

**Before the Senate Utilities Committee
Comments by the
Staff of the Kansas Corporation Commission
February 6, 2013**

Senate Bill 62

Thank you, Mr. Chairman and members of the Committee. I am Leo Haynos, Chief of Gas Operations and Pipeline Safety for the Kansas Corporation Commission. I am appearing today on behalf of the KCC Staff in support of SB 62 which amends K.S.A. 66-1,153, 66-1,154, and 66-1,157a. The passage of this bill will make minor corrections so that the provisions of the three listed statutes apply to all entities that operate intrastate natural gas pipelines subject to pipeline safety regulations.

Last year, KCC Staff sponsored SB 374 which made a similar modification to K.S.A. 66-1,153 to allow the Commission to recover a portion of the costs for pipeline safety inspections from all operators of pipelines that are subject to state pipeline safety regulations. In that bill, the statute was modified by striking the term “public utility” and replacing it with the term, “person” in order for the statute requirements to apply to, “every *person* engaged in the operation of gas pipeline systems in this state...” After the Bill was signed into law and as Staff prepared to implement this change, we realized the term “person” was not clearly defined. A review of related statutes found two other instances where statutes appeared to limit the requirements of the law to only those entities that are public utilities.

In Statute K.S.A. 66-1,153, SB 62 clarifies the term “person”, by adopting the definitions found in federal pipeline safety regulations as they apply to K.S.A. 66-1,153.¹ In this case, the applicable term as used in this section is the definition of a person which is stated as:

¹ 49 C.F.R. §192.3

Person means any individual, firm, joint venture, partnership, corporation, association, State, municipality, cooperative association, or joint stock association, and including any trustee, receiver, assignee, or personal representative thereof.

SB 62 proposes the same approach for K.S.A. 66-1,154 which is a companion statute to 66-1,153. This statute requires the Commission to promulgate rules and regulations that define the amount of the assessment under K.S.A. 66-1,153. In this case, the proposed amendment would replace the term "public utility" with the term "person" and adopt the definition of "person" stated above to make the two statutes consistent.

In our review of pipeline safety related statutes, Staff found one additional statute (K.S.A. 66-1,157a) which limited the application of the statute to certain types of operators. Using the same methodology as discussed above, the amendment to 66-1,157a proposed in SB 62 would expand the requirements of this section to all natural gas operators that serve individual residential customers. This law requires the gas operator to maintain any underground gas piping from the meter to the building wall of the customer's house. Presently, the provisions of the law only apply to public utilities, municipalities or quasi municipalities. By including all operators of natural gas pipelines in this section, the requirements would apply to any operator serving residential customers including public utilities and municipalities. This approach has been the practice Staff has used since the statute was promulgated in 1989.

I would like to call to your attention to one additional amendment that we believe is necessary in Section 3 of the bill. In preparing this testimony, I noticed one other phrase that needs to be replaced with the word, "person". That is on Page 2 of the bill, Line 8. We recommend striking the phrase, "utility or corporation" and replacing it with the word "person". With this additional amendment, the sentence will read,

Except as provided in subsection (c), any person rendering gas utility service shall have full responsibility for maintenance of all pipelines that convey gas

from a gas main to the outside wall of residential premises which are individually metered and directly served by such ~~utility or corporation~~ *person* and is hereby granted the necessary access rights to carry out such responsibility.

In summary, the Commission Staff supports passage of this bill which provides clarification and minor corrections to the statutes governing pipeline safety regulation on intrastate natural gas pipelines.

This concludes my testimony and I would be happy to answer any questions you may have.