the reasons for selecting a particular meter, service line, and/or regulator location in contravention of the specific parameters set forth in the regulation.

With respect to application of the regulation, Peoples describes its current process of replacing its infrastructure:

Peoples is in the process of replacing its distribution system infrastructure – and has been doing so for several years. Over the past two years, Peoples has replaced nearly 50 miles of cast iron pipe. Over the next twenty years, Peoples plans to replace its entire system of unprotected bare steel pipe and associated facilities (3,273 miles). The recently filed, and approved, Long Term Infrastructure Improvement Plans, filed by both Peoples companies, outlined the 5 year plans for infrastructure replacement, including the estimated costs. The LTIIPs established by Peoples provide for a systematic replacement of facilities which are ranked by condition and risk factors associated with those facilities. This systematic approach allows the Company to focus its capital dollars on the facilities with higher risk of failure, or those with a greater system-wide impact due to failure. This approach allows the Companies to take proactive steps to protect the integrity of the system operations by first replacing those facilities that may have a greater impact in the event of a failure. Each year the risk conditions and risk factors are re-evaluated and the projects are then re-categorized. At this time, the LTIIPs do not specifically include inside meter replacements, although they do include Peoples currently existing statistical sampling, risk-based approach to meter replacement.

If a 10 year standard is applied for the replacement of all inside meters. Peoples anticipates that it will need to expend greater capital over the 10 year period that was not previously planned. By requiring natural gas distribution companies to now replace all inside meters within 10 years, Peoples estimates that it will have to expend between $70 - $94 million dollars over the next 10 years to replace all 47,000 inside meters on its current system. While these relocations costs may not seem considerable, if the project is split equally over a ten year period, $7 - $9.4 million per year is a considerable sum when placed on top of the already planned LTIIP expenditures of approximately $4.5 million per year already expected to be spent on meter replacement. Further, the estimated costs per meter relocation may increase beyond the estimated $1,500 - $2,000 per meter due to unique building configurations and other work necessary to bring the meter location into compliance. This added capital expenditure will force Peoples to make an evaluation as to whether mains replacement or inside meter replacement is paramount – and may interfere with planned LTIIP expenditures.

Peoples believes that the replacement of inside meters should occur in line with its LTIIP plans. Peoples explains further that allowing the programs to run in tandem will result in real cost savings and also ensure capital expenditures are applied to higher failure risk facilities first which provides for a safer and more reliable system over time.

Specifically, PGW says that Section 59.18(g)(3) should be modified as follows:

(3) Utilities shall have 10 years from the effective date of this regulation to complete replacement of existing facilities in compliance with the requirements of the regulation, except for an inside meter and regulator connected to a service line which is:
(i) operating at less than 10 psig: or
(ii) a plastic service line (all sizes); or
(iii) 3 inches in diameter or larger; or
(iv) equipped with an excess flow valve.

The positive benefits PGW explains are that these modifications will focus the meter set relocation requirement on the circumstances that actually pose a safety issue. Furthermore, PGW states that focusing the relocation requirement as proposed by PGW would ameliorate the enormous cost of complying with this proposed rule to manageable levels for PGW.

DISCUSSION

EAP raises the issue whether inserting contemporary pipe into an existing service line is renewing the line and complies with the proposed regulations at Section 59.18(f). We believe the insertion of plastic pipe into an existing line qualifies as "replacing . . . service line facilities" as required in paragraph (g)(2). We further agree as discussed previously that implementation of new regulations for meter, regulator and service line installations should be aligned with current programs to replace aging infrastructure.

We have thoroughly reviewed these comments about the need to consider meter set relocation in the context of an infrastructure replacement program and agree that meter set relocation efforts should be aligned with planned gas utility projects to replace aging infrastructure, including main replacements. More specifically, meter and regulatory relocation mandated projects should be coordinated with the gas utilities

DIMPs. We agree that a main replacement program or other large infrastructure replacement program could create the economic and risk management efficiencies needed to undertake the relocation of inside meters or regulators. In addition, we disagree with the point raised by NFG that replacement of non-functioning or malfunctioning meters inside should not have to comply with these regulations. Gas utilities have the application period under paragraph (3) subsection (g) to comply with the regulation and replacement should be determined according to the utility's risk analysis in its DIMP.

We also do not agree with National Fuel that "new service lines" should be excluded from paragraph (g)(2). Under the example presented by the utility, in replacing the existing facility, it may not be "feasible and practical" to reconfigure the layout because it corrected the problem by inserting a plastic line within the existing steel line. If it is feasible and practical to comply with the regulation, however, the fact that it may be inconvenient should not be a reason for "grandfathering" the regulation. Again, we agree with National Fuel, as we have with the other utilities, that meter replacement should be coordinated with larger infrastructure improvement projects.

We shall not accept National Fuel's recommendation that no deadline should apply to the application of subsection (f) nor add a new subsection clarifying how a utility demonstrates that something is not feasible and not practical. We believe our explanation of these terms in our analysis of comments to be the proposed rulemaking in Attachment One (page 21) provided sufficient guidance to apply to the regulation. That being said, we do not disagree that the utility can rely on reasonable employee documentation to support its decisions.

We agree with Peoples position to the extent it argues that the replacement of inside meters should occur in conjunction with overall infrastructure improvement plans. PGW is also in support of focusing on safety stating that the meter set relocation

requirement conducted in such a manner would ameliorate the cost of compliance with this regulation to manageable levels.

In Attachment One (page 44), we specifically discussed comments and the addition of new subsection (g) that addresses the application of the regulation for new installations, replacing facilities and a time period. As indicated above, we have modified that time period from 10 years to 20 years.

As indicated previously, we agree with the Mayor of the City of Allentown that regulators are less intrusive and may remain outside. We shall amend subsection (d) in the final regulation by retaining paragraph (c)(2) from the proposed rulemaking which reads: "(2) Regulators shall be located outside when a meter is located inside." Again, if an excavation involves a line hit that tears the line from the regulator, the gas leak will occur outside the building.

THEREFORE,

IT IS ORDERED:

1. That the Secretary shall serve a copy of this Final Rulemaking Order and Annex A on all jurisdictional natural gas distribution companies, the Office of Consumer Advocate, the Office of Small Business Advocate, the Energy Association of Pennsylvania and all other parties that filed comments at Docket No. L-2009-2107155. The Order, Annex A, and Attachment One shall be posted and made available electronically on the Commission's website.

2. That the Secretary shall certify this Final Rulemaking Order, Attachment One and Annex A and deposit them with the Legislative Reference Bureau to be published in the *Pennsylvania Bulletin*.

3. That the Secretary shall submit this Final Rulemaking Order, Attachment One and Annex A to the Office of Attorney General for approval as to legality.

4. That the Secretary shall submit this Final Rulemaking Order, Attachment One and Annex A to the Governor's Budget Office for review of fiscal impact.

5. That the Secretary shall submit this Final Rulemaking Order, Attachment One and Annex A for review by the designated standing committees of both houses of the General Assembly, and for review and approval by the Independent Regulatory Review Commission.

6. That the final regulations become effective upon publication in the *Pennsylvania Bulletin*.

7. That the contact person for this proposed rulemaking is Terrence J. Buda, Assistant Counsel, Law Bureau, (717) 787-5000. Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Sherri DelBiondo, Regulatory Coordinator, Law Bureau, 717-772-4597.

BY THE COMMISSION

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: May 22, 2014

ORDER ENTERED: May 23, 2014

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

SERVICE AND FACILITIES

§ 59.18. [Location of meters] Meter, ~~and~~ regulator AND SERVICE LINE location.

[Meters shall be installed in either of the following locations:

(1) Inside the building, preferably in a dry, well-ventilated place not subject to excessive heat, and as near as possible to the point of entrance of the pipe supplying service to the building.

(2) Outside the building at a location selected by the utility. A meter cover or housing is required if, in the judgment of the utility, conditions require the physical protection for the meter installation.]

(a) *General requirements FOR METER AND REGULATOR LOCATION.*

~~(1) When practical, a building may not have more than on service line. The service line must terminate in the building in which the service line enters.~~

~~(2) Meters shall be installed at the service regulator. When more than one meter is set on a particular premises, the meters must be set at one location. When it is necessary to install meters at multiple locations on a premises, the utility operator shall provide a tag or other means to indicate there are multiple meter locations.~~

~~(3)~~ UNLESS OTHERWISE ALLOWED OR REQUIRED IN THIS SECTION, METERS AND REGULATORS SHALL BE LOCATED OUTSIDE AND ~~An outside,~~ aboveground ~~meter location must be used when availability of space and other conditions permit~~.

(2) EXCEPT IN THE CASE OF AN EMERGENCY, A UTILITY SHALL PROVIDE WRITTEN NOTICE TO A UTILITY CUSTOMER BY FIRST CLASS MAIL OR BY PERSONAL DELIVERY AT LEAST 30 DAYS PRIOR TO RELOCATING AND SUBSEQUENTLY INSTALLING A METER OR REGULATOR OUTSIDE THE CUSTOMER'S BUILDING. THE NOTICE MUST REQUEST THAT IF THE CUSTOMER IS NOT THE OWNER OF THE BUILDING, THE CUSTOMER SHALL FORWARD THE WRITTEN NOTICE TO THE OWNER OF THE BUILDING. IF THE UTILITY KNOWS THE

CURRENT ADDRESS OF THE OWNER OF THE BUILDING, NOTICE SHALL ALSO BE MAILED OR DELIVERED TO THAT ADDRESS.

(3) THE WRITTEN NOTICE MUST INFORM THE CUSTOMER AND BUILDING OWNER OF THE EQUIPMENT THAT THE UTILITY PROPOSES TO RELOCATE, THE PLANNED NEW LOCATION, AND HOW TO CONTACT THE UTILITY TO PROVIDE SUPPLEMENTAL INFORMATION THAT THE UTILITY MAY NOT HAVE, SUCH AS THE BUILDING'S HISTORIC STATUS. THE WRITTEN NOTICE MUST INCLUDE CONTACT INFORMATION FOR THE COMMISSION'S BUREAU OF CONSUMER SERVICES.

(4) WHEN NECESSARY TO INSTALL METERS AT MULTIPLE LOCATIONS ON A PREMISES, A UTILITY SHALL PROVIDE A TAG OR OTHER MEANS TO INDICATE THERE ARE MULTIPLE METER LOCATIONS.

~~(4)~~(5) When selecting a meter or service regulator location, a utility shall consider potential damage by outside forces~~, including:~~

~~(i) Vehicles.~~

~~(ii) Construction equipment.~~

~~(iii) Tools or other materials which could be placed on the meter.~~

~~(iv) Falling objects, such as packed snow or ice from a roof.~~

~~(5) When potential damage is evident, the meter or service regulator shall be protected or an alternate location selected.~~

~~(6) Meters and service regulators may not be installed in contact with soil or other potentially corrosive materials. A utility shall consider the potential for shorting out the insulating fitting when choosing a location.~~

~~(7)~~(6) The meter location must accommodate access for meter reading, inspection, repairs, testing, changing, and operation of the gas shut-off valve.

~~(8)~~(7) WHEN FEASIBLE AND PRACTICAL TO DO SO, ~~The~~THE meter location must accommodate the installation of the service line in a straight line perpendicular to the main.

~~(9)~~(8) Meters and service regulators may not be installed in the following locations:

(i) ~~Directly beneath~~BENEATH or in front of windows or other building openings ~~which~~ THAT may ~~be used as~~ DIRECTLY OBSTRUCT emergency fire exits.

(ii) Under interior ~~or exterior~~ stairways.

(iii) UNDER EXTERIOR STAIRWAYS, UNLESS AN ALTERNATE MEANS OF EGRESS EXISTS AND THE METER AND SERVICE REGULATOR ARE INSTALLED IN A WELL-VENTED LOCATION UNDER STAIRS CONSTRUCTED OF NON-COMBUSTIBLE MATERIAL.

(IV) A crawl space ~~with limited clearance~~.

~~(iv)~~(V) Near building air intakes PURSUANT TO LOCAL OR STATE BUILDING CODES.

(VI) IN CONTACT WITH SOIL OR OTHER POTENTIALLY CORROSIVE MATERIALS.

