

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

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August 26, 1987
CAMBRIDGE MA.

D.P.U. 87-163

Investigation by the Department on its own motion regarding proposed regulations pertaining to the storage, transportation and distribution of gas.

Notice of Proposed Regulations

The Department of Public Utilities ("Department") regulations, 220 CMR, Parts 100 through 107, establish standards for the construction, operation and maintenance of facilities used for the storage, transportation and distribution of gas. 220 CMR 100.00 states that the regulations set forth in the following parts apply to "[e]very gas corporation and municipal gas department engaged in the distribution of gas within the Commonwealth of Massachusetts".

In the past several years changes have occurred in the gas industry and the manner in which the gas industry is regulated at the federal level. See, e.g., Gas Transportation, D.P.U. 85-178 (1987); FERC Order 436. The potential for open access pipeline transportation and possible bypass of the local distribution network means that consumers or other entities may construct and/or operate gas storage, transportation and distribution systems. Accordingly, the Department believes that it may be appropriate to clarify the existing regulations to ensure that the existing regulations apply to anyone engaged in

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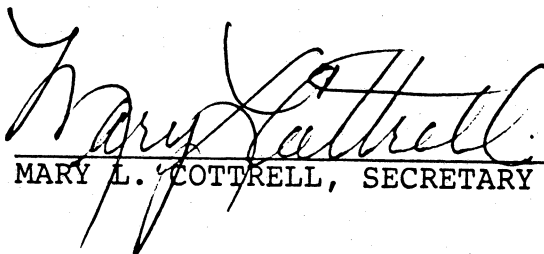
SEP 8 1987

the construction, transportation or distribution of gas.

The Department, therefore, proposes to amend 220 CMR 100, by deleting the present provisions and replacing it with those contained in Appendix A, attached.

A public hearing on the proposal will be held at the Department's offices, 100 Cambridge Street, Boston, Massachusetts 02202, on Tuesday, September 22, 1987, at 10:00 a.m. Oral comments may be made at that time. The Department will accept written comments, submitted to the Secretary of the Department at the above address through October 5, 1987.

By Order of the Department,


MARY L. COTTRELL, SECRETARY

Appendix A

Proposed Regulations

220 CMR 100.00: MASSACHUSETTS GAS DISTRIBUTION CODE

101.01: Purpose

220 CMR, Parts 101 through 107 are rules and regulations of the Department of Public Utilities that are designed to ensure safe operating practices for persons engaged in the storage, transportation and distribution of gas.

101.02: Applicability

Notwithstanding any language to the contrary, the provisions of Parts 101 through 107 shall apply to any person engaged in the storage, transportation or distribution of gas and, unless the context so requires, shall not be limited to gas corporations, gas companies or municipal gas departments.

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D.P.U. 87-165

Investigation by the Department on its own motion into the request by Peabody Municipal Light Plant for an official opinion concerning the jurisdiction of the Department over the construction and operation of a natural gas pipeline connection, and the obligations of Peabody Municipal Light Plant under related Department procedures.

REQUEST FOR PUBLIC COMMENTS

By letter dated May 13, 1987, the Peabody Municipal Light Plant ("Peabody") informed the Department of Public Utilities ("Department") of its intention to install a natural gas pipeline connection "as per the Federal Energy Regulatory Commission ("FERC") Order No. 436". The letter indicated that Peabody's pipeline connection project is scheduled to begin in seven months, and will consist of approximately one-half mile of pipe designed to deliver natural gas at 300 pounds per square inch ("psi") to an electrical generation site located in the City of Peabody. Peabody states that the pipeline will connect to a similarly designed natural gas transmission pipeline located in the Town of Danvers and owned by the Tenneco Corporation.

In its letter, Peabody requested an opinion from the Department concerning its jurisdiction over Peabody's construction and operation of the pipeline connection, and for

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clarification of Peabody's obligations regarding all related procedures required by the Department.

FERC Order No. 436, in general, provides a regulatory framework which enables pipeline customers as well as end users to procure their own wellhead supplies and arrange to have them transported by interstate pipelines to the city gate. Order No. 436 provides for "open-access" pipelines to obtain optional expedited certificates to directly serve end users, which could result in the bypass of a local distribution company ("LDC") system, where transportation from the city gate was not available at a competitive price.^{1/} Open access means that end-users have the opportunity to purchase gas directly from suppliers and arrange for its delivery through interstate pipelines to the LDC's take station.

Upon review and consideration, the Department finds that the announcement by Peabody of its intent to construct a natural gas pipeline connection as per FERC Order 436, and its request for an opinion and clarification, raise certain issues. Such issues include, but are not limited to, the applicability of gas pipeline construction and operation statutes and regulations to municipal electric companies; the bypass of LDCs by municipal electric companies; and the extent of the Department's jurisdiction in this area.

The Department has opened this docket to receive comments from interested persons pursuant to 220 C.M.R. 2.08(2).

^{1/} Boston Gas Company provides local gas distribution service to the City of Peabody.

Interested parties are invited to submit written comments regarding Peabody's proposal. Copies of Peabody's request for an opinion are available at the offices of the Department, 100 Cambridge Street, 12th floor, Boston, Massachusetts 02202. Comments should be submitted to the Department no later than 30 days from the date of this Order. An original and five copies of all comments should be directed to the Secretary of the Department at the above address.

Accordingly, it is

ORDERED: That comments addressing this matter be filed with the Department no later than 30 days from the date of this Order.

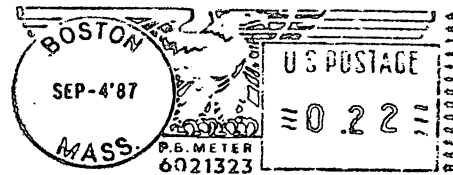
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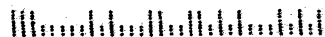
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DEPARTMENT OF PUBLIC UTILITIES

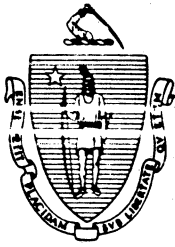
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BOSTON, MASSACHUSETTS 02202



The Mayor
City Hall
Cambridge, Mass. 02139





The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

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D.P.U. 87-165

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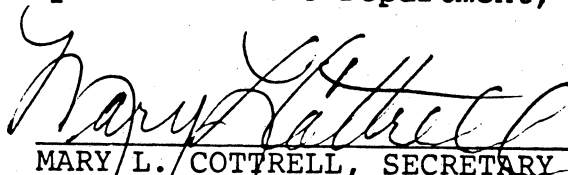
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By Order of the Department,


MARY L. COTTRELL, SECRETARY

19.

S-528

Comm. from the DPU inviting public comment on the request of the Peabody Municipal Light Plant for an official DPU opinion on the DPU's jurisdiction over construction & operation of a natural gas pipeline connection & obligations of this plant under DPU procedures.

In City Council,

September 14, 1987

placed on file