

Prepared Comments of

Robert F. Powelson

Chairman

Pennsylvania Public Utility Commission

before the

Pennsylvania House
Consumer Affairs Committee

September 25, 2012



Pennsylvania Public Utility Commission
400 North Street
Harrisburg, Pennsylvania 17120
Telephone (717) 787-4301
<http://www.puc.state.pa.us>

Good morning Chairman Godshall, Chairman Preston, and members of the House Consumer Affairs Committee. Thank you for the opportunity to speak about the placement and relocation of natural gas meters in the Commonwealth. As you know, this issue is the subject of an ongoing rulemaking at the Pennsylvania Public Utility Commission's (PUC). Today I will share with you the history of this rulemaking and explain why meter placement is an important issue to the PUC. However, because the rulemaking is currently underway, I cannot comment on our deliberations or provide any insight as to the outcome of this proceeding.

The PUC initiated the meter placement and relocation rulemaking last year with two objectives in mind. The first was to address any safety concerns associated with meter placement. Gas meters located inside of buildings pose a greater safety risk than those located on the exterior because if there is a leak at an inside meter set, the gas will not dissipate as it would outside. Instead, the leaking gas may fill the building, causing a high risk for explosion. Aware of this danger, the PUC wanted to thoroughly examine the meter placement issue and ensure the Commonwealth's natural gas customers were protected.

The PUC's second objective in initiating the rulemaking was to eliminate any ambiguity between our regulations, federal regulations, and company tariffs on the subject of meter placement and relocation. The PUC knew that gas utilities were in the process of moving meter sets outside whenever possible for the safety reasons described above and the PUC wanted to ensure it was providing proper guidance on this issue. Moreover, in 2008, there was a surge in service disputes stemming from gas distribution companies relocating meters while repairing leaky service lines and

charging the customers for the relocation. In addressing these complaints, the PUC determined that neither our regulations nor utility tariffs provide clear guidance on the subject. This, in combination with the safety concerns and the recent initiative to replace aging natural gas infrastructure in Pennsylvania, led the PUC to conclude that it was an opportune time to address meter placement and relocation. Accordingly, the PUC directed its Gas Safety Division to initiate an investigation.

During the investigation, the Gas Safety Division issued 10 data requests to the 10 largest natural gas utilities in the PUC's jurisdiction. The data requests included questions regarding (1) the number of inside and outside meter sets in each territory; (2) the number of inside meter leak calls; (3) the frequency of reportable incidents associated with inside meter sets; (4) each utility's tariff language regarding meter placement and relocation; (5) meter relocation charges; (6) inside leak surveys; and (7) local ordinances requiring certain meter locations.

From the responses to the data requests, the PUC learned that 27 percent of all meter sets in Pennsylvania are located inside of residential dwellings. The utilities also reported that over a five year period, there were more than 4,000 leaks occurring on inside meter sets, which means that gas utilities experienced over 800 leaks per year on inside meters. Even more disturbing, over the past forty years, there have been 65 reportable incidents in Pennsylvania. Reportable incidents are incidents where there is a release of gas and (1) greater than \$50,000 in damages; or (2) death or injury; or (3) a significant event in the determination of the utility.

The PUC also identified a particular safety concern with inside regulators. Meter sets are made of up meters and regulators. Regulators control the pipeline pressure

entering the meter. This means gas in the service line is generally under high or medium pressure before it flows into the regulator. Thus, locating a regulator inside of a house is a safety risk because doing so allows high or medium pressure gas to enter the building, making any leak or damage to an inside meter set extremely dangerous.

Another safety concern the PUC identified is when an inside meter set is attached to a steel service line. Steel service lines are extremely strong, so when hit by excavation equipment these lines are often pulled out of the ground instead of breaking. Such incidents frequently result in a meter set pulling away from the building. If a meter set is located inside, this poses a serious danger because damage to the meter set could result in gas collecting inside the building causing it to explode. The unfortunate incident that occurred in Hummelstown, Pennsylvania in 2008 was caused by excavation equipment hitting a steel service line that was connected to a meter set inside the basement of a restaurant. The explosion in the restaurant occurred within three minutes of the line hit. Clearly, it is appropriate for the PUC to be concerned about this issue.