~~(10)~~(9) ~~When the Commission or a utility determines that a meter or regulator shall be moved for safety reasons, costs associated with the relocation of the meter or regulator shall be borne by the utility. When~~ UNLESS CAUSED BY A CUSTOMER'S OR BUILDING OWNER'S VIOLATION OF APPLICABLE GAS SAFETY OR TARIFF RULES, A UTILITY SHALL PAY THE COSTS OF RELOCATING A METER OR REGULATOR WHEN THE RELOCATION IS PERFORMED TO MEET UTILITY OR COMMISSION SAFETY REQUIREMENTS.

(10) UNLESS CAUSED BY A CUSTOMER'S OR BUILDING OWNER'S VIOLATION OF APPLICABLE GAS SAFETY OR TARIFF RULES, a utility SHALL PAY ~~moves a meter in addition to the regulator, under this section,~~ the cost of extending customer-owned facilities to the new meter OR REGULATOR location ~~shall be borne by the utility~~WHEN THE RELOCATION IS PERFORMED TO MEET UTILITY OR COMMISSION SAFETY REQUIREMENTS.

(11) A customer OR BUILDING OWNER requesting that a meter or regulator be moved shall pay the costs associated with relocation when the meter and regulator are currently situated in a suitable location under State and Federal ~~guidelines~~REGULATIONS.

(12) Utilities shall address meter, REGULATOR AND SERVICE LINE location REGULATIONS in their tariffs.

(b) *Outside meter or service regulator locations.* Outside meters or service regulators shall be installed in ONE OF the following locations:

(1) ~~Aboveground~~WHEN FEASIBLE AND PRACTICAL TO DO SO, ABOVEGROUND in a protected location adjacent to the building served, OR AS CLOSE AS POSSIBLE TO THE POINT WHERE A PRODUCTION OR TRANSMISSION LINE IS TAPPED.

(2) In a ~~properly designed~~ buried vault or meter box.

(i) The vault or meter box must be located on a customer's OR BUILDING OWNER'S property, either adjacent to the building served or near the gas main.

(ii) Vaults may be located in a public right-of-way~~.~~, SUBJECT TO THE CONSENT ~~Consent~~ of local jurisdictions AS may be required.

(C) *GENERAL REQUIREMENTS FOR VAULTS OR METER BOXES.*

~~(3)~~(1) A utility shall consider proper design and location criteria for a meter box, including:

(i) Ventilation.

(ii) Vehicular traffic.

(iii) ~~Potential for soil~~SOIL accumulation.

(iv) Surface water runoff.

(v) High water table.

(vi) Proximity to building air intakes or openings.

(vii) Proximity to an excessive heat source AS DEFINED UNDER 49 C.F.R. § 192.353(C).

~~(4)~~(2) Piping installed through vault walls shall be properly coated to protect from corrosion.

~~(5)~~(3) Vaults containing gas piping may not be connected by means of a drain connection to any other underground structure.

~~(6)~~(4) When a meter box is located outside a paved surface, a utility shall consider ~~the potential for~~ fill, topsoil, or sod being placed over the vault and, when FEASIBLE AND practical TO DO SO, choose an alternate location.

~~(7) A utility shall refer to the guide material under 49 C.F.R. § 192.355 (relating to customer meters and regulators: protection from damage).~~

~~(c)~~(D) *Inside meter ~~or service regulator~~ locations.*

(1) Inside meter locations shall be considered only when:

(i) THE SERVICE LINE PRESSURE IS LESS THAN 10 PSIG.

~~(i)~~(II) ~~An acceptable outside location~~A METER is ~~not available due to~~ LOCATED IN A BUILDING THAT MEETS ONE OF THE FOLLOWING ~~restrictions in Federally-approved historic districts or in high-risk vandalism districts.~~ CRITERIA:

(A) A BUILDING IS LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES OR THE CUSTOMER OR BUILDING OWNER NOTIFIES THE UTILITY THAT THE BUILDING IS ELIGIBLE TO BE LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES AND THE ELIGIBILITY CAN BE READILY CONFIRMED BY THE UTILITY.

(B) A BUILDING IS LOCATED WITHIN A HISTORIC DISTRICT THAT IS LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES OR THE CUSTOMER OR BUILDING OWNER NOTIFIES THE UTILITY THAT THE HISTORIC DISTRICT IS ELIGIBLE TO BE LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES AND THE ELIGIBILITY CAN BE READILY CONFIRMED BY THE UTILITY.

(C) A BUILDING HAS BEEN DESIGNATED AS HISTORIC UNDER THE PENNSYLVANIA HISTORIC DISTRICT ACT, MUNICIPALITIES PLANNING CODE, OR MUNICIPAL HOME RULE CHARTER.

(D) A BUILDING IS LOCATED WITHIN A LOCALLY DESIGNATED HISTORIC DISTRICT OR IS ELIGIBLE FOR SUCH LISTING, OR A BUILDING IS INDIVIDUALLY DESIGNATED PURSUANT TO LOCAL ORDINANCE AS A HISTORIC LANDMARK OR IS ELIGIBLE FOR SUCH LISTING.

~~(ii)~~(III) Protection from ambient temperatures is necessary to avoid meter freeze-ups.

(IV) A UTILITY DETERMINES THAT A METER IS SUBJECT TO A HIGH RISK OF VANDALISM BASED ON THE UTILITY'S PRIOR EXPERIENCE.

(V) A UTLITY DETERMINES THAT AN OUTSIDE METER LOCATION IS NEITHER FEASIBLE NOR PRACTICAL.

(2) EXCEPT FOR LOW PRESSURE SYSTEMS WITH SERVICE LINE PRESSURE LESS THAN 10 PSIG, REGULATORS ~~Regulators~~ must be located outside when a meter is located inside.

(3) Installed inside meters must be attached to an operable outside shut off valve.

~~(4) Regulators connected to steel service lines must be relocated to the outside by December 31, 2020.~~

~~(5)~~ Meters ~~and service regulators may not be located in engine, boiler, heater, or electrical equipment rooms, living quarters, closets, restrooms, bathrooms, or similar confined locations~~INSTALLED WITHIN A BUILDING MUST BE LOCATED IN A VENTILATED PLACE NOT LESS THAN 3 FEET (914 MILLIMETERS) FROM A SOURCE OF IGNITION OR SOURCE OF HEAT WHICH MAY DAMAGE THE METER.

~~(6) Each service regulator installed within a building must be located as near as practical to the service line entry point. When selecting the service regulator location, venting requirements as well as the vent piping location and length shall be considered.~~

~~(7) When a meter or service regulator is located inside a building, a utility shall comply with 49 CFR §192.365 (relating to service lines: location of valves). A utility shall install a readily accessible shut-off valve outside the building.~~

~~(d)~~(E) *Other meter or service regulator locations.* A utility may consider a specially constructed cabinet recessed in the building wall, sealed from inside the building and vented to and accessible from outside the building.

(F) *GENERAL REQUIREMENTS FOR NEW SERVICE LINES.*

(1) WHEN FEASIBLE AND PRACTICAL TO DO SO, A BUILDING MAY NOT HAVE MORE THAN ONE SERVICE LINE.

(2) WHEN FEASIBLE AND PRACTICAL TO DO SO, A SERVICE LINE MUST TERMINATE AT THE INLET VALVE OF THE METER SET IN THE BUILDING IN WHICH THE SERVICE LINE ENTERS.

(3) WHEN FEASIBLE AND PRACTICAL TO DO SO, THE SERVICE LINE MUST BE INSTALLED IN A STRAIGHT LINE PERPENDICULAR TO THE MAIN.

(G) *APPLICATION OF REGULATION.*

(1) UPON ITS EFFECTIVE DATE, UTILITIES SHALL COMPLY WITH THIS REGULATION FOR NEW METER, REGULATOR, AND SERVICE LINE INSTALLATIONS IN NEW LOCATIONS.

(2) UPON ITS EFFECTIVE DATE, UTILITIES SHALL COMPLY WITH THIS REGULATION WHEN REPLACING EXISTING METERS, REGULATORS AND SERVICE LINE FACILITIES.

(3) UTILITIES SHALL HAVE 20 YEARS FROM THE EFFECTIVE DATE OF THIS REGULATION TO COMPLETE REPLACEMENT OF EXISTING FACILITIES IN COMPLIANCE WITH THE REQUIREMENTS OF THE REGULATION OR INCORPORATE THE REQUIREMENTS OF THE REGULATION IN A DISTRIBUTION INTEGRITY MANAGEMENT PLAN, WHICHEVER OCCURS FIRST.

ATTACHMENT ONE

Rulemaking Re Amendment to 52 Pa. Code § 59.18 Meter Location

L-2009-2107155

Summary of Comments and Discussion

General Comments (Utility Industry):

National Fuel Gas Distribution Corporation (National Fuel) argues that changes to the Commission's existing regulations are unnecessary because the Commission's existing regulations are already consistent with Federal regulations. National Fuel states that the proposed amendments expand the existing state and federal requirements imposing new additional regulatory requirements.

Equitable Gas Company, LLC (Equitable) agrees that the proposed regulation is inconsistent with Federal regulations, and imposes new and more onerous obligations. According to Equitable, the proposed regulation is based on the Guide for Gas Transmission and Distribution Piping Systems, which is advisory in nature and not meant to be a regulation. Specifically, Equitable argues that the language for proposed Section 59.18 is taken, largely, from the Guide Material for 49 CFR§ 192.353, found in the Gas Piping Technology Committee's (GPTC) Guide for Gas Transmission and Distribution Piping Systems (Guide or Guide Material). Equitable submits that the Guide Material contains guidance and information for consideration by operators in complying with Federal regulations. Equitable also states that the proposed regulation replaces the flexible language of the GPTC with mandatory language and leaves no room for utility discretion. Equitable argues that the proposed regulations are inflexible and will lead to a utility choosing between violating a regulation or refusing service to customers. Equitable also argues that the proposed regulation will allocate resources to unnecessary expenditures which are unwarranted by actual safety risks when these resources should be devoted to replacing pipeline. Equitable suggests that if a change to the existing

regulation is required the new regulation should be redrafted to do no more than explain that meter set location is addressed at the federal level with citation to the pertinent Federal regulations and reference to the advisory Guide Material in a policy statement.

Philadelphia Gas Works (PGW) states that the Commission has already adopted the federal gas safety standards at 49 CFR 191-192 and 199, and that the proposed regulation imposes additional requirements that are unreasonable and/or unclear. PGW agrees with the statement in the Rulemaking's Conclusion section that the regulation should provide the utility with sole discretion to determine the location of meter sets. PGW submits that the Commission's concerns involve high pressure service and, thus, the regulation should be limited to high pressure services which will reduce the cost of relocating or replacing regulators to a more manageable level. Moreover, PGW declares that relocation of a regulator should not be required where there is an excess flow valve (EFV), or where one can be installed. Finally, PGW asserts that any such relocation should be coordinated with, and tied to, the utility's established main replacement program and schedule.

Peoples Natural Gas LLC and Peoples TWPLLC (collectively Peoples) states that it supports the Energy Association of Pennsylvania's comments submitted on behalf of its natural gas distribution company members. In particular, Peoples requests that the Commission reconsider the proposed regulation in its entirety. Peoples states that it is concerned about the additional regulatory requirements beyond the Federal requirements that were previously adopted by the Commission. Simply put, Peoples is concerned about the removal of the utility's discretion in meter placement.

PECO Energy Company (PECO) argues that utilities should not have to replace indoor meter sets by 2012 and divert resources from high-risk mitigation efforts to lower-risk mitigation efforts. PECO recommends that the Distribution Integrity Management Plans (DIMP) should control the replacement schedule. PECO also states that the additional requirements imposed by the regulation have no federal counterpart

and are unnecessary. Furthermore, PECO states that this requirement will divert resources from its Accelerated Gas Infrastructure Modernization Plan (AGIMP). Finally, PECO suggests that distribution companies should have the option of charging a customer for these relocation costs if the customer creates the unsafe condition.

Columbia Gas of Pennsylvania (Columbia) notes at the outset that both the Gas Safety Division's investigation and the proposed regulations that are the subject of this rulemaking were initiated prior to the adoption of Act 11 of 2012, and prior to the date the Federal standards require that natural gas utilities have in place a written DIMP Plan.[1] Columbia submits that an essential consideration when evaluating enhancement to system safety is coordinating additional efforts, such as the relocation of meters, with the previously identified and prioritized risks in the utilities' system-specific DIMP Plans. Moreover, Columbia emphasizes that a number of new requirements are not requirements of meter sets today, rendering natural gas utilities immediately out of compliance when the regulations would be approved.

