

Implementation of Act 127 Pennsylvania Gas and Hazardous Liquids Pipeline Act – Pipeline Safety Regulation of Gathering Lines

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Authors: [Dwight A. Howes](#)

The Pennsylvania Gas and Hazardous Liquids Pipeline Act, adopted December 22, 2011, became effective February 20, 2012. Act 127 grants authority to the Pennsylvania Public Utility Commission (“PUC”) to regulate all pipeline operators in Pennsylvania for pipeline safety purposes, to assess the costs of that regulation and to gather information about the origin of steel pipe used to transport natural gas from unconventional sources.

This Act is significant because, historically, gathering lines in Pennsylvania have not been subject to any effective pipeline safety regulation. Now, the PUC will conduct the same kinds of inspections regarding such things as leak-detection surveys, atmospheric corrosion, MAOP requirements, recordkeeping requirements, and the like, as it has historically conducted with public utility pipeline facilities.

The PUC adopted a Final Implementation Order implementing Act 127 on February 16, 2012. The Order requires all pipeline operators in Pennsylvania to pay a \$250 registration fee and file an Initial Registration Form by March 16, 2012 and an Annual Registration Form by March 31 of each year thereafter. A copy of the Act, the Order, the Registration Form and other information can be found on the [PUC’s website](#). Failure to register could result in civil penalties of up to \$10,000 per day.

The Act states that any **person** that owns or operates equipment or facilities in Pennsylvania for **transporting** natural gas or hazardous liquids by **pipeline** or **pipeline facility** regulated under federal pipeline safety laws, other than a public utility or ultimate consumer who owns a service line on his real property, is a **pipeline operator**.

- “Person” is defined in the usual way to include individuals and entities of all kinds, but does not include public utilities (public utilities are already subject to PUC pipeline safety regulation).
- “Transporting gas” includes gathering, transmission or distribution of gas by pipeline or storage of gas.
- A “pipeline” is any part of the physical facilities through which gas or liquids move in transportation, including a pipe valve and other appurtenances attached to the pipe, a compressor, metering station, or regulator station, unless otherwise exclusively regulated by FERC.
- A “pipeline facility” is a new or existing pipeline, right-of-way, and any equipment, facility or building used in the transportation of gas or hazardous liquids, or in the treatment of gas or hazardous liquids during the course of transportation, unless otherwise exclusively regulated by FERC.

Act 127 adopts all of the federal pipeline safety regulations in 49 CFR, as those regulations may be amended from time to time. These regulations apply to all gathering lines except those in Class 1 areas (with no farm taps – a line with farm taps is a distribution line and subject to regulation), which is any area extending 220 yards on either side of any one-mile length of pipeline where 10 or fewer buildings are intended for human occupancy. All other gathering lines are subject to the federal pipeline safety regulations. If the PUC later finds that a pipeline is not solely in a Class 1 area, the operator will be liable for failing to register as a pipeline operator.

In addition to the safety regulations, pipeline operators will be required to report, regardless of class location, in the Initial and subsequent Annual Registrations, the location, by class and county, the aggregate miles (to within 1/10th of a mile) of all pipelines transporting natural gas, 50 percent or more of which is from unconventional wells (i.e. from shale formations from the Marcellus and below that require fracking to economically produce gas) and the country of manufacture for all steel pipe.

On March 30, 2012, the PUC will issue invoices, payable by April 30, 2012, to all pipeline operators in Pennsylvania for an assessment to fund the cost of the PUC’s expanded pipeline safety program from February 20, 2012 (when the Act became effective) through June 30, 2012. The PUC will issue assessment invoices in July 2012, payable within 30 days, to fund



implementation of the expanded program for the 2012-13 fiscal year and each year in July thereafter.

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