



U.S. Department of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

MAR 27 2012

Mr. Robert Veneck
Executive Director
Indiana Utility Regulatory Commission
101 West Washington Street
Suite 1500 East
Indianapolis, IN 46204-3407

Dear Mr. Veneck:

In a letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated August 30, 2011, you asked for an interpretation of a master meter under 49 CFR Part 191. Based on the definition of a "master meter" as defined in 49 CFR § 191.3, you believe that the pipeline downstream from the local distribution company (LDC) should be regulated by the Federal pipeline safety regulations because the apartment complex owners are operating natural gas distribution systems.

You stated that the property in question includes approximately twenty buildings, each having five to seven residential units that are served by natural gas from the local distribution company (LDC). There is a meter, owned by the LDC, at the end of each of these buildings; the apartment owner's piping downstream from the meter goes back underground and around the back of the building to each unit. The piping for each tenant's individual unit proceeds to a riser where it enters the building for each individual ultimate customer, the tenant. There is a minimum of 12,293 feet of underground natural gas piping owned by the apartment complex owners that is located adjacent to and around the length of the twenty serviced buildings.

Also, you stated that the apartment complex owners, and the Indiana Apartment Association, dispute your determination because there are not multiple buildings being served by a single meter. By the fact that there is a single meter per building, they insist that they are not, by definition, master meter operators. Therefore, you request a determination by PHMSA regarding the status of the owners of this apartment complex whether they are considered natural gas operators and are subject to Federal and state pipeline safety regulations.

Under 49 CFR § 191.3, a master meter system is defined as follows:

Master Meter System means a pipeline system for distributing gas within, but not limited to, a definable area, such as a mobile home park, housing project, or apartment complex, where the operator purchases metered gas from an outside source for resale through a gas

distribution pipeline system. The gas distribution pipeline system supplies the ultimate consumer who either purchases the gas directly through a meter or by other means, such as by rents;

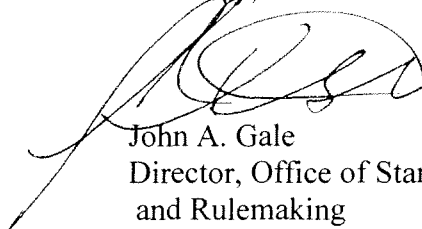
Also, under 49 CFR § 192.3, an operator is defined as follows:

Operator means a person who engages in the transportation of gas.

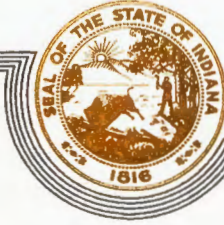
In this case, the apartment complex owners are operating the pipeline which provides gas to their tenants and, therefore, are engaged in the transportation of gas. The pipelines downstream of the master meter used to distribute the gas to the tenants are considered mains and service lines subject to the Federal pipeline safety regulations. We consider the mains and service lines downstream from the LDC master meter (whether or not there are multiple buildings being served by a single meter) to be a distribution system that is subject to the Federal pipeline safety regulations in 49 CFR Parts 191 and 192.

I hope that this information is helpful to you. If I can be of further assistance, please contact me at 202-366-4046.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Gale", is written over the typed name and title.

John A. Gale
Director, Office of Standards
and Rulemaking



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August 30, 2011

Mr. Jeffrey D. Wiese, Associate Administrator
Pipeline & Hazardous Materials Safety Administration
US Department of Transportation
1200 New Jersey Ave, SE
East Building, 2nd Floor
Washington, DC 20590

Dear Mr. Wiese:

The Pipeline Safety Division of the Indiana Utility Regulatory Commission requests an interpretation of 49 CFR 191.3 regarding master meter natural gas systems.

You can also expect to receive a similar request on behalf of the Indiana Apartment Association. There is an apartment complex in our state whose owners dispute our determination that they are operating natural gas distribution systems and therefore should fall under our jurisdiction and the requirements found in 49 CFR 191 and 192, and 40 and 199, and 170 IAC 5-3.

The property in question includes approximately twenty buildings, each having five to seven residential units that are served by natural gas from the local distribution company (LDC). There is a meter, owned by the LDC, at the end of each of these buildings; the apartment owner's piping downstream from the meter goes back underground and around the back of the building to each unit. The piping for each tenant's individual unit proceeds to a riser where it enters the building for each individual ultimate customer, the tenant. There is a minimum of 12,293 feet of underground natural gas piping owned by the landlord which is located adjacent to and around the length of the twenty gas serviced buildings.

The property owners, and the Indiana Apartment Association, dispute our determination because there are not multiple buildings being served by a single meter. By the fact that there is a single meter per building, they insist that they are not, by definition, master meter operators.

The Pipeline Safety Division maintains that the apartment complex owners fall under the definition of 49 CFR 191.3, and, because they are providing natural gas to their residents and recovering their cost through rents, they are operating natural gas distribution systems. Further, there is the fact that the property owner's piping is all underground, which, in our opinion, increases risk for the residents.

As I requested in the beginning of this letter, we request a determination from PHMSA regarding the status of the owners of this apartment complex as natural gas operators and subject to federal and state pipeline safety laws. You should know that there are other apartment complexes in Indiana and likely nation-wide, with similar piping configurations. It would no doubt be helpful for all if you could clarify this situation for all similar apartment complexes.

Thank you for your consideration of this matter.

Respectfully,

A handwritten signature in dark ink that reads "Robert Veneck". The signature is written in a cursive style with a large, stylized "R" and "V".

Robert Veneck, Executive Director
Indiana Utility Regulatory Commission

RV/bh
Enclosures



05/19/2011 15:42



05/19/2011 15:40



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05/19/2011 15:39