Energy Association of Pennsylvania (EAP)[2] states that the proposed regulations do impose additional regulatory requirements beyond the Federal regulations, contrary to the Commission's stated intent that no additional requirements are imposed by the proposed regulations. EAP also questions the necessity of making the provisions of the GPTC mandatory and imposing it as a regulation. EAP states that the GPTC is not meant to be used as a regulation. EAP argues that if the Commission wants to create a new regulatory scheme and impose greater requirements than the Federal requirements, then it

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[1] Act 11 of 2012 was signed into law on February 14, 2012. The United States Department of Transportation's Pipeline and Hazardous Material Safety Administration ("PHMSA") published the final rule establishing integrity management requirements for gas distribution pipeline systems on December 4, 2009. *See* 74 FR 63906. The effective date of the rule was February 12, 2010. Distribution system operators were given until August 2, 2011 to write and implement DIMP plans. *See* 49 C.F.R. § 192.1005.

[2] EAP's members include Columbia Gas of PA, Equitable Gas Company, National Fuel Gas Distribution Corporation, PECO Energy Company, Peoples Natural Gas Company, Peoples TWP LLC, Philadelphia Gas Works, Pike County Light & Power Company, UGI Central Penn Gas, Inc., UGI Penn Natural Gas, Inc., UGI Utilities Inc., and Valley Energy Company.

should do so transparently and base these requirements on empirical data that has gone through a cost/benefit analysis. EAP requests that the Commission reconsider the proposed regulation in its entirety.

General Comments (Historical Commissions and Boards, Private Citizens, Preservation Groups, Civic Associations, and Government Entities and Officials)

As a resident of a historic district, Patricia A. Jackson (Ms. Jackson) from the Old Fairground Historic District in Allentown, contends that meters and regulators should remain in the basements of properties within historic districts. Ms. Jackson argues that moving meters outside will risk damage to the units due to the urban nature of the properties. Ms. Jackson explains that damage can be caused by vehicles hitting the meters, snow piles, trip hazards, vandalism, misuse of meter sets (chaining trash cans to the set), and tampering with meters that do not have a locking mechanism, such as turning the gas off. Ms. Jackson also comments that outside meters are very susceptible to corrosion. Finally, Ms. Jackson argues that the meters are "downright ugly." Ms. Jackson suggests that the language be changed to just "Historic District" because many historic districts are not federally recognized, but state recognized. Ms. Jackson notes that Section 59.18(a)(9) would rule out the installation of most meters or regulators.

Richard A. Niesenbaum (Mr. Niesenbaum) from Old Allentown sets forth the same arguments as Ms. Jackson and adds that utilities should be held responsible for the quality of their work and any damage that they cause. Lori Young from Allentown expressed many of the same concerns as Ms. Jackson.

Geoffrey Brace (Mr. Brace) from Old Allentown comments that the Proposed Regulation does not allow local governments to ensure public safety, and local governments will be left to the mercy of the utilities. Mr. Brace argues that placing meter sets in front of houses in urban areas presents the risk of vehicles running into the meters and references the incident in Allentown where an out of control truck ran over a curb and damaged three properties. Mr. Brace states that if an event like this were to occur

and a meter set was present in front of the property, there would be a very serious safety risk.

June Robinson from Bethlehem argues that historic properties should be exempted from the requirement that meter sets be located at the front of the property to preserve the beauty and uniqueness of these areas.

Janina White from Allentown comments that she does not want meter sets on her block or anywhere because they are "ugly, monstrous things" and "turn a neighborhood into a slum." Charlie Versaggi from Allentown argues that utilities should suspend their work on meter sets and focus on gas main replacements, because this is where the true safety issue lies. He also argues against placing meter sets in front of historic properties until an aesthetically acceptable alternative is created.

Shane Fillman (Mr. Fillman) also lives in the old Allentown Historic District and set forth the same arguments as Ms. Jackson. Mr. Fillman explains that the community residents would ideally like to see all equipment remain in the basement and have a gas vent installed to allow any discharge from the regulator when high pressure gas is being supplied to the property. In the alternative, Mr. Fillman suggests having a buried vault on the outside of the property concealing all of the equipment in a safe and corrosion free manner. Finally, Mr. Fillman does not agree with the Commission's Gas Safety Director's reasons for not advocating for gas vents instead of a gas regulator.

Edward Winter from Philadelphia asserts that utilities should not be allowed to place meter sets in the front of homes, because it creates a negative aesthetic effect. Francis J. Schmitt (Mr. Schmitt) from Pittsburgh contends that placing meter sets in the front of homes has a negative aesthetic effect and thus lowers property values. He suggests that utilities be prevented from placing meter sets in front of homes and be required to move those presently in this location. Mr. Schmitt believes that with the development of remote gas and electric meter reading devices there is no need to make

visible in front of homes, especially historic homes, the rusty pipes and rusty meters or industrial-looking configurations associated with keeping track of how much gas or electricity a building uses. The Callowhill Neighborhood Association in Philadelphia argues against placing meters outside buildings due to the negative aesthetic effect.

Michael H. O'Brien, a member of the Pennsylvania House of Representatives, (Representative O'Brien) comments on behalf of Queen Village Neighbors Association, Society Hill Civic Association, residents of Northern Liberties and Fishtown, and members of the Preservation Alliance. Representative O'Brien argues against limiting historic districts to those that are federally recognized and comments on the negative aesthetic effects presented by the outside location of gas meter sets. Representative O'Brien contends that the Commission needs to clarify the rules to ensure utilities cannot just do what they interpret to be proper, thereby putting the public safety at risk. Furthermore, Representative O'Brien is concerned about the negative impact exterior utility equipment would have upon the historic character and general aesthetic of neighborhoods.

Elizabeth S. Rogan (Ms. Rogan), the President of the Lower Merion Township Historic Architectural Review Board and Historical Commission, states that the township contains ten Historic Districts and argues that the Proposed Regulation should not limit Historic Districts to those that are federally recognized. She argues that the definition of Historic District should specifically include local historic districts designated by municipalities, as well as to any other buildings designated as locally significant. Ms. Rogan also contends that the Commission should consider alternatives, such as locating the meter set on the side or rear of the building, screening the equipment with fences or plants, or minimizing the appearance of the meter set by painting it. In addition, she states that the Proposed Regulation should require a process for utilities to notify property owners about projects and allow the property owners to participate and make informed decisions about where the meter will be relocated.

The Lower Merion Township Historical Commission sets out comments similar to the other historical commissions. Melissa McSwigan (Ms. McSwigan) from Pittsburgh is opposed to the requirement that meters be located outside and should only be done with the building owner's approval. She states that property owners should be able to make this decision regardless of whether the property is in a Historic District or not. Moreover, Ms. McSwigan finds multiple meters in plain view to be extremely unsightly. Alexander Rolon from Allentown argues against an outside location for meter sets due to the negative aesthetic effect and the safety issues presented by an urban environment. Susan N. Fuller from Allentown sets forth comments similar to those submitted by Ms. Jackson.

Nicholas Kyriazi is living in the Deutschtown Historic District in Pittsburgh and states that the aesthetics of all row-houses are negatively impacted by outside meter sets. He also references the safety issues present with outside meter sets in urban areas. Gracia Perilli and Kim Ceccatti from Allentown set forth the same arguments as Ms. Jackson. Thomas Yuracka from Allentown also has aesthetic and safety concerns with respect to UGI locating gas meters outside and is prepared to discontinue his services with UGI over this issue.

D. Gregory Shamp (Mr. Shamp) from Allentown argues that UGI should pay for updating infrastructure from its profits, and these costs should not be passed on to ratepayers. Mr. Shamp also sets forth the same arguments as other historical property owners with respect to outside meter sets and public notification and will continue to fight against defacing historic structures.

Preservation Pennsylvania argues that utilities should be required to notify property owners about projects and provide property owners with complete information and sufficient time to make informed decisions. Preservation Pennsylvania states that this process should include providing information to property owners through the mail, the media, and municipalities. Preservation Pennsylvania submits that public meetings should be held with representatives from the utilities to allow the public to have input in

projects and allow enough time for property owners to switch to an alternative energy source if they do not want the proposed project on their property. Moreover, Preservation Pennsylvania seeks change to the proposed rulemaking to provide adequate protection for historic properties. Preservation Pennsylvania also espouses many of the concerns expressed by the Township of Lower Merion.

Philadelphia Historical Commission (PHC) states that its purpose is to safeguard historical resources in one of our country's most historic cities and argues that the Proposed Rulemaking should protect historic districts from the physical and visual effect of outside gas meter sets. PHC comments that the language in the proposed regulation identifying historic resources is not only vague, but is also not customary in historic preservation discourse.

PHC suggests adding the following language as Section 59.18 (a)(13):

(13) Properties shall be considered historic if they are:

(i) individually listed on or within a historic district listed on the National Register of Historic Places, or,

(ii) individually listed on or within a historic district listed on a register of historic places regulated by a local government recognized as a Certified Local government by the National Park Service and Pennsylvania Historical & Museum Commission.

The PHC contends that historic preservation considerations should be taken into account when considering where and how to install gas metering and regulating equipment. Therefore, the PHC suggests adding the following design and location criterion to Section 59.18(b)(3):

(3) A utility shall consider proper design and location criteria for a meter box, including the following:

(viii) The physical and visuals impact of meters and service regulators on historic properties as defined in Section 59.18(a)(13)

The PHC also asserts that the term "considered" used in the proposed regulation at Section 59.18(c) (1) is too vague and should be replaced. The wording in Section 59.18(c)(1)(i) is awkward and open to various interpretations. Therefore, the PHC suggests the following amendments to Section 59.18(c)(1) without comment on the clause related to "high risk vandalism districts:"

(1) Inside meter locations shall be provided when:

(i) the subject property is historic as defined in Section 59.18(a)(13) and an outside installation will damage or obscure historic features and/or will be conspicuous from the public right-of-way.

Preservation Alliance for Greater Philadelphia (PAGP) comments that the Proposed Regulation does not sufficiently protect historic resources. PAGP argues that the utility should not have sole authority in determining the placement of meter sets. PAGP suggests that secondary facades should be the preferred location for meter sets, regardless of historic designation. PAGP recommends development of design guidelines for the appropriate location of meters and regulators. PAGP also suggests that the Proposed Regulation should include a requirement that property owners receive a written notice of proposed equipment relocation with details and illustrations of the proposed project at least ninety days before the utility starts the relocation.

Numerous citizens wrote in support of PAGP's comments, namely: Sonya Shiflet, Carla Puppin, Samuel A. Streit, Craig Morton, Jim Murphy, Jonathan Rubin, Bill Maurer, Justin Brock, Brian P. McEntee, Brian & Marla Johnson, Marc Shaw, Megan Fenstermaker, Lee Sequeira, John Ulrich, Patricia & David Swan, Mike Seidenber, Stephanie Guerrera, Gregory P. Duffy, Matt Fumento, Jean Papaj, Guy Fissel, Katie Kelly, Ms. R.W. Delaney, Beatrice Ryan, Paul D. Neuwirth, Talmage Bremman, Britt Levy, Abigail Horn, Susan Tunnicliffe, Joan & John Kyler, Thomas Jackson, Eileen Wolfberg, Jeremy Koven, Adrienne Nikolic, Kathleena Formica, Rosemary Gifford,

Dr. Lynn Rosenthal, Anne Seidman, Samantha Giuliano, Cynthia Schneider, Daniel Broderick, Ruth K. Crispin, Louis Scaglione, Nadine Lomakin, Michael McPhilmy, Kimberly M. Maialetti, Betsy Johnson, Meredith Laurence, Bryan Witkowski, Michael Hanowitz, Tom Maciag, Amy Shelanski, Jean D'Amico, Arthur Willson, Pauline Candaux, Catharine Ciric, Mehron Moqtaderi, Heather Gibson, Frank Schorfheide, Dave McBride, David S. Cohen, G. Eric Johansen, Cynthia Temple, Kathleen L. Dilonardo, Regina Colantonio, G. David Hammond, Anne Cecil, and Sandra Lark.