Another issue the Gas Safety Division addressed during its investigation was utilities' existing tariff language on meter placement. All of the gas distribution companies reported having tariff provisions stating that the utility is solely responsible for determining where to locate a meter set and that the basis for this determination is safety. Moreover, the utilities' tariffs generally specify that customers are responsible for paying for meter relocations if the customer requested the relocation. However, many of the tariffs were silent about cost responsibility in other situations. The utilities also reported to the PUC that the cost of moving a meter set is approximately \$500,

while the cost of replacing a steel service line leading up to a meter set is approximately \$4,000.

In the course of the investigation, the Gas Safety Division also examined our regulations on meter placement at 52 Pa. Code § 59.18, as well as the federal regulations on the issue at 49 CFR § 192.353 and 49 CFR § 192.357. The state regulations on meter placement provide that meters may be installed inside or outside of buildings and do not specify who is responsible for the cost of meter relocation. The federal regulations are relevant because the PUC adopted the federal regulations in 2000 and receives federal funding to enforce these regulations through an agreement with the Pipeline and Hazardous Materials Safety Administration (PHMSA). While the federal regulations also allow meters to be located inside or outside of buildings, the federal law is more specific about meter location requirements. Moreover, the federal regulations state that where feasible, the upstream regulator must be located outside. Both state and federal regulations require gas utilities to conduct leakage surveys at regular intervals.

Based on the information gathered in the informal investigation, the Gas Safety Division concluded that a rulemaking was necessary to amend its existing meter placement and relocation regulations. Accordingly, on July 28, 2011, the PUC issued a Proposed Rulemaking Order. The purpose of this proposed rulemaking is to amend our regulations in a way that will help (1) minimize the safety concerns associated with inside meters and regulators; (2) eliminate any ambiguity about cost responsibility for meter relocation; and (3) ensure Pennsylvania's meter placement and relocation regulations are consistent with the federal regulations previously adopted by the PUC.

In order to carry out these objectives, the proposed rulemaking included changes to the regulations that require utilities to (1) place meters outside when availability of space and other conditions permit; (2) consider inside meter locations only when an outside meter location is not available due to weather, vandalism, or Historic District restrictions; (3) locate all regulators outside when a meter is inside; (4) attach inside meters to an outside shutoff valve; and (5) relocate all regulators connected to steel service lines to the outside by 2020. The proposed rulemaking further specifies that when a utility determines that a meter or regulator must be moved for safety reasons, the utility will bear all costs associated with the meter set relocation. However, the customer is responsible for the cost of a meter relocation if the customer requests the movement of a meter that is already in a suitable location pursuant to state and federal guidelines. The rulemaking also affirms the language already present in the gas utilities' tariffs that determining where to locate a meter is within the sole discretion of the utility and that this determination should be based on the interest of public safety.

The PUC would like to note that the proposed regulations do not establish a blanket requirement that utilities must place all meters outside. The amendments in this rulemaking simply encourage utilities to place meters outside whenever feasible for safety reasons. Ultimately, utilities have the power to determine where to place meters, just as they did before the PUC initiated this rulemaking. Moreover, the rulemaking contains exceptions for outside meter placement for federal Historic Districts and high risk vandalism districts, and provides alternatives to outside meter placement, such as the installation of an Excess Flow Valve on a steel service line or moving only the

regulator outside. In addition, the PUC's proposed language imposes no additional regulatory constraints on utilities than were already required by federal regulations.

It is also important to note that this is a *proposed* rulemaking, meaning that the changes are not final and the PUC is seeking input from interested parties on this issue. In fact, the PUC received approximately 50 comments on this proposal. In particular, the PUC is aware that residents of historic districts are concerned about the impact that outside meters will have on the aesthetic value of their neighborhood. The PUC will not take these concerns lightly and will consider every interested party's comments on the rulemaking. Beyond that, I cannot comment on the PUC's deliberations, as this is an ongoing rulemaking. However, I will note that the PUC anticipates issuing a final rulemaking order in 2013.

As the unfortunate incidents in Hummelstown and Allentown demonstrate all too clearly, gas safety is a serious issue and one that the PUC must not take lightly. Meter placement and relocation is only one piece of the gas safety puzzle, but it is an important piece that the PUC is striving to address through this proposed rulemaking. I am confident that with the issuance of a final rulemaking on this issue, we will be one step closer to a safer natural gas pipeline system in Pennsylvania.

Thank you for the opportunity to comment today. I welcome any questions you may have on this issue.