

Resolution Supporting a Local Distribution Company (LDC) Risk Assessment Quality Action Team (RAQT) to Conduct a Feasibility Study of Risk Management as a Regulatory Alternative

WHEREAS, Pursuant to the Pipeline Safety Act, the U.S. Department of Transportation, through its Office of Pipeline Safety (OPS), has developed safety regulations for pipeline construction, operation and maintenance; and

WHEREAS, The Act provides for state regulatory agencies to monitor and enforce those regulations for intrastate pipeline operators under a state/federal agreement which provides partial federal funding for such enforcement; and

WHEREAS, The success of the pipeline safety programs is evidenced by the commendable safety record which the industry has enjoyed since establishment of the Act; and

WHEREAS, Representatives of state pipeline safety programs, working in conjunction with OPS and industry, have developed a series of steps and procedures for interstate gas and liquid transmission pipelines which will evaluate the potential of Risk Management as a regulatory alternative; and

WHEREAS, OPS has requested that NARUC sponsor a feasibility study of allowing risk management application by LDCs; and

WHEREAS, NARUC realizes that its active participation is essential to any exploration of risk management as a regulatory alternative for LDCs, but such participation may impact state resources committed to the current pipeline safety program; and

WHEREAS, Operating conditions, materials, age and regulatory environments within distribution systems produce different pipeline integrity risks than interstate transmission pipelines; and

WHEREAS, State organizational structures and goals for distribution system safety, reliability and cost effectiveness may differ from OPS; and

WHEREAS, The mileage of distribution systems and exposure of population to the risks inherent in LDC systems are different from interstate transmission systems; and

WHEREAS, It is in the interests of the public, as well as the pipeline industry, to conduct a feasibility study of risk management as a regulatory alternative; and

WHEREAS, Steering, coordinating, and technical committees will be established consisting of representatives from NARUC and staff, OPS, the National Association of Pipeline Safety Representatives and industry to study this issue; now, therefore, be it

RESOLVED, By the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1997 Winter Meetings in Washington, DC, that it supports a feasibility study of risk management as a regulatory alternative for LDCs, conditioned on the understanding that the use of the findings of the study would be at the sole discretion of the States.

*Sponsored by the Committee on Gas
Adopted February 26, 1997*