Society Hill Civic Association of Philadelphia (Society Hill) submits that historical properties need to be protected from the disfiguration that occurs by placing meter sets in front of historic properties. Society Hill proposes an amendment to subparagraph (c)(1)(i) to reflect that outside meter locations should be prohibited and a clarification of the term "Federally approved Historic Districts." Society Hill suggests that the Proposed Regulation should include a requirement that property owners receive a written notice of proposed equipment relocation with details and illustrations of the proposed project at least ninety days before the utility starts the relocation. Society Hill also asserts that utilities should be required to use the media for notification and hold public meeting to better inform property owners and allow for their participation. Finally, Society Hill contends that utilities should not delegate the authority to determine high risk vandalism districts, and the replacement of shut-off valves should be limited.

West Park Civic Association and West Park Historic District (West Park) in Allentown states that it is opposed to the external placement of meter sets. West Park argues that the change is unnecessary, will not improve safety, creates new safety concerns, and is an unwarranted expense. Old Allentown Preservation Association (Old Allentown) states that the Proposed Regulation doesn't consider property owners' rights and that other options to mitigate safety concerns are available and should be reflected in the Proposed Regulation. Old Allentown also complains that UGI already fails to give notice or get property owner consent when work is being done, and the Proposed

Regulation would allow UGI to continue this behavior. Old Allentown argues that the Proposed Regulation does not specify who will make the determination of appropriate meter placement.

Center City Residents Association in Philadelphia supports the comments of Jonathan E. Farnham submitted on behalf of the Pennsylvania Historical & Museum Commission, and the addition of subparagraph (a) (13) and the amendment of (c)(1). Queen Village Neighbors Association, Inc. in Philadelphia expressed many of the same historic preservation concerns advocated herein.

The Pennsylvania Historical and Museum Commission (PHMC) states that numerous municipal representatives are concerned about the adverse visual effects of outside meter sets. PHMC noted that it was unable to identify any locally adopted historic property regulations that stipulate the location of gas meters. PHMC also argues that definitions in the Proposed Rulemaking need to be clarified, because the current language is not consistent with federal or state historic preservation laws. PHMC explains that the intent of the term "Federally approved Historic Districts" refers to historic districts that are listed in the National Register of Historic Places. However, the term "Federally approved" does not appear in either the National Historic Preservation Act or the Pennsylvania History Code and is not likely to be easily understood by practitioners or citizens. The current definition limits consideration to properties located in historic districts, but it is PHMC's opinion that this excludes many individual historic properties that might be impacted by meter location. In addition, the definition could be construed to mean only National Register listed properties or both listed and eligible properties, but the intent is unclear. PHMC recommends broadening the applicability of this rule to include individually designated historic properties.

According to PHMC, the current definition also fails to recognize historic properties that are designated under local law. PHMC explains that in many instances locally designated historic districts (which are then subject to review and regulation) may

also be listed in or eligible for the National Register, either in whole or in part. The Pennsylvania Historic District Act authorizes municipalities to ". . .consider the effect which the proposed change will have upon the general historic and architectural nature of the district." Similarly, under the Pennsylvania Municipalities Planning Code, a municipality may adopt a zoning overlay to regulate changes that could affect historic properties. PHMC submits that under either law the municipality typically relies on local design guidelines or the Secretary of the Interior's *Standards for Rehabilitation* to interpret and enforce the ordinance. In Pennsylvania, PHMC submits that municipal guidelines are silent on issues related to the location of gas meters. However, it is the opinion of the PHMC that gas meters would be reviewable under the authority of both laws, allowing municipalities to evaluate the appropriateness of the location if the meter can be seen from a public street or way.

PHMC recommends that Section 59.18(c)(1)(i) be revised to read as follows:

> An acceptable outside location is not available because the property is listed in or eligible for listing in the National Register of Historic Places, located within a historic district that is listed in or eligible for listing in the National Register of Historic Places, or has been designated as historic under the Pennsylvania Historic District Act, Municipalities Planning Code, or municipal home rule charter.

PHMC also recommends that the Proposed Rule require utilities to develop design guidelines to address common issues related to meter placement and incorporate these guidelines into their tariffs. Finally, PHMC requests that the PUC hold public meetings in communities with historic properties so these issues may be addressed comprehensively.

State Senator Jim Ferlo (Senator Ferlo) comments in favor of protecting historic resources. His arguments include redefining historic districts with input from the

Pennsylvania Historical Museum Commission, defining high vandalism districts, requiring public notification/participation from the NGDCs considering the adverse visual effect of outside meters, and developing design guidelines.

The Historical Architectural Review Board of Lancaster sets out comments similar to the other preservation societies and commissions, including recommending a more specific definition for historic district, suggesting utilities be required to provide design guidelines, and implementing public notice standards for notifying property owners. The City of Lancaster Mayor J. Richard Gray, and Lois Groshong, Chairperson of City of Lancaster Historical Commission, advance arguments similar to other commenters with historical property concerns, including the definition of historic district, clarification of alternative locations for meters, clear delegation of who will make the meter location decision, and increased public notification/participation.

Mayor Ed Pawlowski of Allentown comments that gas meter sets should be in the safest and least visually obtrusive location. In addition, he proffers arguments similar to other commenters with concerns about historic properties. This includes redefining historic district and high vandalism districts, requiring gas distribution companies to account for visual impact of gas meter sets, and requiring public notification/participation between NGDCs and property owners. Finally, Charles B. Fisher copied the Commission on a letter sent to the Mayor of Reading, Vaughn D. Spencer, complaining about UGI gas meters as an eyesore.

General Comments (Independent Regulatory Review Commission)

The Independent Regulatory Review Commission (IRRC) comments that Section 59.18 is not the only regulation governing gas meter and regulator locations. IRRC explained that the Commission established in Section 59.33 that the Code of Federal Regulation (CFR) and its subsequent amendments effectively supersede the Commission's regulations, in that amendments to the CFR "shall have the effect of

amending or modifying the [PUC's] regulations," and the CFR addresses meter and regulator location. According to IRRC, in determining whether a regulation is in the public interest, it will review the criterion of "possible conflict with or duplication of statutes or existing regulations." 71 P.S. § 745.5b(b)(3)(i).

Here, IRRC concludes that this regulation would substantially duplicate the Commission's existing regulation at Section 59.33(b) and, further, would possibly conflict with the CFR which the Commission adopted by regulation. Furthermore, under Section 59.33(b), amendment to the CFR ". . . shall have the effect of amending or modifying the [PUC's] regulations . . .." Thus, IRRC submits that this provision raises the possibility of conflict between the proposed Section 59.18 and the existing Section 59.33(b).

IRRC explains that if the final regulation contains similar provisions found in the CFRs, the Commission should explain why the proposed amendment is needed, viable, and not duplicative. If the final regulation does not contain similar provisions found in the CFRs, the Commission should explain how these mandates support the Commission's stated intent to make Pennsylvania's regulations consistent with Federal regulations and reconcile with the Commission's statement that, "the proposed amended language imposes no additional regulatory requirements upon natural gas distribution companies (NGDCs) that these utilities are not already subject to under the federal regulations."

IRRC raises the point that although the Commission has identified safety issues that need to be resolved so that the public is provided with safe and reliable service, the proposed regulation seems to address only a portion of the identified safety concerns. In particular, according to IRRC, the proposed regulation includes only meter and regulator location. The proposed regulation does not address several of the other safety concerns identified by the PUC. Specifically, while the proposed regulation still allows inside meters, IRRC submits that it does not address the following:

- Access to inside meters so that gas companies can comply with state and federal regulations that require leak surveys up to the meter. It appears that regulations may be needed for coordination of access between customers with inside meters and the gas utilities so that the required safety testing can be accomplished.
- Plastic service lines which the PUC implies may be safer than steel based on the statement that the combination of steel service line and inside meter set is a high-risk factor for natural gas incidents.
- The use of excess flow valves as a safety device.

IRRC states that the Commission should either revise the final regulation to address these other safety concerns, or explain why the regulation does not address these other safety concerns identified by the Commission.

To determine whether a regulation is in the public interest, IRRC considers economic impact and implementation procedures. According to IRRC, commentators have stated that the proposed regulation establishes some rules that have no counterpart in the federal regulations, such as § 59.18(a)(1) and (2), which IRRC submits contradicts the Commission's stated intent. IRRC notes further that the Commission has not explained which state and federal provisions are inconsistent, or how the Commission's regulations could conflict. IRRC states that public commenters have argued that the mandates may lead to increased costs due to the elimination of NGDCs' flexibility and discretion. IRRC asserts that it also received numerous comments from preservation/neighborhood associations and individual homeowners commenting that the proposed regulation would fail to sufficiently protect historic resources and neighborhoods from adverse effects caused by inappropriate meter installations. IRRC also submits that it does not see excess flow valves offered in the proposed regulatory language as an alternative to meter set relocation. IRRC argues that if the Commission

chooses to proceed with the rulemaking, the Commission should make appropriate revisions in the final regulation and/or its applicable responses to the Regulatory Analysis Form (RAF) to address EFV as an alternative to relocating inside meter sets outside. IRRC notes that the comments indicate the proposed regulation does create additional regulatory requirements that exceed federal requirements and removes the NGDC's use of discretion.

In order to clearly establish and support this rulemaking's intent, IRRC recommends that the Commission review and revise its Preamble and responses in the RAF prior to submitting a final regulation. IRRC questions the Commission's support for the regulation based on safety concerns stating that the Commission has not established a direct link between reportable incidents and leaks at inside meters, i.e., the leak was outside but the gas entered the basement, leading to the incident.

IRRC then asks why the Commission did not convene a stakeholders group. IRRC questions whether the Commission has adequately considered the proposed regulation's impact on homeowners and communities with historic character, an asset which these communities consider to be an essential component of their community. IRRC specifically noted the following comments of gas utilities:

- The proposed regulation will impose additional requirements beyond the CFR previously adopted by the PUC.
- The modifications eliminate utility discretion and flexibility without articulating a basis for the mandates and without consideration of the limited situations where the proposed requirements would be impractical and result in increased costs.
- The exceptions for historic districts and high-risk vandalism districts are not sufficiently clear.
- The proposed revision to require all inside regulators connected to steel service lines to be relocated to the outside by December 31, 2020, is contrary to the stated

intent of the [PUC] to provide ten years to accomplish relocation and, moreover, is an arbitrary deadline.

- Contrary to the PUC's statements, the proposed regulation does not implement provisions for excess flow valves.
- There are also concerns with the details of cost allocations when a meter was originally installed by the utility in a safe location, but the customer created the need to relocate the meter by an action such as remodeling a basement in a way that the meter no longer meets safety requirements.

IRRC recommends that the Commission withdraw this regulation. However, if the Commission does not withdraw the regulation, IRRC recommends that it conduct stakeholder meetings with gas utilities and commentators, including those with knowledge of ordinances regulating historic properties. Based on this input, the Commission can develop safety requirements for the appropriate placement of gas meter sets which afford NGDCs discretion and flexibility while maximizing protection of both the public and Pennsylvania's historic properties. Additionally, IRRC strongly recommends that the Commission publish an advance notice of final rulemaking to allow the public and standing committees the opportunity to review any revisions that the Commission makes to the regulatory language before submittal of a final-form regulation.

IRRC references commentators concerns with the December 31, 2020 deadline for relocation of regulators connected to steel service lines. The commentators raised concerns about how this schedule will affect their planning, which allegedly already takes into consideration prioritization of system risk and operational concerns.

Response to Independent Regulatory Review Commission Comments

Section 59.18 is currently limited with respect to providing regulatory requirements for locating meters. The regulation merely provides that meters can be

installed inside or outside the building with a few location requirements. Our Proposed Rulemaking Order (page 1) acknowledged that the existing regulation is inadequate.

