



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

### -M-E-M-O-R-A-N-D-U-M-

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**DATE:** October 8, 2012  
**TO:** All Investor-Owned Gas Utilities, Gas Municipals, and Gas Districts in Florida  
**FROM:** William B. McNulty, Economic Analyst, Division of Economic Regulation *WBM*  
**RE:** Data Request in Docket No. 120068-GU, Petition to Initiate Rulemaking to Amend Rule 25-12.045, F.A.C, Inactive Gas Service Lines, By Florida Natural Gas Association.

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The Florida Public Service Commission staff is in the process of preparing a Statement of Estimated Regulatory Cost (SERC) for rule development pertaining to Rule 25-12.045, F.A.C., in compliance with Section 120.541, Florida Statutes. In that regard, staff is collecting information related to impacts of the draft rule changes on gas utilities, gas municipals, and gas districts in Florida. The draft rule changes are attached, shown in "strike and replace" format. The draft requirements include:

- Subparagraph 25-12.045(1)(a), F.A.C. - Retire and physically abandon any inactive service line within 3 months of a determination that the line presents an existing or probable hazard to persons or property.
- Subparagraph 25-12.045(1)(b), F.A.C. - Retire and physically abandon any inactive service line within 3 months of the operator's determination that the line has no prospect for reuse.
- Subparagraph 25-12.045(1)(c)1 F.A.C. - Perform an annual risk assessment for all service lines that have been inactive for more than one year.
- Subparagraph 25-12.045(1)(c)2, F.A.C. - Maintain annual risk assessment records for 10 years.
- Subparagraph 25-12.045(1)(c)3, F.A.C. - Retire and physically abandon any inactive service line identified in the annual risk assessment as a potential threat with a high risk ranking within 6 months of the assessment.
- Subparagraph 25-12.045(1)(d), F.A.C. - Verify service lines which have been inactive for a period of two years are permanently marked to identify the operator's name a phone number.
- Subparagraph 25-12.045(1)(e), F.A.C. - Retire and physically abandon within 6 months any inactive service line constructed of bare steel or cast iron or does not comply with current materials standards in 49 C.F.R. 192 (2011) if it has been inactive for a period of five years.

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FPSC-COMMISSION CLERK

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- Subparagraph 25-12.045(1)(f), F.A.C. - Retire and physically abandon service lines within 6 months after 10 years of inactivity (rather than 5 years of inactivity as required in current rule).

Please respond to the data requests attached to this letter by Friday, October 26, 2012. Responses can be sent to [bmcnulty@psc.state.fl.us](mailto:bmcnulty@psc.state.fl.us) or faxed to 850-413-6849. Please direct any questions to Bill McNulty, Division of Economics, at (850)413-6848.

Attachments (2)

cc: Kathryn Cowdery, Office of the General Counsel  
Tom Ballinger, Division of Engineering  
Jim Dean, Division of Economics

**FPSC Staff Data Requests**

**Rule Development - Rule 25-12.045, F.A.C.**

**Date Issued: October 8, 2012**

**Date Responses Due: October 26, 2012**

**Responses Sent To: bmcnulty@psc.state.fl.us or faxed to 850-413-6849**

**Company Name:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_

**Contact Phone:** \_\_\_\_\_

1. Estimated Expense and Investment Impacts:
  - A. For each of the draft rules, what is the Company's estimated net annual incremental expense (i.e. annual incremental expense net of any annual incremental savings) and additional investment due to the draft rule changes if the draft rule changes are approved? See Table 1.
  - B. Please provide a brief explanation of any estimated increase or decrease in business expense greater than \$500 per year and any increase in investment greater than \$1,000 for each of the draft rule changes if the draft rules changes are approved. See Table 1.

**Table 1. Estimated Expense and Investment Impacts of Draft Rule Changes**

A	B	C	D	E	F
Draft Rule	Annual Incremental Expense (if any)	Annual Incremental Savings (if any)	Net Incremental Expense (B-C)	Additional Investment (if any)	Explanation (if applicable – see B above; attach extra page as necessary)
Subparagraph 25-12.045(1)(a)					
Subparagraph 25-12.045(1)(b)					
Subparagraph 25-12.045(1)(c)1					
Subparagraph 25-12.045(1)(c)2					
Subparagraph 25-12.045(1)(c)3					
Subparagraph 25-12.045(1)(d)					
Subparagraph 25-12.045(1)(e)					
Subparagraph 25-12.045(1)(f)					

**FPSC Staff Data Requests**  
**Rule Development - Rule 25-12.045, F.A.C.**

**Company Name:** \_\_\_\_\_

2. What does the Company believe would be the likely impact of the draft changes to Rule 25-12.045, F.A.C., on small businesses operating in its service territory for the five year period following the adoption of the rule? (Note: According to Paragraph 288.703(6), F.S. - "Small business" means an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As applicable to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.)

