

Act 127 of 2011 – The Gas and Hazardous Liquids Pipeline Act; Assessment of Pipeline Operators

January 2012 by *Jim Dougherty*

As you may know, on December 22, 2011, Governor Corbett signed the Gas and Hazardous Liquids Pipeline Act ("Act 127 of 2011"). Act 127 provides the Pennsylvania Public Utility Commission ("PUC" or "Commission") with authority to enforce Federal pipeline safety laws for non-public utility gas and hazardous liquids pipeline equipment and facilities. In addition, Act 127 of 2011 enables the PUC to fund an increase in its pipeline safety inspectors by assessments to be paid by Pennsylvania pipeline operators.

On January 12, 2012, the Commission issued a Tentative Implementation Order ("Tentative Order" or "Order"), inviting parties to attend a Teleconference to be held on January 26, 2012, and requesting Comments in response to the Tentative Order, due February 1, 2012. This memorandum provides a summary of that Order.

Tentative Implementation Order

The Order requires all pipeline operators to file an Initial Registration Form by March 16, 2012, and an Annual Registration Form by March 31 of each year thereafter. The Commission will send the Registration Form to entities that it believes may be pipeline operators pursuant to the Pipeline Act. A "Pipeline Operator" is defined as a person that owns or operates equipment or facilities in Pennsylvania for the transportation of gas or hazardous liquids by pipeline or pipeline facility regulated under Federal pipeline safety laws. The terms does not include a public utility. Pipeline operators must disclose the country of manufacture for all tubular steel products used in the exploration, gathering or transportation of natural gas or hazardous liquids.

The Commission is authorized to fund its enforcement of the Pipeline Act's requirement through an annual assessment on pipeline operators. The Commission will assess each pipeline operator for their share of the Commission's costs based on the miles of pipeline operated in Pennsylvania. The Commission will issue, on March 30, 2012, invoices for the annual assessment for the Commission's costs for the period February 20, 2012, through June 30, 2012. Payment is due by April 16, 2012.

Conclusion

Act 127 expands the Commission's jurisdiction over entities not previously regulated by the Commission, and includes a new assessment for the anticipated costs of this pipeline safety program. The Commission will hold a Teleconference on January 26, 2012, for interested parties to ask questions regarding the tentative implementation plan. Interested parties may also file Comments before the Commission issues a final order. Comments are due February 1, 2012.

Please contact Jim Dougherty at 717.237.5249 or jdougherty@mwn.com if you would like us to assist in determining if this Order is applicable to your facilities. Please also contact us if you would like us to

monitor this proceeding on your behalf, or if you wish to submit specific Comments to the Commission's Tentative Implementation Order.

We thank you for your interest in these important energy matters.

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