IRRC notes that the Commission in Section 59.33 adopts the pipeline safety laws including 49 CFR Parts 191-193, 195 and 199 that address meter and regulator location. We do not believe that our adoption of these minimum safety standards in Section 59.33(b) conflicts or duplicates the proposed regulations. Section 59.33(b) is clear that the Federal regulations are the minimum safety standards that apply to natural gas public utilities. In fact, we agree with the commentators that the proposed Section 59.18 is taken, largely, from the Guide Material and not the Federal regulations. As guidelines they are information for consideration by operators. They are in effect "best practices" recommendations but are not required, nor do they have the force and effect of a regulation. We submit that specifying mandatory requirements for meter, regulator and service line locations is necessary to protect the safety of the public and, therefore, is in the public interest. That being said, we disagree that the language is inflexible and leaves no room for utility discretion. The proposed regulation allows the utility in many instances to deviate from the general rule or requirement if it is not "feasible and practical to do so." Therefore, the utility will retain discretion in applying this regulation.

We have further reviewed the Federal regulation 49 CFR Parts 192.351-383 and do not believe the proposed regulation conflicts with the Federal requirements. The scope of §§ 192.351-383 prescribes minimum requirements for installing customer meters, service regulators, service lines, service line valves, and service line connections to mains. Section 192.353 addresses location of customer meters and regulators and § 192.355 addresses protection from damage. We do not believe these provisions conflict with the proposed regulation and none of the commentators have been specific in identifying the conflicting provisions or duplication. The other provisions of the Part mostly address technical installation requirements rather than location.

The Commission further acknowledges that the proposed regulations address similar provisions that involve meter and regulator locations. However, the specific provisions should not be considered conflicting or duplicative. For example, § 192.353(a) requires that "each meter and service regulator, whether inside or outside a building must be installed in a readily accessible location." Annex A under paragraph (a)(5) requires that the "meter location must accommodate access for meter reading, inspection, repairs, testing, changing, and operation of the gas shut-off valve." Rather than conflicting or duplicative, the proposed regulation is merely more specific in terms of addressing meter access.

Some of the commentators argued that the Guide Material contains guidance and information for consideration by operators in complying with Federal regulations. Given that we have relied on the Guide Material in drafting the proposed regulation, we do not believe our proposed regulation could then conflict with the Federal regulations. Moreover, our proposed regulation does not duplicate the minimum safety standards of the Federal regulation. Clearly, the proposed regulations are more detailed and address additional regulatory requirements for meter and service regulator locations such as notice, access, building openings, fire exits, stairways, crawl spaces and building air intakes. Therefore, since our adoption of the Federal regulations is only as minimum safety standards, we can implement regulations that go farther and are more comprehensive regulatory requirements.

We do acknowledge that the proposed regulation would impose additional regulatory requirements for NGDCs that will address safety issues. In addition, we will be revising the regulation to address safety issues that were not addressed such as access to inside meters, plastic service lines, and use of excess flow valves. Finally, we have also addressed historic preservation concerns over meter and regulator location issues in historic areas.

Section 59.18 Meter and Regulator Location

(a)(1) – When practical, a building may not have more than one service line. Service lines must terminate in the building in which the service line enters.

National Fuel recommends deleting the second sentence because of considerations for large industrial customers that sometime require a service line to enter multiple buildings. National Fuel explains that this requirement could be unnecessarily restrictive and problematic for customers and utilities where unique circumstances exist.

PGW states that it is not always possible to terminate a service line in the building in which the service line enters, and contends that the phrase "where feasible" should be included before the second sentence.

EAP argues that this section should be more flexible, provide exceptions, and give utilities discretion. EAP suggests that "where feasible and practicable to do so" should be inserted at the beginning of the second sentence.

IRRC comments that the first sentence in Section 59.18(a)(1) is ambiguous and the phrase "when practical" is subjective. IRRC states the regulation should specify the circumstances that would allow for an exception to the requirement that a "building may not have more than one service line." IRRC also recommends having the second sentence about a service line terminating in the building in which it enters as a separate requirement.

Discussion: We agree with the underlying sentiment expressed by IRRC that a regulation should be more specific and detailed with respect to the circumstances that would allow for an exception. However, while we could possibly provide some examples of circumstances that would warrant a building having more than one service line, we do not believe we could specify all the circumstances that warrant an exception. The Commission fears that limiting itself to a list of exceptions will compromise the regulation. We would agree that this determination could be based on physical

circumstances and/or cost considerations. Therefore, we further believe that using words such as "feasible" and "practical" sufficiently defines the circumstances where an exception to the general rule would be supportable. Of course, the utility would have the burden of proving one service line is not "feasible and practical" if a complaint is filed over the issue and the matter would be resolved by the Commission. For purposes of comparison, we direct attention to the use of the term "reasonable" which is used throughout the Public Utility Code but could be viewed as vague.

We agree with EAP's comments but shall not completely adopt its recommended language. Although EAP suggests that the phrase words "when feasible and practicable to do so" be used at the beginning of the second sentence, we believe it is more descriptive to use the words "feasible" and "practical." If it is "feasible," it is capable of being done, i.e. "possible." "Practicable" is synonymous with feasible, since it references something not "actually tested," but capable of happening. However, "practical" means that something has been "proven" and "put into practice." *See* Webster's Ninth New Collegiate Dictionary. Therefore, we believe that the phrase "when feasible and practical to do so" is a more descriptive standard. In other words, it not only may be done or accomplished, but it has been done before or "put into practice."

We agree with IRRC that the requirement about a service line terminating in the building in which it enters should be separate, and have incorporated this change. Additionally, we shall move paragraph (a)(1) to new paragraphs (f)(1) and (2). Given that this provision addresses service lines, we believe that the subject matter warrants a separate subsection where service lines will be addressed.

(a)(2) – Meters shall be installed at the service regulator. When more than one meter is set on a particular premises, the meters must be set at one location. When it is necessary to install meters at multiple locations on the premises, the utility operator shall provide a tag or other means to indicate there are multiple meter locations.

National Fuel argues for adding "When practical" to the beginning of the rule for increased flexibility for unique circumstances, such as "high pressure services."

Peoples argues that sometimes it is not practicable, feasible, or economical to install the meter set together. Peoples uses the example of larger customers with remote meter sets and long service lines served from medium pressure mains. In this situation, the meter is installed near the main line and the service regulator is installed at the building, which enables the service line to operate at higher pressure and utilize a smaller pipe. The service regulator cutting the pressure from pounds to ounces is installed near the building. This design allows a larger customer to minimize the expense of installing the service line at their property because the smaller service line is less expensive. Peoples recommends that the phrase "when feasible and practicable" be inserted at the beginning of this subsection.

Discussion: We agree that it might not be feasible and practical, or economical to install the meter set together. Therefore, we shall remove this requirement. We will also remove the second sentence of this paragraph because it conflicts with the third sentence that refers to meters at multiple locations. For better organization of subsection (a), we shall move the third sentence as a separate requirement to paragraph (2). Finally, to be more descriptive, we have added the words "for meter and regulator location" to the subsection title.

(a)(3) - An outside, above-ground meter location must be used when availability of space and other conditions permit.

With respect to Section 59.18(a)(3), IRRC notes that commentators raise concerns regarding who makes the determination, and what standard is utilized, when an "outside,

above-ground meter location must be used when availability of space and other conditions permit." According to IRRC, it is not clear what meets the standard of "availability of space" or what "other conditions" must be considered, and it should be clarified whether a property owner has the opportunity to participate in this decision. According to Columbia, the company has been adhering to this standard for a number of years. However, there are inside meters on Columbia's system that may have outside space available, but were originally installed inside. Columbia maintains that it should be clarified whether this regulation, if adopted, would apply to meter sets installed after the effective date of this proposed regulation.

Discussion: We agree with IRRC's concern about the vagueness and uncertainity of the provision as written. The intent of the provision needs to be more focused. Rather than use the subjective phrases "availability of space" and "other conditions," we shall insert a general rule that "METERS AND REGULATORS SHALL BE LOCATED OUTSIDE AND aboveground." However, we still need to allow some flexibility in its application. We shall accomplish this by adding the exceptive phrase "UNLESS OTHERWISE SPECIFIED IN THIS SECTION." We believe these changes will provide specificity to the regulation that is currently lacking. Also, we believe the utility customer should have prior notice when the gas utility plans to install the entire meter set outside and above ground. Therefore, we have added the requirement that the utility customer receive 30 days written notice by first class mail or by personal delivery. The paragraph will be renumbered as (a)(1) because proposed paragraph (a)(1) has been moved to new paragraphs (f)(1) and (f)(2).

(a)(4) – When selecting a meter or service regulator location, a utility shall consider potential damage by outside forces, including: (i) Vehicles. (ii) Construction equipment. (iii) Tools or other materials which could be placed on the meter. (iv) Falling objects, such as packed snow or ice from a roof.

National Fuel argues for removal of the list of specific considerations because solely relying on the list could lead to exclusion of other safety issues. National Fuel also

raises the issue of persons creating unsafe conditions and argues that the list could be used as a defense to a utility's claim for damages to its facilities. National Fuel uses an example of a customer piling snow over a meter and the meter being damaged. National Fuel argues that the customer should bear a utility's expenses for these unsafe conditions, and that the list of considerations could be used to argue that there is a statutorily created duty for the utility to anticipate this type of damage and the utility was negligent *per se*. National Fuel claims that deletion of this list of specific considerations will not change what the Commission is attempting to accomplish.

IRRC considers Section 59.18(a)(4) vague since for every threat identified in paragraph (4) there is a potential for damage and it is not clear what is the due diligence on the part of the utility that will meet the standard. IRRC further questions how a utility can evaluate how meters may be safer in basements than in the front of a home where they could be hit by a vehicle. Furthermore, IRRC believes the term "construction equipment" is vague and that it should be defined, and the utility must also consider potential damage by tools or other materials which could be placed on the meter. IRRC recommends that the provision be deleted or explain what meter location would not have the potential for tools or "other material" to be placed on the meter and still meet other requirements in the regulation. Finally, IRRC finds subparagraph 4(iv) vague because it does not state what other "falling objects" the utility must consider.

Discussion: We agree with NFG that utilization of a list of outside forces may exclude other considerations that involve safety issues. Clearly, having a meter or regulator on the outside near the street will raise the safety issue of vehicles crashing into the utility's facilities. Besides vehicles, there are too many possibilities that involve safety to try and identify the possibilities with a list. Therefore, we shall remove the list and end the provision at "outside forces." Although this provision may appear to be vague, it is very specific that the utility has the obligation to consider potential damage when locating outside meter sets. The new paragraph will be (a)(3).

(a)(5) – When potential damage is evident, the meter or service regulator shall be protected or an alternate location selected.

National Fuel suggests that this section should clarify that the customer will be responsible for costs and expenses for installation of additional protection or relocation when the unsafe condition is due to the customer's negligence. According to National Fuel, after initial installation, the utility should not be held responsible for protection and relocation costs that occur due to a later change in conditions on the premises that is within the control of the customer or property owner.

With respect to subparagraph (a)(5), IRRC questions how potential damage may be evident, who would make this determination, and how the Commission would enforce this regulation.

Discussion: Since the meter or regulator would be installed by the NGDC, the utility would have to make the determination that potential damage is evident if it has notice of the condition. At the outset, we must assume that the utility would not install the meter set at the location where potential damage is evident, or that if protection was warranted, the utility would provide the protection. Furthermore, if an unsafe condition is created by the customer or property owner, we assume that the costs and expenses incurred by the utility for protection or relocation of the utility's facilities would be covered in the utility's tariff. Therefore, upon further reflection, we agree that the phrase "potential damage" is vague. Since any utility is already obligated to provide safe and reasonable service and facilities under Section 1501 of the Public Utility Code, this provision may be unnecessary. In other words, it is unnecessary to tell a utility that it must not create an unsafe condition or inadequately respond to an unsafe condition. We shall delete the paragraph.

(a)(6) - Meters and service regulators may not be installed in contact with soil or other potentially corrosive materials. A utility shall consider the potential for shorting out the insulating fitting when choosing a location.

IRRC submits that subparagraph (a)(6) needs clarity with respect to the standard for shorting out the insulating fitting when choosing a location.

Discussion: We agree that the second sentence is unclear. That being said, to comply with Section 1501, we assume that the utility takes this factor into consideration in choosing a location. Therefore, we shall delete the sentence. We shall retain but modify slightly the wording of the first sentence. However, the phrase shall be moved to a new subparagraph (6)(VI) that identifies locations where meters and regulators may not be installed.

(a)(7) – The meter location must accommodate access for meter reading, inspection, repairs, testing, changing, and operation of the gas shut-off valve.