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3. What does the Company believe would be the likely impact of the draft changes to Rule 25-12.045, F.A.C., on small cities and small counties operating in its service territory for the five year period following the adoption of the rule? (Note: According to Paragraph 120.52 (18), F.S.: - "Small city" means any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. Also, according to Paragraph 120.52(19), F.S. - "Small county" means any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.)

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END

1 **25-12.045 Inactive Gas Service Lines.**

2 (1) An operator shall take ~~t~~The following actions ~~shall be taken~~ for inactive gas service  
3 lines that have been used, but have become inactive without reuse:

4 (a) An operator shall take immediate action to protect persons and property if it  
5 determines that an inactive service line is an existing or probable hazard to persons or  
6 property, and shall retire and physically abandon said line within three months of that  
7 determination.

8 (b) If the operator determines that there is no prospect for reuse, the service line shall  
9 be retired and physically abandoned within three months of that determination.

10 (c) Annual risk assessments shall be made for all service lines that have been inactive  
11 for more than one year.

12 1. The annual risk assessments shall identify potential threats and shall rank risks using  
13 the operator's Distribution Integrity Management Plan developed pursuant to 49 C.F.R. 192,  
14 Subpart P (2011) which is incorporated by reference in Rule 25-12.005, F.A.C. The annual  
15 risk assessments shall include the following required elements of the operator's Distribution  
16 Integrity Management Plan in identifying threats: Presence of excess flow valves, incident  
17 and leak history, corrosion control records, continuing surveillance records, patrolling records,  
18 maintenance history, excavation damage experience, and any other data deemed relevant by  
19 the operator.

20 2. The annual risk assessments records shall be maintained by the operator for at least  
21 10 years.

22 3. Inactive service lines that are identified in the annual risk assessments as potential  
23 threats with a high-risk ranking shall be retired and physically abandoned within six months  
24 after completion of the annual risk assessment.  
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CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions  
from existing law.

1           (d) ~~(b)~~ After a service line has been inactive for a period of two years, if there is a  
2 prospect for reuse of the service line, the operator shall verify that the service line is  
3 permanently marked to identify the operator's name and phone number and shall take one of  
4 the following actions ~~shall be taken~~ within six months:

5           1. Disconnect the service line from all sources of gas and physically abandon or  
6 remove;

7           2. A valve on the service line shall be locked in the closed position and the service line  
8 plugged to prevent the flow of gas; or

9           3. Remove the meter and plug the end of the service line to prevent the flow of gas.

10           (e) After a service line has been inactive for a period of five years, if the inactive  
11 service line is constructed of bare steel or cast iron or does not comply with current materials  
12 standards in 49 C.F.R. 192 (2011), the inactive service line shall be retired and physically  
13 abandoned within six months.

14           ~~(f)~~(e) After ~~five~~ ten years of inactivity, service lines shall be retired and physically  
15 abandoned within six months.

16           (2) To physically abandon a service line, the operator must disconnect the service line  
17 from all sources of gas at the nearest point to the gas main. Where the appropriate  
18 governmental authority prohibits cutting pavement, the service line shall be disconnected at  
19 the nearest point not under a paved surface. The stub of the service line, the short section of  
20 the remaining service line to the main, shall be disconnected closer to the main or at the main,  
21 if at some later date it becomes accessible during normal operations.

22           (3) Records must be kept of the size, material, and location of all remaining service  
23 line stubs. These records must be readily available to personnel assigned to pipeline locating  
24 activities.  
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from existing law.

1 *Specific Authority 350.127(2), 368.03, 368.05(2) FS. Law Implemented 368.03, 368.05(2) FS.*

2 *History—New 9-21-74, Repromulgated 10-7-75, Amended 10-2-84, Formerly 25-12.45,*

3 *Amended 1-7-92, \_\_\_\_\_.*

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