

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** August 18, 2004  
**AT (OFFICE):** NHPUC

**FROM:** Suzanne Amidon

**SUBJECT:** NH Admin. Rules Puc 500, Rules for Gas Service and Gas Safety  
Readoption with Amendment

**TO:** Chairman Getz and Commissioner Morrison  
Debra Howland, Executive Director

NH Admin. Rules Puc 500, relative to Gas Service and Gas Safety, are set to expire on January 28, 2005. Staff hereby submits the rules for Readoption with Amendment as developed with the Commission. A copy of the proposal is attached.

Staff requests that the Commission consider the Readoption with Amendment of Puc 500 at its next meeting. Staff also requests that a docket be opened for this rulemaking.

Thank you for your consideration. Please let me know if you have any questions.

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

DATE: August 10, 2004

AT (OFFICE): NHPUC

FROM: Suzanne Amidon  
Staff Attorney/Hearings Examiner

SUBJECT: Revisions to Puc 500 Rules

TO: Chairman Getz and Commissioner Morrison  
Debra Howland  
Amy Ignatius

Attached please find a copy of staff's recommendation for re-promulgation of the 500 Rules. The suggested changes are the result of numerous meetings among staff and between staff and the natural gas and propane industries. These meetings were conducted by the now retired director of the Safety division.

The changes are designed to bring the rules into conformance with new Commission responsibilities and with current industry practices while increasing the safety of gas service consistent with economic realities and increasing the ability of the Commission to monitor utility performance. Some requirements the utilities considered to be burdensome and the staff considered to be of marginal value have been dropped or modified. Overall, the revisions are expected by staff to enhance consumer well being at little or no additional cost.

The most significant changes deal with meter testing, utility response times, storage requirements, and measure designed to allow staff to more closely monitor to cost of gas provided to customers and the addition of rules governing the liquefied petroleum gas jurisdictional facilities. The Commission recently accepted the responsibility to enforce those regulations from the federal government.

The following is a brief explanation of the more significant of the recommended changes:

**Puc 504.01 Heating Value Requirements.** (b) This phrase is modified to exempt utilities from the requirement that they maintain equipment to measure the quality of gas received from transmission pipelines as such info is provided to them by the seller of the gas.

**Puc 504.02 Purity Requirements.** This section cuts the allowable level of hydrogen sulphide in natural gas from one grain of hydrogen sulphide per 100 cubic feet

to one fourth of one grain of hydrogen sulphide per 100 cubic feet to reflect industry standards.

**Puc 504.05 Emergency Notification. (a) (6)** This adds a requirement that the utilities notify the Commission of a significant breach of security or a threat against any of the utility's major facilities consistent with homeland security concerns.

**Puc 504.07 Emergency Response.** This is a controversial section to which the utilities object. They fear that the 100% target is unachievable and that numerous exemptions should be listed. Staff acknowledges that 100% is difficult to achieve but believes the exemptions listed in (b) are sufficiently broad to allow for unanticipated circumstances. The 100% requirement will prevent utilities from systematic failures to respond in a timely manner to what are very possibly emergency conditions.

**Puc 505.02 Inspection of Meters.** Section (a) makes it clear that it is the utility's responsibility to ensure that its meters are accurate.

**Puc 505.03 Test and Calibration of Meters.** This section is extensively modified to reflect a change in the system used to inspect meters. The new system requires random testing of meters with increasing attention devoted to those groups or types of meters that are demonstrated to be unreliable. If a group of meters is found to be chronically unreliable and a repair cannot be made, the whole group must be removed from service.

**505.05 Customer Requested Tests (b)(1)** This section is modified to reflect the fact that the Commission staff never does test meters nor collects fees for such service.

**505.06 Customer Bill Adjustments.** This section has been rewritten to increase its clarity and to incorporate the new remote meter reader technology into accuracy requirements.

**Puc 505.07 Testing Facilities and Equipment.** These modifications clarify requirements and reflect the fact that utilities can achieve savings by having meter tests conducted by contractors.

**506.01 Pipeline Safety Standards. (c)** This section requires that individuals building, operating or maintaining gas pipeline facilities are qualified to do so.

