



U.S. Department of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

AUG 27 2012

Mr. Edward Rogers
Vice President of Operations
Valley Energy
523 S. Keystone Avenue
Sayre, PA 18840

Dear Mr. Rogers:

In a February 13, 2012, letter to the Pipeline and Hazardous Materials Safety Administration (PHMSA), you requested an interpretation of 49 CFR 192.625(b)(3) related to your intended gas pipeline project. You state that the project consists of a five mile, 12-inch transmission pipeline operating at 1,200 psig that will serve a natural gas fired power plant. The majority of this pipeline, approximately 96 percent, will be in a Class 1 or Class 2 location, with the most downstream section, approximately four percent of the pipeline, in a Class 3 location. You would like to know if this line is a lateral line and, therefore, if it would be considered a distribution center so that it meets the odorization exemption under § 192.625(b)(3).

PHMSA regulations do not define the term lateral line, but the term is generally considered to mean a segment of pipeline that branches off of a main transmission line to transport gas to a termination point. The five mile lateral line, in this case, would be operated by the power plant, not the operator of the transmission supply line. Because the line is not considered to be a continuation in operation of the transmission supply line operator, PHMSA would not consider it to be a lateral, but rather a separate transmission line. By comparison, if the supplying operator laid the line over to the power plant and operated it, the line would be considered a lateral line extension of the main line.

Section 192.625(b) (3) states:

(b) After December 31, 1976, a combustible gas in a transmission line in a Class 3 or Class 4 location must comply with the requirements of paragraph (a) of this section unless:

(3) In the case of a lateral line which transports gas to a distribution center, at least 50 percent of the length of that line is in a Class 1 or Class 2 location.

By its terms, the exemption to the odorization requirement for transmission lines in § 192.625(b)(3) is limited to certain lateral lines that terminate at a distribution center. A distribution center is a facility that primarily serves to transport gas to a network of downstream distribution pipelines that supply odorized gas to customers. Although a large volume customer,

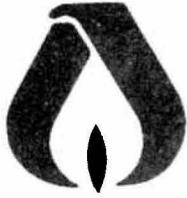
such as a natural gas fired power plant, may receive similar volumes of gas as a distribution center, a power plant is not a distribution center. Therefore, this line would be required to be odorized.

The exemption under § 192.625(b)(3) is not applicable to your planned pipeline, whether or not it is considered a lateral line. I hope that this information is helpful to you. If I can be of further assistance, please contact me at 202-366-4046.

Sincerely,

A handwritten signature in black ink, appearing to read "J. A. Gale", is written over the typed name.

John A. Gale
Director, Office of Standards
and Rulemaking



VALLEY ENERGY

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February 13, 2012

Mr. Jeff Wiese
Associate Administrator
US DOT/PHMSA/OPS PHP-1
East Bldg., 2nd Floor
Room E22-330
1200 New Jersey Avenue, SE
Washington, DC 20590

FEB 24 2012

Dear Mr. Wiese:

In writing this letter, Valley Energy, Inc. is requesting an interpretation of 192.625(b)(3) relative to a project that we are considering to determine the requirement to odorize the gas.

The scope of the project consists of a five (5) mile, twelve (12) inch transmission pipeline operating at 1,200 psig that will serve a natural gas fired power plant. The majority of this pipeline, approximately 96% will be in a Class 1 or Class 2 location, with the most downstream section (4%) in a Class 3 location.

Would this transmission line be considered a lateral line? And second, would a large volume customer such as a power plant be considered a distribution center?

Thank you in advance for reviewing this request. If there are any questions or you need additional information to process this request, please call me at (570) 888-9664.

Sincerely,

Edward E. Rogers
Vice President of Operations

EER/ss

cc: Paul Metro, Chief Gas Safety, PA PUC