

Secretary of State  
**NOTICE OF PROPOSED RULEMAKING\***  
A Statement of Need and Fiscal Impact accompanies this form

**FILED**  
6-9-15 4:52 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE

Public Utility Commission of Oregon	860
Agency and Division	Administrative Rules Chapter Number
Diane Davis	(503) 378-4372
Rules Coordinator	Telephone
Public Utility Commission of Oregon, PO Box 1088, Salem, OR 97308-1088	
Address	

**RULE CAPTION**

Rulemaking to Implement 2015 Senate Bill 286 - Gas Pipeline Safety Violations Civil Penalties Changes.

Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.

**RULEMAKING ACTION**

Secure approval of rule numbers with the Administrative Rules Unit prior to filing

**ADOPT:**

**AMEND:**

860-031-0035

**REPEAL:**

**RENUMBER:** Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.

**AMEND AND RENUMBER:** Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.

**Statutory Authority:**

ORS Ch. 183, 756, 757

**Other Authority:**

**Statutes Implemented:**

ORS 756.040, 757.039, 756.991, and Oregon Laws 2015 Ch. 231

**RULE SUMMARY**

This rulemaking implements the Senate Bill 286 changes to ORS 757.991 effective, June 2, 2015. The changes increase the amount of maximum civil penalties for gas storage and pipeline safety violations to comport with the Federal standards, and allow the PUC to directly assess and collect the penalty. The maximum civil penalty is increased from \$10,000 to \$200,000 per event per day and the maximum penalty for a series of failures is raised from \$500,000 to \$2,000,000.

The Commission encourages participants to file written comments as early as practicable in the proceedings so that other participants have the opportunity to consider and respond to the comments before the deadline. Please reference Docket No. AR 589 on comments and file them by e-mail to the Commission's Filing Center at [PUC.FilingCenter@state.or.us](mailto:PUC.FilingCenter@state.or.us).

Interested persons may review all filings online at <http://apps.puc.state.or.us/edockets/docket.asp?DocketID=19580>. For guidelines on filing and participation, please see OAR 860-001-0140 through 860-001-0160 and 860-001-0200 through 860-001-0250 found online at [http://arcweb.sos.state.or.us/pages/rules/oars\\_800/oar\\_860/860\\_001.html](http://arcweb.sos.state.or.us/pages/rules/oars_800/oar_860/860_001.html).

A public rulemaking hearing may be requested in writing by 10 or more people, or by an association with 10 or more members, within 21 days following the publication of the Notice of Proposed Rulemaking in the Oregon Bulletin or 28 days from the date Notice was sent to people on the agency mailing list, whichever is later. If sufficient hearing requests are received, the notice of the date and time of the rulemaking hearing must be published in the Oregon Bulletin at least 14 days before the hearing.

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

Last Day (m/d/yyyy) and Time  
for public comment

Rules Coordinator Name

Email Address

\*The Oregon Bulletin is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation.

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Rulemaking to Implement 2015 Senate Bill 286 - Gas Pipeline Safety Violations Civil Penalties Changes.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

Rulemaking to Implement 2015 Senate Bill 286 - Gas Pipeline Safety Violations Civil Penalties Changes.

**Statutory Authority:**

ORS Ch. 183, 756, 757

**Other Authority:**

**Statutes Implemented:**

ORS 756.040, 757.039, 756.991, and Oregon Laws 2015 Ch. 231

**Need for the Rule(s):**

The rule changes are needed to comport with Federal standards from the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA). Adoption of the Federal standard is required for continued PHMSA certification allowing the PUC to enforce intrastate natural gas pipeline safety regulations.

**Documents Relied Upon, and where they are available:**

2015 Senate Bill 286, found online at <https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/SB286/Enrolled>

**Fiscal and Economic Impact:**

Fiscal and economic impact are created by the changes to the law and not by these rules that implement the changes to the law. Stakeholders subject to the rules will not be assessed increased penalties unless they are found in violation of the applicable laws. According to PUC Staff, only one operator was fined in the last five years.

**Statement of Cost of Compliance:**

**1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):**

There is no change to cost of compliance. If the laws pertaining to hazardous substances are violated, then the operator may be assessed the increased penalties.

**2. Cost of compliance effect on small business (ORS 183.336):**

**a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:**  
Natural gas pipeline operators are subject to these rule changes. None of these are small businesses.

**b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:**

There are no additional reporting, recordkeeping, or other administrative activities required for compliance to the changes.

**c. Equipment, supplies, labor and increased administration required for compliance:**

No additional equipment, supplies, labor or administration is required for compliance to the changes.

**How were small businesses involved in the development of this rule?**

Stakeholders were notified in November 2013 of the PUC's intent to introduce the legislation resulting in these changes and had the opportunity to participate in the legislative process.

**Administrative Rule Advisory Committee consulted?:**No

**If not, why?:**

These rule changes implement the changes to the law.

Last Day (m/d/yyyy) and Time  
for public comment

Printed Name

Email Address

Administrative Rules Unit, Archives Division, Secretary of State, 800 Summer Street NE, Salem, Oregon 97310.

ARC 925-2007

860-031-0035

**Civil Penalties**

**(1)** Civil penalties for failure to comply with gas pipeline safety rules or regulations **shall beare** based on the gravity of the violation, the extent of the operators' past violations, and other matters as justice may require.

**(2) NOTE: ~~ORS 756.180 provides for the enjoining of a violation of the utility laws.~~ ORS 757.991 provides for penalties for failure to comply with gas pipeline safety rules or regulations of ~~\$10,000~~200,000 per day, to a maximum of ~~\$500,000~~2,000,000 for any related series of failures.**

Stat. Auth.: ORS 183, 756, & ORS 757

Stats. Implemented: ORS 756.040, & ~~ORS 757.039, 756.991~~

Hist.: PUC 18-1984, f. & ef. 9-4-84 (Order No. 84-685); PUC 1-1998, f. & cert. ef. 1-12-98; PUC 12-1999, f. & cert. ef. 11-18-99; PUC 9-2001, f. & cert. ef. 3-21-01