

State of Florida



## 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:** September 24, 2009

**TO:** Office of Commission Clerk (Cole)

**FROM:** Office of the General Counsel (Cowdery, Cibula)  
Division of Service, Safety and Consumer Assistance (Mills, Fletcher)  
Division of Economic Regulation (Hewitt)

**RE:** Docket No. 090396-GU – Initiation of rulemaking to amend rules in Chapter 25-12, F.A.C., pertaining to safety of gas transportation by pipeline.

**AGENDA:** 10/06/09 – Regular Agenda – Rule Proposal – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Edgar

**RULE STATUS:** Proposal may be deferred

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\GCL\WP\090396.RCM.DOC

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### Case Background

By letter of December 5, 2008, the Joint Administrative Procedures Committee requested the Office of General Counsel to review all of the rules in Chapter 25-12, Safety of Gas Transportation by Pipeline, to determine whether the rules remain current with Commission, federal, and industry standards and practices. Staff conducted the review as requested. On June 5, 2009, a Notice of Development of Rulemaking was published in the FAW. There was no request for a rule development workshop. This recommendation addresses whether the Commission should propose the amendment of Rules 25-12.004, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, 25-12.041, 25-12.080, 25-12.084, and 25-12.085, F.A.C.

The Commission has jurisdiction pursuant to Section 120.54, F.S. and Chapter 368, F.S.

### **Discussion of Issues**

**Issue 1:** Should the Commission propose the amendment of Rules 25-12.004, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, 25-12.041, 25-12.080, 25-12.084, and 25-12.085, F.A.C.?

**Recommendation:** Yes, the Commission should propose the amendment of these rules as set forth in Attachment A. (Cowdery, Mills)

**Staff Analysis:** The rules recommended to be proposed for amendment are set forth in Attachment A. Staff is recommending that these rules be amended in order to update outdated language, as follows:

25-12.004, Definitions, (p. 5) should be amended to correct the zip code address for the Commission for accuracy and to update the Pipeline Inspection, Protection, Enforcement, and Safety Act legal citation because the current citation is outdated.

25-12.005, Codes and Standards Adopted, (p. 7) should be amended to adopt the most current three parts of the Code of Federal Regulations, 191, 192 and 199, that cover natural gas pipeline safety and to correct the agency name reference. These corrections are needed because the current citations are outdated.

25-12.008, New, Reconstructed or Converted Facilities, (p. 7) should be amended to delete references to filed plans required by repealed rule 25-12.039 which are therefore obsolete. The Code of Federal Regulation citation should be updated to be current. In addition, staff recommends deleting the requirement that Operating and Maintenance Plans be filed with the Commission. This is because utility Operating and Maintenance Plans are readily available to Commission staff in the field for evaluations. There is no need for such plans to be stored and located in Tallahassee.

25-12.022, Requirements for Distribution System Valves, (p. 9) should be amended to clarify the requirements for sectionalizing valves only, not all valves, and to give a distance exception for location of valves if they are physically impractical to install in areas like river crossings and closed interstate highways.

25-12.027, Welder Qualifications, (p. 10) should be amended to update the outdated references to the current standard and code for welding on pipelines and allow qualification to one standard American Petroleum Institute Standard 1104, Welding of Pipelines and Related Facilities, or to Appendix C, 49 C.F.R. 192 and eliminate reference to the American Society of Mechanical Engineers Boiler and Pressure Vessel Code due to lack of use.

25-12.040, Leak Surveys, Procedures and Classifications, (p. 11) should be amended to clarify the rule's intent that cleared gas leaks are repaired.

25-12.041, Receiving of Gas Reports, (p. 13) should be amended to add clarifying language to the title and rule language, and to delete obsolete references to filed plans required by repealed rule 25-12.039. In addition, staff recommends deleting the requirement that Operating and Maintenance Plans be filed with the Commission. This is because utility Operating and Maintenance Plans are readily available to Commission staff in the field for evaluations. There is no need for such plans to be stored and located in Tallahassee.

25-12.080, General, (p. 13) should be amended to correct an agency name reference for accuracy.

25-12.084, Notice of Accidents and Outages, (p. 13) should be amended to increase the dollar amount threshold that requires the notification of the Commission of natural gas related accidents. This increase is intended to recognize and adjust for the increase in inflation since the rule was originally adopted.

25-12.085, Written Annual Reports Required, (p. 14) should be amended to eliminate the requirement to file forms in triplicate, to update the agency and identification reference to the required form, to change the submittal date to match federal requirements, and to eliminate an unnecessary report. The language proposed to be changed is outdated.

#### **Statement of Estimated Regulatory Cost (SERC)**

The Statement of Estimated Regulatory Costs (Attachment B) notes that the rule amendments would revise and update references to natural gas pipeline safety codes and standards, clarify and edit rule language, and increase the dollar amount for reporting accidents to the Commission. The SERC also states that the rule amendments would reduce the amount of copies filed for a required report and eliminate a report not needed. It also states that there should be no incremental costs for the Commission, affected utilities should have minimal or no costs, customers would not be affected, outside businesses should not be affected, and local governments should have no transactional costs as a result of these amendments.

Based upon the above, staff recommends that the Commission propose the amendment of Rules 25-12.004, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, 25-12.041, 25-12.080, 25-12.084, and 25-12.085, F.A.C., as set forth in Attachment A.

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Date: September 24, 2009

**Issue 2**: Should this docket be closed?

**Recommendation**: Yes. (Cowdery)

**Staff Analysis**: If no requests for hearing or comments are filed, the rules may be filed with the Department of State, and then this docket may be closed.