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From: Thure Cannon <[REDACTED]>
Sent: Monday, August 25, 2014 11:07 AM
To: rulescoordinator
Cc: Christi Craddick; David Porter; Barry Smitherman
Subject: TPA Comments on T-4 Revisions - 16 Tex. Adm. Code Section 3.70 Relating to Pipeline Permits Required
Attachments: TPA Comments on GUD Docket No 10366.pdf

Rules Coordinator,

Attached, please find comments from the Texas Pipeline Association (TPA) for GUD Docket No. 10366, Proposed Amendments to 16 TEX ADMIN. CODE, Section 3.70, relating to pipeline permits required. I have attached the comments in .pdf format. If you have any questions concerning the submittal of these comments, please do not hesitate to contact me at 512-478-2871.

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Texas Pipeline Association

Thure Cannon
President

**RAILROAD COMMISSION OF TEXAS
PIPELINE SAFETY DIVISION**

**PROPOSED AMENDMENTS TO 16 §
TEX. ADMIN. CODE, SECTION 3.70, §
RELATING TO PIPELINE PERMITS § GUD DOCKET NO. 10366
REQUIRED §**

**COMMENTS OF THE TEXAS PIPELINE ASSOCIATION ON PROPOSED
AMENDMENTS TO 16 TEX. ADMIN. CODE, SECTION 3.70, RELATING TO
PIPELINE PERMITS REQUIRED**

The Texas Pipeline Association (TPA) appreciates the opportunity to submit comments to the Railroad Commission of Texas (Commission) on the Proposed Amendments to 16 TEX. ADMIN. CODE, Section 3.70, relating to Pipeline Permits Required. TPA and its members understand the recent controversies that have arisen related to the determination of a pipeline's classification status as a part of the Commission's pipeline permitting process. TPA looks forward to working with the Commission to equitably enhance and clarify those portions of the permitting process.

TPA consists of 48 gas and liquids pipeline operators within the State of Texas. TPA's members operate a majority of the natural gas and liquids pipeline mileage within the State of Texas. TPA's members will be directly impacted by the proposed changes to the pipeline permitting process.

In order to facilitate the Commission's evaluation of TPA's comments, TPA has organized its comments in the same order as the subsections of the proposed rule as amended.

3.70, Subsection (a)

Subsection (a) of the proposed rule revises the description of who must obtain a pipeline permit. Historically, the rule has applied to transmission and gathering pipelines that extended beyond the boundaries of a lease. The Commission has not indicated any intent to expand the coverage of the permitting process to production flow lines or to local distribution company pipelines, but the revised language of subsection (a) can easily be read to include both of those categories of pipelines. The mileage of production flow lines and local distribution company pipelines greatly exceeds the mileage contained in the

categories of pipelines that have historically been permitted. Inclusion of production and local distribution company pipelines would also overwhelm the Commission's resources for processing permits and cause greater delays than are currently experienced.

If the Commission agrees that production flow lines and local distribution pipelines are not intended to be covered by the proposed rule amendments, TPA recommends that the Subsection (a) be revised to read as follows:

- (a) Each operator of a pipeline or gathering system, other than a production flow line system or a local distribution company system, subject to the jurisdiction of the Commission shall obtain a pipeline permit, renewable annually, from the Commission as provided in this rule.

3.70, Subsection (d)

TPA requests that the Commission consider shortening the time period for reviews of applications for completeness to 10 calendar days from the proposed 15 calendar days. New pipeline construction is often connected with moving products to market and delays in moving products to market should be minimized to the extent possible. Completeness reviews do not involve any consideration of the merits of the application and should be clerical in nature. Ten calendar days should be sufficient time for this very limited review.

3.70, Subsection (e)

As previously mentioned, any delay in ruling on a pipeline permit application can affect the movement of product to market with related impacts to producers, consumers and the economy of the state. TPA recommends that the Commission shorten the time period for the final determination on the issuance of a permit to 30 calendar days following the determination of completeness. This provides sufficient time for the substantive review of the application and supporting documentation and the issuance of the permit, if granted. Further, TPA believes the language of subsection (e) can be simplified in order to provide additional clarity. TPA suggests the following language be used to replace the Commission's proposed language for subsection (e):

"Within 30 days following the determination of the completeness of an application, the Commission shall issue, deny or cancel the requested pipeline permit if the Commission is satisfied, based on the information and documentation submitted by the operator, that the proposed pipeline system will be laid, equipped, managed and operated in accordance with the laws of the state and the rules and regulations of the Commission. If granted, the permit shall include the classification of the pipeline as a common carrier, a gas utility or a private pipeline system."

In addition, TPA believes that the language of subsection (e) should clearly address the right of the pipeline operator to extend its system to supply sources and customers as well as to adjust its system as needed to perform replacements and relocations. Both replacements and relocations are required in the normal course of business to maintain pipeline safety and to accommodate associated activities. Such extensions, replacements

and relocations do not change the classification of a pipeline. This addition to the rule would also serve to incorporate the current Commission practices regarding T-4 permits in the rule. To provide this additional clarity to the rule, TPA suggests the following language be added at the end of subsection (e):

“Subject to annual renewals, a pipeline permit issued by the Commission will allow extensions, replacements and relocations of segments of the pipeline system in the operator’s normal course of business.”

3.70, Subsection (h)

TPA suggests that the operation of subsection (h) could be clarified by a rewriting of the existing language. The following language is recommended for such clarification:

"A pipeline permit, if granted, shall be revocable by the Commission at any time after a hearing held by the Commission not less than 10 calendar days after receipt by the permit holder of notice of said hearing, if the Commission finds that the pipeline is not being operated in accordance with the laws of the state and the rules and regulations of the Commission."

Conclusion

TPA appreciates the opportunity to provide these comments on the Commission’s proposed amendments. An efficient and robust permitting process is critical to the continued economic development of the state’s natural resources and to the continued economic growth that the state has enjoyed in recent years. TPA respectfully requests the Commission consider the suggested revisions to §3.70 and stands ready to work with the Commission in creating a clear and thorough permitting process. If you have any questions concerning these comments, please do not hesitate to contact me at 512-478-2871.

Respectfully submitted,

TEXAS PIPELINE ASSOCIATION

By: 

Thure Cannon
President