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In the Matter of an Investigation into Safety and Inspection Programs for Customer-Owned Natural Gas Lines

Docket No. G-999/CI-99-1365

Minnesota Public Utilities Commission

October 6, 1999

Before: Garvey, Jacobs, Johnson, Koppendrayner, and Scott, Commissioners

BY THE COMMISSION:

**ORDER OPENING INVESTIGATION AND REQUESTING COMMENTS**

**PROCEDURAL HISTORY**

\*1 On September 23, 1999 the Commission received a report from an informal inter-agency work group on farm tap safety issues. "Farm taps" are privately owned natural gas lines running from interstate pipelines to individual homes and businesses. The work group included staff members from the Commission, the Department of Commerce (formerly the Department of Public Service), and the Office of Pipeline Safety, a division of the Department of Public Safety.

The report summarized recent consumer farm tap complaints and set forth the findings of a statewide survey on farm tap issues conducted by the Minnesota Office of Pipeline Safety. It also presented that Office's recommendations for improving farm-tap safety, most of which would impose new duties on Minnesota's natural gas utilities.

**FINDINGS AND CONCLUSIONS**

1. Historical Background

"Farm taps" are customer-owned natural gas distribution lines running from the interstate pipeline through the customer's property to the customer's home or business. Most of these lines were constructed at the same time as the major interstate pipeline, some 40-60 years ago. Northern Natural Gas Company, which owned the pipeline, allowed rural landowners to tap in to it, in return for easements allowing Northern to run the main pipeline below their land.

Over time, as land ownership changed, some farm tap lines were forgotten, and some fell into disrepair. Few, if any, were maintained as well as the distribution lines owned by the natural gas distribution companies.

Concerns about farm tap safety led Peoples Natural Gas Company, the public utility serving most of Minnesota's farm tap customers, to file a tariff to clarify its farm tap responsibilities. The final tariff, approved by the Commission in 1993, required the Company to provide consumer education on farm tap safety, to inspect all farm tap lines in its service area at regular intervals, and to offer financing to farm tap customers whose lines the Company repaired.

2. Recent Developments

In November 1998 an informal inter-agency work group came together to pool their expertise to address farm tap safety issues, which subsequently included several consumer complaints about farm tap service. The agencies represented were the Commission, the Department of Commerce (formerly the Department of Public Service), and the Office of Pipeline

Safety. The efforts of the work group resolved the consumer complaints and resulted in the Regulatory Staff Briefing Paper discussed above, titled "Farm Tap Line Safety Inspection Programs," dated July 29, 1999.

In May of 1999, Northern Minnesota Utilities, the utility with the second-largest number of farm tap customers (approximately 55), filed a proposal to adopt a farm tap safety and inspection program similar to Peoples'. At its September 23, 1999 meeting, the Commission decided to defer action on the company's filing until it had decided whether to require such programs from all natural gas public utilities serving farm tap customers.

\*2 3. Investigation Opened

The Office of Pipeline Safety has urged the Commission to expand the farm tap safety program that Peoples Natural Gas Company adopted in 1993 and to require all Minnesota utilities serving farm tap customers to adopt similar programs. The Commission finds that the public interest requires it to open an investigation into farm tap safety issues under Minn. Stat. § 216B.14. All natural gas public utilities will be parties to this investigation.

The Commission invites comments on the Regulatory Staff Briefing Paper, which will be served with this Order, and specifically requests comments on the costs of implementing the individual recommendations of the Office of Pipeline Safety. The Commission delegates to the Executive Secretary the authority to identify other issues for comment and to set comment periods.

The Commission will so order.

**ORDER**

1. The Commission hereby initiates an investigation under Minn. Stat. § 216B.14 to determine whether it should require all Minnesota natural gas public utilities serving farm tap customers to develop farm tap safety, inspection, and consumer education programs .
2. All Minnesota natural gas public utilities are parties to this proceeding.
3. The Commission requests comments on the Regulatory Staff Briefing Paper on farm tap line safety inspection programs, which is served with this Order, including comments on the costs of implementing the individual recommendations of the Office of Pipeline Safety.
4. The Commission delegates to the Executive Secretary the authority to identify other issues for comment and to set comment periods.
5. This Order shall become effective immediately.