National Fuel argues for clarification of this section by adding language that the customer shall provide the utility access, at all reasonable times, to the meter or regulator for purposes of performing these functions. National Fuel states that sometimes customers refuse access to perform a work order that the customer doesn't want the utility to complete, such as a meter removal, meter relocation, or meter shut off/lock.

IRRC notes that subparagraph (7) requires that the location accommodate access for activities including repairs and testing. IRRC submits that subparagraph (7) should address the coordination of access to inside meters between the gas utility and the customer so that safety testing can be accomplished.

Discussion: While we agree that the customer should provide reasonable access to the gas utility to perform a variety of functions, we believe that this requirement should be addressed in a utility's tariff. Moreover, this responsibility of the customer has no bearing on location issues. Therefore, we decline to add additional language regarding a

customer's obligation to provide access to utility facilities. We have renumbered this paragraph as (a)(4).

(a)(8) – The meter location must accommodate the installation of the service line in a straight line perpendicular to the main.

National Fuel argues for beginning this section with the phrase "When practical," because it is not always possible or feasible to install a service line perpendicular to the main line, even though this is the preferred method.

Equitable agrees that this requirement is too inflexible because there are circumstances where the meter physically cannot be located to accommodate a perpendicular service line, such as trees or landscaping, as well as the location of other utility infrastructure that can sometimes be an obstacle necessitating the location of the meter in such a way that perpendicular installation of the service line cannot be accommodated. Equitable believes that the flexibility found in the Guide Materials using the phrase "normally permit," is more appropriate than the prescriptive language in the proposed regulation.

PGW also recommends that "where feasible" should be inserted at the beginning of this subsection.

EAP, similarly, responds that this section should begin with "where feasible and practicable to do so." Columbia believes that it should be clarified whether this regulation, if adopted, would apply to residential meter sets installed after the effective date of this proposed regulation. In addition, Columbia notes that this standard may not always be feasible for commercial and industrial meter sets due to the cost and complexity that are routinely involved with such meter sets.

IRRC asserts that the requirement that the service line be installed in a straight line perpendicular to the main should be deleted or explain why it is reasonable and the costs justified.

Discussion: We agree that the requirement must be flexible to address unique circumstances. Therefore, we shall add the phrase recommended by EAP, with our modification which is "when feasible and practical to do so." It will now be paragraph (a)(5). In addition, the provision contemplates that the service line should be installed in a straight line perpendicular to the main. We shall also add this requirement in subsection (f)(3) that addresses the general requirements for new service lines.

(a)(9) – Meters and service regulators may not be installed in the following locations: (i) Directly beneath or in front of windows or other building openings which may be used as emergency fire exits. (ii) Under interior or exterior stairways. (iii) A crawl space with limited clearance. (iv) Near building air intakes.

National Fuel notes that utility facilities should never be located where they would obstruct an emergency fire exit. National Fuel states that subparagraph (i) will restrict utilities from placing meter sets beneath or in front of windows or other openings that "may be used as emergency fire exits." National Fuel argues that this is too broad of a restriction as any window large enough to fit a person may be used as an emergency exit, and that the Commission's purpose is not clear. National Fuel suggests that this section should focus on preventing placement of meter sets at locations that "directly" obstruct access to a window or opening used as an emergency fire exit.

PGW states that the housing and building stock in the City of Philadelphia sometimes leaves it with no other option than to locate a meter or regulator directly beneath a window, door, or exterior stairwell. PGW states that it only does this when there are other means of egress from the building, and that it only installs meters or regulators under exterior stairwells made of non-combustible material that have adequate ventilation. PGW states that the regulation should be worded to include these types of installations.

Peoples agrees with EAP's comments that there are places where it is impossible to find a location for a meter that is not near a window or door that could be used as a fire

exit. Peoples also argues that this should be the case for all subparagraphs of subsection (a)(9).

EAP suggests that meters should be able to be located near fire exits if the amount of gas that might enter a building is minimized. EAP argues that this section should state "Unless measures are taken to limit the amount of gas that might enter a building, meters and service regulators should not be installed . . . ."

Columbia presumes that this requirement would only apply to new installations. Columbia also makes the point that meters could be installed at a certain location in compliance with the proposed regulations, and subsequent actions taken by the customer could render the location in conflict with this requirement, *e.g.*, a window, entrance/exit, or structure, such as a porch, could be built over the meter.

Section 59.18(a)(9)(i)-(iv) address where meters and service may not be installed, and IRRC generally concludes that these provisions are vague. IRRC points out that with respect to these mandates nearly every window could arguably be used as an emergency fire exit. Also, given all the other restrictions, the Commission should not prohibit the placement of a meter under an outside stairway in all circumstances, and the Commission should be clear about what crawl spaces may be used. Finally, IRRC submits that it is not clear what "near building air intakes" means.

Discussion: We agree with NFG's suggestion that we focus on preventing placement of meter sets at locations that "directly" obstruct access to a window or opening used as an emergency fire exit. We shall delete the words "directly" and "be used as" and put the phrase "directly obstruct" in front of "emergency fire exits." We also agree with PGW's suggestion of requiring another means of egress when installing meter sets under exterior stairways and requiring adequate ventilation. We shall essentially adopt PGW's

suggested language changes. However, we shall not adopt EAP language change about limiting the amount of gas entering a building based on vagueness. We believe our adoption of NFG and PGW's recommendations will address IRRC's assertion of being vague. In addition, we shall delete the phrase "with limited clearance" in subparagraph (iv) since a "crawl space" is a sufficiently defined area as "a shallow unfinished space beneath the first floor or under the roof of a building." *See* Webster's Ninth New Collegiate Dictionary. Also, the term "near" in subparagraph (v) will be dictated by local or state building codes which standards may be different and change in the future. Therefore, we believe adding the reference to "local or state building codes" adds sufficient clarity and specificity to the requirement. This paragraph will now be identified as paragraph (a)(6).

(a)(10) – When the Commission or a utility determines that a meter or regulator shall be moved for safety reasons, all costs associated with the relocation of such meter or regulator shall be borne by the utility. When a utility moves a meter in addition to the regulator, under this section, the cost of extending customer-owned facilities to the new meter location shall be borne by the utility.

National Fuel argues that when relocation is required because of circumstances within the customer's control, the utility should not bear these expenses. National Fuel also argues that customers, who refuse National Fuel access to their homes for a relocation, should bear the costs when National Fuel has to come back later to do the relocation.

Equitable states that this requirement is not part of existing federal regulation, would impose a new and additional regulatory requirement, and would create a significant level of capital investment for the utility. Equitable argues that the broad scope of the language is problematic because, in some areas, service lines and fuel lines are owned by, and are the responsibility of, the customer. Equitable also argues that in accordance with tariff provisions and industry practice these costs are the customer's responsibility.

PGW states that a utility should only bear the costs of relocation when the meter or regulator is moved for safety reasons that have nothing to do with actions of the customer. PGW thinks this subsection should have an exception for unsafe situations that have been caused or created by meter tampering, unauthorized usage, or unsafe conditions created at the affected building.

Peoples, again, supports EAP's comments. Peoples also argues that the term "safety reasons" should be defined in the regulation or be at the discretion of the utility. Peoples recommends that the definition should be "a situation in which the utility believes, in its reasonable judgment, that the placement of the meter violates a provision of 52 Pa. Code § 59.18, the applicable federal standards or which poses a unique safety risk to the occupants of the premise where the meter is located." Peoples also argues that costs of replacement should be partially borne by customers when the customer creates or contributes to the safety concern. PECO argues that utilities should not bear the costs of relocating meter sets if the unsafe condition was caused by the customer.

EAP argues that the cost of the relocation of customer-owned fuel facilities should not be the utility's burden, and that shifting this cost actually shifts the cost onto other customers. EAP argues that this subsection needs to be more flexible and allow for discretion. Although EAP agrees that the utility should bear the responsibility for paying for meter or regulator relocations where the work is initiated to address safety concerns, EAP notes that a blanket rule is not required under existing Federal regulations and marks a significant change to current practices in western Pennsylvania where, in many instances, service lines from the curb to the meter, as well as the fuel line downstream from the meter inside the building, are owned by the customer. EAP requests that the Commission consider the cost to ratepayers of this change in financial responsibility regarding extension of "customer-owned fuel facilities" to a relocated meter/regulator at a time when utilities are being encouraged to devote capital resources to pipeline

replacement efforts. In support of its position, EAP has recommended specific revisions to the provision.

For paragraph (a)(10), IRRC submits that the Commission should clarify how it intends for NGDCs to notify customers and discuss options. Furthermore, IRRC noted commentators' concerns about property owners who refuse access to their premises to perform meter relocation work, and who shall bear the cost if a customer's action has created or contributed to a safety issue.

Discussion: First, we shall not attempt to regulate a situation where a customer refuses access. The utility should look to its tariff to provide a remedy. Although this requirement that imposes the costs on the utility may not be a part of Federal regulations, this new regulatory requirement is based on safety reasons. Therefore, even if the service is owned by the customer, if the move is based on safety reasons imposed by the utility, we believe the utility should be responsible for the costs. Similarly, and in response to PGW, Peoples, and PECO's concern, the utility should already have a tariff addressing damages to its facilities or the creation of unsafe situations caused by the customer. However, we shall amend the regulation to clarify a customer's responsibility if they are responsible for the unsafe condition. With respect to western Pennsylvania, if the utility initiates the movement of the meter or regulator for safety reasons, then the gas utility should pay for the cost, unless the unsafe condition was caused by the customer. We shall incorporate EAP's proposed modification.

Finally, in response to IRRC's concerns, the customer shall be provided 30 days prior notice of the work. This notice is required under paragraph (a)(1). As discussed previously, if the customer does not cooperate, then the gas utility should rely on its tariff to resolve the situation. These paragraphs will now be identified as paragraphs (a)(7) and (a)(8).

(a)(12) – Utilities shall address meter location in their tariffs.

National Fuel argues that the intent of the Commission to give utilities sole determination of meter set location, as described in the Proposed Rulemaking Order at page eight, is not contained in the letter or the spirit of the regulation, and recommends adding language that expresses this intent to this section.

Discussion: We agree that the language stating that gas utilities have the sole determination for meter set location is not contained in the regulation. Although the utility still retains substantial discretion in locating meter sets, the rulemaking establishes standards and requirements that the utility must satisfy. Therefore, we shall modify this paragraph to reflect the utility's obligation to file tariffs that comply with the regulation. This paragraph will now be identified as (a)(10).

(b)(1) – Outside meter or service regulator locations. Outside meters or service regulators shall be installed in the following locations: (1) Above ground in a protected location, adjacent to the building served. (2) In a properly designed buried vault or meter box.

National Fuel argues that this requirement should be deleted because it is not always practical to place meters adjacent to a building, especially in rural areas where homes are located far from the road and main line. National Fuel also states that this requirement is in conflict with 52 Pa Code § 59.31(d), which requires meters for services off of production and transmission lines to be located as closely as possible to the main line.

With respect to the outside meter or service regulator locations, IRRC notes that the wording of subsection (b) is confusing and needs to be revised and clarified. Furthermore, IRRC recognizes that a commentator raised the question that paragraph (b)(1) may conflict with 52 Pa. Code § 59.31(d), which requires meters for services off of production and transmission lines to be located as closely as possible to the point where the main line is tapped, rather than adjacent to the building being served. IRRC notes

that commentators also raised their concerns as to what defines a "protected location," what standards determine a "properly designed" buried vault or meter box under paragraph (b)(2), and the need for the provision and how the provision is reasonable.

Discussion: We agree with NFG's comment with respect to the provision's application to rural areas. Since the outside meter or service regulator location is very much dependent on whether the location is rural or urban, we shall insert the phrase "when feasible and practical to do so" to provide the utility with discretion in this placement. We shall also add the phrase "or as close as possible to the point where a production or transmission line is tapped," to reflect the different locations and the requirements of Section 59.31(d). This change will address the issue of locating meters for services off of production and transmission lines. We agree with IRRC's comment about the vault and shall delete the phrase "properly designed," although we shall not delete the phrase in paragraph (b)(3), which is now identified as (c)(1), because a list of the design criteria is identified and does not need to be clarified. Finally we have reorganized subsection (b) to include two paragraphs (1) and (2) which specifically address meter and regulator locations. We shall also clarify that the location requirement will only apply to "one of" the locations. As for the phrase "protected location," the definition of "protect" is "to cover or shield from exposure, injury, or destruction." *See* Webster's Ninth New Collegiate Dictionary. We believe the use of this term and the definition give enough direction to the utility in locating the meter or regulator that we do not have to clarify the phrase further by attempting to give specific examples of a "protected location." For example, if the utility locates a meter or regulator out near the curb, in the open, and a vehicle accident causes damage, the location will probably be determined by the Commission to be not protected and in violation of the regulation.

