

## ACT 150

S.B. NO. 1949

A Bill for an Act Relating to Public Utilities.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The purpose of this Act is to grant to the public utilities commission the authority to regulate and inspect gas pipeline systems that are owned and operated by nonpublic utility companies or entities. Gas pipeline systems owned and operated by nonpublic utility companies and entities commonly are referred to as "master meter systems".

A master meter system is a system for the transmission of gas through pipelines for a fee by the operator of the system to an ultimate consumer or ultimate consumers in a given, definable area. The operator purchases the gas from an outside source for resale to the ultimate consumer or ultimate consumers. The fee charged is at a metered rate or at a flat rate. Examples of master meter systems are gas pipelines situated in housing projects or apartment complexes.

The regulation and inspection of gas pipeline systems are under the jurisdiction of the United States Office of Pipeline Safety (OPS). The applicable federal statute is 49 U.S.C. 1672. Under regulations promulgated by OPS, operators of master meter systems must report all incidents of injuries, death, property damages, and leaks to the OPS.

Although initial jurisdiction over the regulation and inspection of the master meter systems is in the OPS, under federal regulations (Parts 191 and 192, Code of Federal Regulations, Title 49) states are provided the option to assume responsibility for the regulation and inspection of the master meter systems. Federal funding is provided to any state assuming this responsibility, provided the state performs the responsibility in a manner consistent with minimum federal requirements.

Since 1970, Hawaii, through the public utilities commission, has been inspecting gas pipeline systems owned and operated by public utilities, and since 1979, it has exercised enforcement authority over the systems owned and operated by public utilities. Federal funding has been received over the years. The public utilities commission's authority to regulate and inspect gas pipelines owned and operated by public utilities is derived from chapter 269, Hawaii Revised Statutes.

It is in the public interest that the public utilities commission's authority to regulate and inspect gas pipeline systems be extended to those systems owned and operated by nonpublic utility entities. The prevention of injury to life and damage to property will be promoted by extension of the commission's jurisdiction.

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

**"PART . GAS PIPELINE SYSTEMS**

**§269- Definitions.** As used in this part, unless the context otherwise requires:

"Commission" means the public utilities commission.

"Gas" means manufactured gas, hydrocarbon gas, mixture of manufactured and hydrocarbon gas, flammable gas, or gas that is toxic or corrosive or both.

"Master meter system" means a pipeline system, not owned or operated by a public utility, for distributing gas within a definable area, including but not limited to a mobile home park, a housing project, and an apartment complex, where the operator of the system purchases gas from an outside source for resale through the pipeline system to an ultimate consumer or ultimate consumers at a metered or flat rate or at a price determined in any other manner.

"Pipeline" or "pipeline system" means all parts of those physical facilities through which gas moves in transmission, including pipes, valves and other appurtenances attached to pipes, compressor units, metering stations, regulator stations, delivery stations, holders, and fabricated assemblies.

"Operator" means a person who engages in the transmission of gas.

**§269- Master meter system; operators; compliance.** (a) The commission, by rule, shall establish safety standards consistent with the regulations adopted by the United States Office of Pipeline Safety for pipelines and master meter systems. Standards may be established for, among other things: the design, installation, construction, inspection, testing, extension, operation, replacement, and maintenance of pipeline facilities; emergency plans and procedures; and reporting requirements. The standards affecting the design, installation, construction, initial inspection, and initial testing of pipeline facilities shall not apply to those master meter systems in existence on the date the standards are adopted.

(b) All operators of master meter systems shall comply with the commission's rules adopted pursuant to subsection (a). Any person violating the rules shall be subject to the penalties provided in section 269-28.

**§269- Inspection.** Officers, employees, or agents authorized by the commission, upon presenting appropriate credentials, may enter upon, inspect, and examine at a reasonable times or in times of an emergency the records and properties of any operator to determine compliance by the operator with the commission's rules governing pipelines and master meter systems.

**§269- Enforcement.** In addition to the penalties that may be imposed under section 269-28, the commission, if in its judgment there is a hazardous condition in a pipeline or master meter system and a likelihood of serious harm to life or property, may request the attorney general to bring an action in an appropriate court for necessary or appropriate relief, including mandatory or prohibitory injunctive relief."

SECTION 3. This Act shall take effect upon its approval.

(Approved June 7, 1989.)