

Act 127 of 2011 – The Gas and Hazardous Liquids Pipeline Act Frequently Asked Questions



1. WHAT IS ACT 127 – THE PIPELINE ACT?

Signed into law Dec. 22, 2011, the Gas and Hazardous Liquids Pipelines Act expands the Pennsylvania Public Utility Commission's (PUC) authority to enforce the federal pipeline safety laws as they relate to non-public utility gas and hazardous liquids pipeline equipment and facilities within the state.

2. WHEN DOES THE PIPELINE ACT TAKE EFFECT?

Feb. 20, 2012

3. WHY WAS THE PUC CHARGED WITH ENFORCING THE PIPELINE ACT?

The PUC is an agent for the federal Department of Transportation's Office of Pipeline and Hazardous Materials Safety Administration, charged with enforcing the federal pipeline safety regulations in Pennsylvania. The Governor and the Legislature decided that as such, the PUC should take on this additional responsibility and expanded the PUC's oversight.

4. WHAT WILL PUC ENFORCEMENT INCLUDE?

The PUC already monitors compliance with federal and state regulations by conducting frequent inspections of pipeline facilities and records of regulated gas utilities. More than 45 different types of inspections are included in the PUC's monitoring of natural gas companies and their pipeline safety. The inspections of these newly regulated facilities will be similar.

Under the Pipeline Act, the PUC will develop a registry and conduct safety inspections of the lines for all "pipeline operators" in the state. The Commission also will identify and track the development of pipelines in less populated areas that transport gas from unconventional gas wells.

5. TO WHOM DO THE PROVISIONS IN ACT 127 APPLY?

Any entity who owns or operates equipment or facilities within the Commonwealth for the transportation of gas or hazardous liquids by pipeline or pipeline facility regulated under federal pipeline safety laws.

6. WHAT IS CONSIDERED A PIPELINE OPERATOR UNDER ACT 127?

Pipeline operators include: Companies engaged in the gathering, transportation or distribution of natural gas or hazardous liquids.

These include gathering companies; midstream companies; pipeline companies; gas distribution systems that are not public utilities (cooperatives, municipalities, and municipal authorities); master meter systems that provide service to property owned by third parties; and propane distribution systems subject to the federal pipeline safety laws.

7. WHAT IS NOT CONSIDERED A PIPELINE OPERATOR UNDER ACT 127?

Those who are not pipeline operators include: Public utilities and city natural gas distribution operations, ultimate consumers who own service lines on their real property (including master meter systems serving their own property), and pipelines subject to the exclusive jurisdiction of the Federal Energy Regulatory Commission (FERC).

A petroleum gas distributor who is not subject to the federal pipeline safety laws also is not considered a pipeline operator under the Pipeline Safety Act. Petroleum gas pipelines subject to the federal pipeline safety laws are pipeline operators subject to Act 127 and must register with the Commission. However, such entities can use proof of registration with Pennsylvania Department of Labor and Industry (L&I) to do so.

8. WHAT IF MY ENTITY HAS PORTIONS THAT ARE COVERED UNDER ACT 127 AND PORTIONS THAT ARE NOT?

If a person operates multiple facilities, some of which are subject to Act 127 and some of which are not, the person is a pipeline operator only with regard to the facilities subject to Act 127. For example, a person who operates a FERC jurisdictional transmission pipeline facility in addition to non-FERC jurisdictional gathering lines is a pipeline operator only with regard to the non-FERC jurisdictional gathering lines.

9. WHAT INFORMATION IS INCLUDED IN THE REGISTRY?

The registration, which is required to be filed and renewed annually, will include the location of the pipeline by class and approximate aggregate miles of pipeline serving unconventional wells.

Registrants must provide contact information, U.S. Department of Transportation (U.S. DOT) Operator ID number and federal employee identification number. The registry will be organized by U.S. DOT Operator ID numbers.

Registrants also must provide the country of manufacture for all tubular steel product installed in Pennsylvania for the exploration, gathering or transportation of natural gas or hazardous liquids during the prior calendar year.

10. WHAT IF MY ENTITY HAS MORE THAN ONE U.S. DOT OPERATOR ID NUMBER?

An entity with multiple U.S. DOT Operator ID numbers must register each U.S. DOT Operator ID number as a separate pipeline operator.

11. WHAT IS THE REGISTRATION FEE?

The registration fee is \$250 to be paid annually to the PUC. This does not include additional money assessed by the Commission to perform its duties under Act 127.