Finally, the use of the phrase "adjacent to the building served or near the gas main" accounts for the difference between service in urban areas where service lines are

shorter and generally owned by the utility versus rural areas where service lines are longer and generally owned by the customer. In urban areas, if the meter or regulator is adjacent to the building, it is more likely to be in a protected location, away from the vehicle and pedestrian traffic. Whereas, in rural areas, the utility will place the meter and regulator close to the gas main because the distance from the main to the house can be much longer and the utility does not want to be responsible for a service line to a house that is set far from the road.

(b)(3) - A utility shall consider proper design and location criteria for a meter box, including:

(iii) Potential for soil accumulation.

Moreover, IRRC maintains that the term "proper design and location criteria for a meter box" is vague, questions the standard for "potential for soil accumulation" under subparagraph (b)(3)(iii), and raises the question of the relationship between subparagraph (b)(3)(vii) and 49 CFR 192.353(c).

Discussion: We disagree with IRRC that this phrase is vague given that the provision addressing the meter box lists seven items to be considered in determining proper design and location criteria. However, we shall remove the phrase "potential for" before "soil accumulation." We agree the phrase may be considered vague. With respect to the Federal regulation, the CFR provision is more specific than subparagraph (vii) since it identifies the specific clearance required from the heat source. We shall cite CFR Section 192.353(c) as the clearance requirement for the regulation. Finally, we have decided to separate vaults or meter boxes under an individually titled subsection (c). This subsection will address all the general requirements for vaults or meter boxes.

(b) Outside meter or service regulator locations. Outside meters or service regulators shall be installed in the following locations:

(5) Vaults containing gas piping may not be connected by means of a drain connection to any other underground structure.

(6) When a meter box is located outside a paved surface, a utility shall consider the potential for fill, topsoil, or sod being placed over the vault, and when practical, choose an alternate location.

Similarly, Columbia notes that with respect to Section 59.18(b)(5), "[V]aults containing gas piping may not be connected by means of a drain connection to any other underground structure." Columbia states it is not aware of any vaults on its system that have a drain connection to any other underground structure, but it should be clarified that this requirement would apply to vaults installed after the effective date of this proposed regulation. With respect to paragraph (b)(6), IRRC questions the use of the term "potential" and believes the Commission should specify how an NGDC could determine the threshold for choosing an alternative location.

Discussion: We agree that this requirement would apply to vaults installed after the effective date of this proposed regulation. We again think the use of the word "potential" is vague and shall, therefore, remove the phrase "the potential for" from the paragraph. Here, the determination for choosing an alternate location will be based on the utility's prior experience locating meter boxes in areas that may experience fill, topsoil, or sod being placed over the vault. For example, if a new residential development has a meter box located near the front entrance, fill, topsoil or sod could be placed over the vault, and the utility should consider choosing an alternate location. However, to provide the utility with additional discretion in this area, we shall have the phrase read "when feasible and practical to do so." These paragraphs have been changed to (c)(3) and (c)(4).

(b)(7) – A utility shall refer to the guide material under 49 C.F.R § 192.355 (relating to customer meters and regulators: protection from damage.

National Fuel recommends that this requirement be deleted because it refers to 49 CFR 192.355, and guide material contained therein. However, National Fuel states that no such guide material exists and presumes that the rule refers to the Guide for Gas Transmission And Distribution Piping Systems (GPTC). National Fuel argues that this guide is not meant to be adopted as a regulation, and that the GPTC actually cautions against it. National Fuel believes that most of the proposed regulation actually mirrors the GPTC.

Furthermore, IRRC sees a discrepancy in subparagraph (b)(7) because the provision refers to guide material but does not see the reference to guide material in the Federal regulation. According to IRRC, the provision should either be clarified or deleted.

Discussion: We agree with the NFG's and IRRC's comment and shall make the deletion.

(c)(1) – Inside meter locations shall be considered only when: (i) an acceptable outside location is not available due to restrictions in Federally-approved historic districts or in high risk vandalism districts.

National Fuel argues that this subsection should be deleted and that the provision should allow meters to be located inside when deemed necessary in the sole judgment of the utility. National Fuel states that this exception will allow anyone living in a Federal historical district to have an indoor meter to the detriment of safety and the utility's need for reasonable access to its facilities. National Fuel submits that the proposed requirement allowing for meters to be located inside due to restrictions in Federally approved historic districts is a significant deviation from, and a more stringent requirement, than the Federal regulations. National Fuel argues that the Commission

should not value aesthetics over safety and efficient utility operations, and shift authority from the Commission and the utility to the customer/property owner.

According to NFG, the Commission should trust in the utility's ability to provide gas service to customers in historical districts in a safe, effective manner while taking into account, to the extent practical, local concerns regarding the placement of gas meters and regulators, and if need be, contact the Commission for review and guidance.

Equitable argues that the proposed regulation differs significantly from the GPTC's general rule that inside meter locations should be considered under the following conditions where (1) an acceptable outside location is not available or practical and/or (2) protection from ambient temperatures is necessary to avoid meter freeze ups. Equitable argues that inside meter locations should not be solely based on subjective definitions of "historic" or "high vandalism." Equitable believes that the utility should determine the location for meter sets because it is in the best position to evaluate the safest location.

PGW also argues that the utility should have sole discretion to determine meter set location. PGW believes that this section should provide that while the utility may take Federal restrictions into consideration when considering meter locations, the utility should have the sole discretion to determine the most appropriate location for a meter set, particularly given safety considerations. In addition, PGW contends that since a utility is in the best position to assess the future likelihood of vandalism to a meter, the utility should be the final arbiter of whether a meter is in a high vandalism area. Based on these arguments, PGW offered suggested revisions to the language of this subparagraph.

Peoples states that in some instances it is not feasible or practicable to place a meter inside and still meet the Federal regulations and guidelines. Peoples recommends that another exception be inserted to provide for inside placement when outside placement is not safe, practicable, or feasible. Peoples believes that those instances will

be few and far between. However, the utility must be provided with the ability to use its discretion and operational knowledge in placing or relocating meters.

EAP states that utilities are exempt from local zoning restrictions because the Commission has been granted exclusive jurisdiction to establish standards for the maintenance of utility facilities. Thus, EAP argues that its members are not subject to historic district regulations in the placement of facilities. According to EAP, Pennsylvania case law clearly recognizes that utilities are exempt from local zoning and other local restrictions, with certain limited exceptions. EAP suggests that the Commission recognize this exclusive jurisdiction and retain flexibility for meter set placement through use of tariff provisions to govern meter placement. After explaining how historic districts and places are established under federal and state law, EAP contends that there are no federal historic district requirements that would supercede the Commission's authority over standards for locating utility facilities in "Federally approved Historic Districts."

EAP explains further how local subdivisions create historic districts by ordinance and that once such certification is received and the ordinance goes into effect, the local subdivision may appoint a Board of Historic Architectural Review that issues certificates that address the appropriateness of work completed on the buildings located within the district.

EAP submits that jurisdictional utilities do not have to seek zoning approval or seek the issuance of building permits for the installation of their facilities because of the well recognized principle that the PUC has been granted exclusive jurisdiction to establish standards for the installation and maintenance of utility facilities. As a result, EAP does not believe that its members are subject to historic district regulations in the placement of facilities but, rather, must adhere to PUC regulations and act in accordance with the rules specified in Commission-approved tariffs.

In the alternative, if the Commission wants a recognized exception for historic districts, EAP recommends that "historic district" be defined as historic districts certified by the Pennsylvania Historic and Museum Commission under the Historic District Act. EAP suggests that the meters should be placed inside, and associated risers and regulators, where feasible, should be located outside of the building. EAP believes that this should strike an appropriate balance between safety and architectural integrity concerns by helping to ensure, in the event a steel service line is hit or disrupted, that gas flows would likely occur outside of a building, while helping preserve the architectural integrity of historic areas since outside risers and regulators are relatively small and unobtrusive. If the Commission seeks to address the placement of gas meters in historic districts in its regulations, EAP has suggested language to modify the wording of the proposed regulations.

Columbia notes that this standard may not always be feasible for commercial and industrial meter sets due to the cost and complexity, and this is especially true in the case of larger customers, given the nature of their operations. Columbia requests that the Commission consider adding an exemption for commercial and industrial meter sets.

The PHMC's Bureau for Historic Preservation serves as the State Historic Preservation Office (SHPO). According to PHMC, it is the responsibility of the SHPO to administer the Commonwealth's historic preservation programs under the authority of the National Historic Preservation Act and the Pennsylvania History Code. Apparently, the PHMC has been contacted by municipal representatives from various parts of the Commonwealth with concerns about the adverse visual effects of new gas meters placed within historic districts and in front of historic properties. PHMC submits that many of these municipalities have long-standing local preservation programs, often supported by ordinances, to ensure that the historic characteristics of their communities are maintained. In contrast to the statements made in the Proposed Rulemaking Order (page 7), PHMC is

unable to identify any locally adopted historic property regulations that specifically stipulate the location of gas meters. PHMC maintains that a more likely scenario is that when utilities are attempting to install or relocate meters on the exterior of properties within locally designated historic districts, such work may be subject to review by local boards or commissions if the meter location is visible from a public way.

As indicated previously, PHMC recommends that the definition be rephrased to use standardized terms that relate directly to existing Federal, State, and local statutes, regulations, and guidelines. PHMNC recommends that Section 59.18(c)(1)(i) be revised to read as follows:

> An acceptable outside location is not available because the property is listed in or eligible for listing in the National Register of Historic Places, located within a historic district that is listed in or eligible for listing in the National Register of Historic Places, or has been designated as historic under the Pennsylvania Historic District Act, Municipalities Planning Code, or municipal home rule charter.

In addition, to accommodate the various interests identified by the PUC, the utilities, the municipalities, and the PHMC, PHMC recommends that the rulemaking order include a requirement for utilities to develop design guidelines that address common issues related to meter placement and incorporate these guidelines into their tariff. PHMC explains that the proposed design guidelines should be general in nature and be developed collaboratively with the involvement of municipalities with active preservation programs, the utilities, and the PUC. Finally, due to the number of municipalities in Pennsylvania that would be affected by this rulemaking, PHMC requests that the PUC conduct additional public meetings in communities with ordinances regulating historic properties.

With respect to paragraph (c)(1), IRRC notes, based on PHMC's comments, that the premise of the provision is inaccurate because there are no municipal requirements in Pennsylvania relating to historic properties and the location of gas meters. Furthermore,

IRRC notes EAP's comment that Pennsylvania law generally exempts utilities from local zoning restrictions. IRRC also raises PHMC's comment that because the term "Federally approved" does not appear in either the National Historic Preservation Act (16 U.S.C. §§ 470(a)-470(mm) or the Pennsylvania History Code (37 Pa. Code §§ 101-906), the provision is unclear and allows for a wide range of interpretation. IRRC then asserts that the reference to "restrictions" regarding a home listed on the National Register is unclear. IRRC states that the Commission should also explain whether local requirements, including zoning restrictions do, in fact, exist for utilities and the location of gas meters in historic properties and further clarify how it intends for historic preservation considerations—including those adopted by local governments—to be taken into account when considering the location of gas meter sets. Moreover, IRRC states that the Commission should clarify the provision "high-risk vandalism districts."

