

April 2, 1974

Mr. Jerry Rich
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Bureau of Investigations, Service and
Enforcement
P.O. Box 3265
Harrisburg, PA 17120

Dear Mr. Rich:

This responds to your letter of March 18, 1974, describing certain underground gas pipelines in an apartment complex. A utility-owned line stems from a street main and runs to a building where gas is metered and transferred to customer-owned piping servicing apartments in that building. From the meter, another utility-owned line transports gas to a separate building where the gas is transferred to customer-owned piping serving apartments in that building. You ask whether the customer-owned piping is subject to the Federal gas pipeline safety standards and whether the owner of the piping is an operator within the meaning of those standards.

The Federal standards apply to pipelines used in the transportation of gas. We interpret the transportation of gas to end upon sale coupled with delivery to a consumer so that the gas is no longer in commerce. The question of how far downstream the Federal standards apply depends on who buys and receives gas for consumption.

In the case of an apartment complex, if the landlord buys gas and, in turn, resells it to tenants for their consumption, the underground or exterior lines used to transport the gas to tenants are a distribution system subject to the Federal standards. The landlord, therefore, is engaged in the transportation of gas and an "operator" under the Federal standards.

On the other hand, if the landlord does not sell gas to tenants but uses it to provide centrally located heat or air conditioning for all tenants in a building, the landlord is the consumer and not an operator. The Federal safety standards would only apply to pipelines located upstream from where the landlord receives the gas from a utility, i.e., from a customer meter or connection to the landlord's piping, whichever is further downstream.

Based on these guidelines and information concerning the use of the gas, which is not included in your letter, you should be able to determine whether or not the owner of the apartment complex in question is an operator.

If we may be of further assistance, please let us know.

Sincerely,

Joseph C. Caldwell
Director
Office of Pipeline Safety