12. WHAT IS THE DEADLINE FOR REGISTRATION?

The annual registration must be submitted to the Commission by March 31 of each year. However, in the initial registration year, registration is due by March 16, 2012. Early registration for the first year will allow the Commission's expanded pipeline safety program to begin as early as possible.

13. MY ENTITY RECEIVED INFORMATION FROM THE COMMISSION ABOUT REGISTRATION, BUT WE DO NOT BELIEVE WE FIT THE DEFINITION. WHAT SHOULD WE DO?

Entities who are not pipeline operators pursuant to the Pipeline Act need not register, but should email Commission staff at ra-Act127@pa.gov with a justification in order to be removed from the Commission's mailing list. An entity's determination that they are not required to register under the Pipeline Act is subject to review by the Commission.

14. WHAT IF A PIPELINE OPERATOR DOESN'T REGISTER?

Pipeline operators who fail to register will be subject to civil penalties of up to \$10,000 a day that the violation persists.

15. HOW IS TUBULAR STEEL PRODUCT DEFINED?

Tubular steel product means pipe, not valves or other facilities or equipment.

16. WHAT IF THE COUNTRY OF MANUFACTURE FOR THE TUBULAR STEEL PRODUCT IS UNKNOWN?

If the country of manufacture is unknown, registrants should then indicate the length of the product installed.

17. WHY IS THE PUC CHARGING AN ASSESSMENT?

The Pipeline Safety Act authorized the PUC to assess Pennsylvania pipeline operators for the Commission's cost of carrying out the responsibilities to enforce federal pipeline safety laws as they relate to non-public utility gas and hazardous liquid pipeline equipment and facilities within the state.

18. WHAT COSTS MAY BE ASSESSED?

The PUC may assess the Commission's total annual costs (based on a July 1 to June 30 fiscal year), plus a reasonable allocation of indirect costs, of its gas and hazardous liquids pipeline safety program, excluding the costs reimbursed by the federal government. With the exception of Fiscal Year 2011-12 and Fiscal Year 2012-13, the annual costs will be in accordance with the PUC's approved budget.

The PUC expects costs for Fiscal Year 2011-12 and Fiscal Year 2012-13 will be estimated. For each fiscal year, the Commission will true-up any overcollections or undercollections. The initial true-up will occur in the Commission's calculation for the Fiscal Year 2013-14 assessment. The reconciliation will continue each fiscal year.

19. HOW IS THE ASSESSMENT DISTRIBUTED AMONG THE PIPELINE OPERATORS?

The budgeted PUC costs will be divided by the number of miles of pipelines operated by pipeline operators in the state to determine the PUC's cost per mile. An invoice will be created for each pipeline operator by multiplying that cost per mile by the number of miles of pipeline in the state for that operator.

20. ARE ANY ENTITIES EXEMPT FROM PAYING THE ASSESSMENT?

Under the Pipeline Safety Act, pipeline operators who are boroughs are exempt from paying the assessment.

21. WHAT IS THE SCHEDULE FOR THE ANNUAL ASSESSMENTS AND PAYMENT DATES?

With the exception of Fiscal Year 2011-12, invoices for assessments will be issued each year in July, with payment due 30 days thereafter.

22. HOW WILL FISCAL YEAR 2011-12 BE ADDRESSED?

The annual assessment for the Commission's costs from the Act's effective date of Feb. 20, 2012, through June 30, 2012, will be estimated.

23. WHEN WILL THE FISCAL YEAR 2011-12 INVOICES BE ISSUED AND WHEN IS PAYMENT DUE?

The invoices will be issued by March 30, 2012.

Payments will be due by April 30, 2012, in order to fund the Commission's expanded pipeline safety program for the remainder of Fiscal Year 2011-12.

24. IF THE PUC ALREADY PERFORMS THESE INSPECTIONS, WHY IS ADDITIONAL MONEY NEEDED?

The PUC performs these inspections for entities that are public utilities. Additional pipeline safety inspectors are needed to execute the PUC's new duties under the Pipeline Safety Act. The PUC is committed to our responsibility to protect the citizens of Pennsylvania.

FOR FURTHER INFORMATION, CONTACT THE PUBLIC UTILITY COMMISSION:

WRITE

PA Public Utility Commission
Bureau of Consumer Services
P.O. Box 3265
Harrisburg, PA 17105-3265

CALL

(717)787-5000

EMAIL

ra-Act127@pa.gov

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www.puc.state.pa.us