Discussion: Generally, we agree that historic preservation consideration should be taken into account when considering where and how to install gas metering and regulating equipment. We also agree with EAPs recommendations on placing the meter inside and regulators outside, when feasible, and shall adopt the amendment with respect to the "historic district" definition recommended by PHMC. We further believe the definition should include individually designated historic properties. According to PHMC, locally designated historic districts may also be listed in, or be eligible for, the National Register, either in whole or in part. We shall accept PHMC's revision to paragraph (i), with slight modification. We shall retain the phrase "due to restrictions" because if there are no restrictions then the historic district location is not relevant to locating the meter set outside. We shall remove the word "acceptable" as an unnecessary adjective since we are retaining the phrase "due to restrictions." We shall also accept PGW's modification with respect to addressing meter vandalism. Finally, we shall provide additional regulatory authority for inside meter locations with the addition of subparagraph

(d)(1)(IV) that reads "A UTILITY DETERMINES THAT AN OUTSIDE METER LOCATION IS NEITHER FEASIBLE NOR PRACTICAL."

Although we agree with EAP's general premise that utilities are not subject to local ordinances in the installation of their facilities, and that the PUC has exclusive jurisdiction in this area, we further clarify that our jurisdiction over service and facilities is not confined to the distribution of energy but can include any and all acts related to that function. *West Penn Power v. Pennsylvania Public Utility Commission*, 578 A.2d 75 (Pa. Cmwlth. 1990). Therefore, we might very well find that meters located outside in an historic district are not in the public interest for a number of reasons. These subparagraphs are changed to (d)(1)(i)-(iv). Under (d)(1)(i), we have further divided the subparagraph into clauses (A), (B), and (C). Finally, we have further defined or qualified the phrase "high risk of meter vandalism" by designating that it is based on the "utility's prior experience."

(c)(2) – Regulators must be located outside when a meter is located inside.

PGW asserts that when a meter must be placed inside it is usually advisable for the regulator to be inside too for the same reasons. PGW suggests that "where feasible" should be added to the beginning of this paragraph.

Peoples states that due to design limitations or economic constraints the meter and regulator must sometimes be placed inside the premises. Peoples recommends that this paragraph state that when regulators must be inside or are already inside then the regulator pipe must be vented outside of the premise.

Discussion: We believe that for safety reasons the provision would not be changed and that also for safety reasons where the service line is steel, the regulator should be outside.

However, with the addition of the general rule under (a)(1) regulators shall be located outside and, therefore, paragraphs (2), (4), and (6) that refer to service regulators are no longer necessary. Furthermore, we have changed the title of this subsection to only include meter locations. Given this change we shall also remove the reference to service regulators in the paragraph now identified as number (3).

(c)(3) – Installed inside meters must be attached to an operable outside shut off valve.

National Fuel submits that the proposed regulations do not include a "grandfather clause" or other similar provision that clearly indicates that these rule changes are not intended to require immediate changes to existing facilities that may not be compliant with the proposed rule. National Fuel argues that this paragraph should only apply to new inside meters installed after the effective date of the regulation.

Columbia's practice has been that if a meter is to be located inside a building where elevated pressure exists, then a regulator and a meter valve will be placed outside of the building. However, there are inside meters on Columbia's system that do not comply with the new requirement proposed and Columbia believes it should be clarified that this requirement would apply to meter sets installed after the effective date of this proposed regulation.

Discussion: We agree that it should be made clear whether this requirement would apply to meter sets installed after the effective date of this proposed regulation. This disposition is addressed in subsection (g) titled Application of Regulation, that requires the replacement of existing facilities within 10 years from the effective date of the regulation under paragraph (g)(3). Under paragraphs (g)(1) and (g)(2), we address the application of the regulation for new installations and replacing existing facilities, respectively. The paragraph is changed to (d)(2).

(c)(4) –Regulators, connected to steel service lines must be relocated to the outside by December 31, 2020.

National Fuel maintains that the deadline should be deleted because facility relocation will be adequately accomplished by the utility's Distribution Integrity Management Plan (DIMP). Moreover, National Fuel thinks that modifying the proposed rule to allow flexibility in locating regulators on existing steel services would be consistent with the Federal regulations which do not impose a deadline.

Equitable contends that this requirement will impose a huge capital expenditure on the utility that is not supported by the safety risk of inside meters. Equitable argues that the Commission's reason for this requirement, that there have been 65 reportable incidents in Pennsylvania over the past 40 years involving inside meter sets, has not been shown to be caused by the inside location of the meter. With respect to the Commission's rationale that several utilities do not perform leak surveys up to the meter set when the set is inside, Equitable states that it does perform surveys up to the meter, and that this is not an adequate basis to rely upon to support this regulation. Equitable believes that there is insufficient evidence of a safety threat from inside regulators to establish a relocation completion deadline by regulation.

PGW states that it replaces steel service lines, relocates meters, and installs EFVs where needed as part of its main replacement program and in emergency situations. PGW states that it does this efficiently, consistent with its obligation to provide gas to customers at reasonable rates. PGW states that it would incur an enormous cost in fulfilling this requirement that would result in increased rates. PGW also predicts that it would have to refocus its risk-based safety efforts to adhere to this requirement. PGW submits that this section should only apply to high pressure service, as defined in 52 Pa. Code § 59.1. In addition, PGW states that this work should be performed as part of a utility's normal main replacement program, and that costs should be recoverable

under Act 11. Finally, PGW estimated the potential cost related to compliance with this section at between $11 million and $74.7 million.

PECO argues that utilities should be able to relocate meters consistent with their DIMP plans, which would allow the utility to prioritize the risks caused by indoor meter sets based on their particular distribution systems, and relocate in the most cost effective and efficient manner. This approach ensures that resources will not arbitrarily be diverted away from improving the highest system risk areas, to improving lesser risk areas, such as relocating indoor meter sets that do not pose immediate risks. PECO also notes the huge expense that would be associated with fulfilling this requirement and explains that as part of its Accelerated Gas Infrastructure Modernization Plan (AGIMP), it will relocate 85% of these meters within ten years.

EAP states that there is no Federal counterpart to this subsection. EAP recommends that this section be deleted. In the alternative, if the Commission keeps this mandate, EAP suggests that the timeline should be flexible and take into account long term infrastructure replacement plans, pipeline replacement programs, and DIMP plans. EAP also argues that if the Commission keeps this requirement it needs to clarify whether the installation of excess flow valves or slam-shut regulators are viable options in lieu of regulator relocations.

IRRC references commentators concerns with the December 31, 2020 deadline for relocation of regulators connected to steel service lines. The commentators raised concerns about how this schedule will affect their planning, which allegedly already takes into consideration prioritization of system risk and operational concerns.

Discussion: We believe that ultimately relocating regulators on existing steel services is in the public interest. We do acknowledge that this would be costly and time consuming and would be more efficient to be a part of a main replacement program or other modernization plan. However, we believe that a deadline should be set to motivate

utilities. Paragraph (g)(3) will provide for a 10 year completion period. Finally, this paragraph has been deleted due to the addition of the general rule under (a)(1). Since the general rule provides that meters and regulators shall be located outside, it is unnecessary to specifically identify regulators connected to steel service lines for relocation.

(c)(5) – Meters and service regulators may not be located in engine, boiler, heater, or electrical equipment rooms, living quarters, closets, restrooms, bathrooms, or similar confined locations.

National Fuel recommends that this subsection should be consistent with 49 CFR § 192.353. Section 192.353 requires meters and regulators to be situated "not less than 3 feet from any source of ignition or any source of heat which might damage the meter." National Fuel submits that the proposed rule would establish restrictions based on the function of the space, regardless of distance from an ignition source. National Fuel describes the proposed regulation as a deviation from, and expansion of, the federal requirements, and that the restrictions will lead to confusion and result in many existing meters being out of compliance.

PGW argues that the utility should determine the most appropriate location for inside meters, especially since federal regulations provide guidance for this situation. PGW states that given Philadelphia's housing structures, it would be impossible to comply with this regulation. PGW argues that the federal regulations fulfill the purpose of this section, and additional regulation in this area is unnecessary.

Columbia also submits that the Commission's regulations go beyond the federal requirement by enumerating the specific prohibited locations. Moreover, this regulation would render a number of Columbia's current inside meters of a certain vintage out of compliance when such locations are currently acceptable under the federal standards.

With respect to paragraph (c)(5), IRRC noted commentator's statements that it is possible that an NGDC could locate a meter in a basement where a heater is located a sufficient distance—according to federal standards—from the meter to not present any safety danger. In addition, IRRC questions how paragraph (c)(5) is to be considered in relation to 49 CFR 192.353(c), as quoted in the Preamble.

Discussion: We agree with these comments for the reasons stated therein. We shall adopt the language in the federal regulation which provides specific standards for location of inside meters; standards that already apply because of the Commission's adoption of the Federal regulation under Section 59.33(b). This paragraph is now identified as paragraph (d)(3).

(c)(7) - When a meter or service regulator is located inside a building, a utility shall comply with 49 CFR § 192.365 (relating to service lines: location of valves). A utility shall install a readily accessible shut-off valve outside the building.

National Fuel argues that the section (c)(7) should be deleted. National Fuel states that this section is redundant because utilities are already required to comply with 49 CFR § 192.365, which was already adopted as a Commission regulation pursuant to 52 Pa. Code § 59.33. Furthermore, National Fuel explains that the proposed regulation already addresses installation of an outside shut off valve in paragraph (c)(3).

Columbia's system may not comply with these proposed requirements, and Columbia submits that it should be clarified that these requirements would apply to meter sets installed after the effective date of this proposed regulation. Also, as a part of its infrastructure replacement initiative, Columbia is confirming that all appropriate shut off valves, as enumerated in 49 CFR § 192.365, are installed.

EAP argues that the federal standard at 49 CFR § 192.353(c) appropriately addresses meter placement concerns. Thus, EAP recommends that the Commission delete this section.

Discussion: We find merit with these arguments and shall delete the paragraph as proposed. The section is redundant with its Federal counterpart, and the outside shut off valve was addressed in paragraph (c)(3) and is now addressed in paragraph (d)(2). We also find merit with the comments of IRRC stating that we addressed the need for excess flow valves in the preamble but did not provide for them in the annex. We shall correct this oversight with new language in this paragraph. An excess flow valve is a device that reduces gas flow in the event that a pipe fails beyond the valve and is now referenced in new paragraph (d)(4).

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ROBERT F. POWELSON
CHAIRMAN

June 13, 2014

The Honorable John F. Mizner, Chairman
Independent Regulatory Review Commission
14th Floor, Harristown II
333 Market Street
Harrisburg, PA 17101

Re: L-2009-2107155/57-277 - Final Rulemaking - Amendment to 52 Pa. Code Section 59.18, Meter Location, 52 Pa. Code, Chapter 59

Dear Chairman Mizner,

Enclosed please find one (1) copy of the regulatory documents concerning the above-captioned rulemaking. Under Section 745.5(a) of the Regulatory Review Act, the Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission, on May 31, 2012, submitted a copy of the Notice of Proposed Rulemaking to the House Consumer Affairs Committee, the Senate Consumer Protection and Professional Licensure Committee and the Independent Regulatory Review Commission (IRRC). This notice was published at 42 *Pa.B.* 3454 on June 16, 2012. The Commission also provided the Committees and IRRC with copies of all comments received in compliance with Section 745.5(b.1).

In preparing this final form rulemaking, the Commission has considered all comments received from the Committees, IRRC and the public.

Sincerely,

Robert F. Powelson

Robert F. Powelson

Enclosures

cc: The Honorable Robert M. Tomlinson
The Honorable Lisa Boscola
The Honorable Robert Godshall
The Honorable Peter J. Daley, II
Legislative Affairs Director Perry
Chief Counsel Pankiw
Assistant Counsel Buda
Regulatory Coordinator DelBiondo

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT
TO THE REGULATORY REVIEW ACT

ID Number: L-2009-2107155/57-277

Subject: Final Rulemaking Amending 52 Pa. Code Section 59.18, Meter Location

Pennsylvania Public Utility Commission

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TYPE OF REGULATION

_____ Proposed Regulation

_____ Final Regulation with Notice of Proposed Rulemaking Omitted.

__X__ Final Regulation

_____ 120-day Emergency Certification of the Attorney General

_____ 120-day Emergency Certification of the Governor

FILING OF REPORT

Date	Signature	Designation
6/12/14	S Daughet	HOUSE COMMITTEE (Godshall)
		Consumer Affairs
6-13-14		SENATE COMMITTEE (Tomlinson)
		Consumer Protection and Professional Licensure
6/13/14	K Cooper	Independent Regulatory Review Commission
_____	_____	Attorney General
_____	_____	Legislative Reference Bureau