**Puc 506.02 Construction and Maintenance. (d)** This expands the requirement that gas pipeline facilities be laid a foot from other underground structures if possible from pipeline carrying 100 psi to all gas lines regardless of operating pressure.

Section (f) is modified such that it does not name a specific edition of the national Electrical Code but rather reflects the current code adopted by Department of Safety.

Section (i) requires that all gas service lines be abandoned within 2 years of becoming inactive unless they are actively protected against corrosion or plastic in which case they must be abandoned within 10 years.

Sections (j) and (k) require utilities to map facilities abandoned after February 1, 2005 and section (l) requires they notify excavators of the presence of such facilities.

Section (n) updates the requirement that odorants be non-corrosive to modern pipeline materials.

Section (n) requires that utilities provide verification that construction standards are met if requested by the Commission rather than automatically.

Section (r)(2) requires utilities to maintain emergency plans in accordance with federal regulations.

Section (r)(5) requires inspection of new construction by utilities of any work done by contractors.

Section (s) recommends that utilities develop and maintain security plans to protect company facilities from breaches of security or sabotage and defines to whom access to view those plans ought to be provided.

**Puc 506.03 On-site Storage.(a)** This change removes the strict requirement that utilities maintain a winter fuel reserve substituting inclusion of plans for such reserves in their integrated resource plans. Such plans receive Commission review and must be approved.

**Puc 507.02 Gas Supply Measurement.** This section is modified to reflect the fact that gas is no longer manufactured by gas utilities in the state and reporting requirements are modified to provide additional useful information.

**Puc 507.03 System Maps.** Changes here add abandoned lines to mapping requirements.

**Puc 508.01 Safety Practices.** This increases the safety education requirements from provision of information to include actual training.

**Puc 508.04 Leakage Surveys and Inspections.** This section is extensively modified to reflect current industry practice and the use of new technology in leak testing and surveying.

**Puc 509.01 F-1 – Rate of Return** This report will allow the Commission to more closely review utility finances.

**Puc 509.06 F-8G Monthly Income and Operating Statements.** These monthly reports are to be filed semi-annually instead of annually consistent with the summer and winter cost of gas reconciliations.

**Puc 509.10 Form E-7 Annual Report of Gas Meter Tests.** This report is made to coincide with the new meter resting regime.

**Puc 509.12 E-22 Report of Proposed Expenditures for Additions, Extensions and Capital Improvements to Fixed Capital.**

This section is revised to provide Commission staff the information that is required to ensure Commission understanding of utility construction plans.

**Puc 509.19 Weekly Portable LNG Vaporizer Activity Report.** This report will allow the Commission to monitor the use of temporary facilities to ensure public safety and the capacity of the pipeline system.

**Puc 509.20 Summary of Peak Day Report. & Puc 509.21 Forecast of Upcoming Winter Period Design Day Report.** These reports will allow the Commission the opportunity to observe the impact of the prior winter's peak day demands on the utility's system integrity and gas supply costs and its implications for the upcoming winter.

**Puc 511.05 Written Formal Notice of Probable Violation., Puc 511.06 Responses to Notice of Probable Violation., Puc 511.07 Informal Conferences Puc 511.08 Notice of Violation. & Puc 511.09 Response to Notice of Violation., Puc 511.10 Commission Action.** These sections have been brought into conformance with the delegation of authority provisions of the 800 rules whereby there is clear authority granted by the Commissioners to staff to assess civil penalties.

**PART Puc 512 LP Gas Pipeline Safety Standards** This entire section is devoted to the regulation of jurisdictional LP gas facilities as defined herein. The enforcement authority has recently been accepted by the Commission from the federal government. In essence and where appropriate, the recommended rules mirror the revised natural gas rules but incorporate no financial reporting requirements as LP facilities are not regulated utilities. Meter testing rules are not incorporated at this point because it is the understanding of the staff that LP operators typically replace meters on a regular ten year interval due to feared losses in revenue.

In summary, these recommended rules have been developed cooperatively with companies that are the subjects of regulation to ensure that the requirements imposed are effective but not onerous or unachievable and do not result in the imposition of additional costs on the gas consumers of the State of New Hampshire. Where Commission staff and the utilities and LP operators could not come to an effective compromise, staff's view has prevailed.

Please contact me to provide you with additional detail should you seek same.