

EXTENSIONS OF NATURAL GAS LINES

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ralph Okerlund

House Sponsor: Merrill F. Nelson

LONG TITLE

General Description:

This bill enacts provisions relating to the extension of natural gas pipelines.

Highlighted Provisions:

This bill:

- ▶ authorizes a natural gas customer to request an estimate from a gas corporation regarding the cost of constructing a natural gas pipeline extension;
- ▶ authorizes the customer to obtain a bid from a contractor using the gas corporation's cost estimate; and
- ▶ imposes requirements on the customer, gas corporation, and contractor in connection with a natural gas pipeline extension.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

- 54-20-101**, Utah Code Annotated 1953
- 54-20-102**, Utah Code Annotated 1953
- 54-20-103**, Utah Code Annotated 1953
- 54-20-201**, Utah Code Annotated 1953



- 28 **54-20-202**, Utah Code Annotated 1953
- 29 **54-20-203**, Utah Code Annotated 1953
- 30 **54-20-204**, Utah Code Annotated 1953



32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **54-20-101** is enacted to read:

34 **CHAPTER 20. EXTENSIONS OF NATURAL GAS LINES**

35 **Part 1. General Provisions**

36 **54-20-101. Title.**

37 This chapter is known as "Extensions of Natural Gas Lines."

38 Section 2. Section **54-20-102** is enacted to read:

39 **54-20-102. Definitions.**

40 As used in this chapter:

41 (1) "Contractor" has the same meaning as defined in Section 58-55-102.

42 (2) "Contractor extension" means an extension constructed by a contractor pursuant to
43 a bid that a customer accepts, as provided in this chapter.

44 (3) "Customer" means a person who:

45 (a) receives the delivery of natural gas from a gas corporation; or

46 (b) desires to have a main line or service line, or both, extended so that the person may
47 receive the delivery of natural gas from a gas corporation.

48 (4) "Extension" means the installation of additional pipe to create a main line or a
49 service line or both.

50 (5) "Main line" means a pipeline used to transport natural gas from the facilities of a
51 producer of natural gas to one or more service lines.

52 (6) "Service line" means a pipeline used to transport natural gas from a main line to an
53 end user of the natural gas.

54 Section 3. Section **54-20-103** is enacted to read:

55 **54-20-103. Commission rules.**

56 (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
57 commission shall adopt rules to implement and administer the provisions of this chapter,
58 including rules governing:

- 59 (a) a customer's submission of a request for a cost estimate;
- 60 (b) a customer's obtaining and accepting a contractor bid for an extension, including
- 61 what constitutes a qualified contractor;
- 62 (c) the licensing of a contractor who desires to bid on an extension, incorporating
- 63 applicable state, local, and industry certifications necessary to perform work on an extension;
- 64 (d) standards, consistent with Chapter 13, Natural Gas Pipeline Safety, for a
- 65 contractor's installation of an extension;
- 66 (e) a gas corporation's practices, standards, and costs for inspecting an extension;
- 67 (f) a gas corporation's calculations under Section 54-20-203; and
- 68 (g) a gas corporation's participation in the process described in this chapter.
- 69 (2) The commission shall enforce rules adopted under this section.

70 Section 4. Section **54-20-201** is enacted to read:

71 **Part 2. Natural Gas Pipeline Extensions**

72 **54-20-201. Request for cost estimate -- Cost estimates -- Option to obtain bid from**

73 **contractor -- Gas corporation extension information.**

74 (1) A customer who desires to have a main line or service line, or both, extended may

75 submit a request to a gas corporation for a cost estimate for the extension.

76 (2) (a) A gas corporation receiving a request under Subsection (1) shall, in accordance

77 with commission rules and tariffs, provide the customer a complete, detailed estimate of the

78 cost of the extension, including designs, standards, and materials lists.

79 (b) A gas corporation shall provide a cost estimate under Subsection (2)(a) within:

80 (i) 14 business days after receiving the request, if the request is for a cost estimate of a

81 main line or a service line; or

82 (ii) 21 business days after receiving the request, if the request is for a cost estimate of a

83 main line and a service line.

84 (3) A customer who receives a cost estimate from a gas corporation under this section:

85 (a) may obtain a bid for the extension from a qualified contractor;

86 (b) may accept the gas corporation's cost estimate or the contractor's bid; and

87 (c) if the customer accepts the contractor's bid, shall notify the gas corporation in

88 writing, within seven business days after accepting the contractor's bid, that the customer has

89 accepted the contractor's bid.

90 Section 5. Section **54-20-202** is enacted to read:

91 **54-20-202. Requirements for a contractor that constructs an extension.**

92 A contractor that constructs a contractor extension shall:

93 (1) construct the extension according to the gas corporation's design specifications;

94 (2) use the material standards specified in the gas corporation's cost estimate;

95 (3) locate the extension in the route selected under Section 54-20-204;

96 (4) in accordance with commission rules, obtain the gas corporation's prior approval

97 for any change the contractor proposes to:

98 (a) the design or location of the extension; or

99 (b) material standards applicable to the extension; and

100 (5) upon completion of the extension construction, provide the gas corporation a
101 detailed list of the costs of the extension.

102 Section 6. Section **54-20-203** is enacted to read:

103 **54-20-203. Requirements on customer for whom a contractor extension is**
104 **constructed.**

105 A customer for whom a contractor extension is constructed shall:

106 (1) select a route for the extension, in cooperation with the gas corporation;

107 (2) acquire, and pay the cost of acquiring, a right of way, easement, or permit required
108 to use the selected route;

109 (3) in acquiring the right of way, easement, or permit, use forms provided by the gas
110 corporation; and

111 (4) pay the cost of preparing the land for the construction of the extension.

112 Section 7. Section **54-20-204** is enacted to read:

113 **54-20-204. Inspection and approval or disapproval of extension -- Notifications --**
114 **Transfer of title -- Customer responsibility for extension deficiencies.**

115 (1) A gas corporation shall:

116 (a) within seven business days after the completion of a contractor extension, inspect
117 the extension for compliance with commission rules and industry standards;

118 (b) if the extension complies with commission rules and industry standards, approve
119 the extension;

120 (c) within three business days after the inspection under Subsection (1)(a), notify the

121 customer and commission of the gas corporation's approval or disapproval of the extension;
122 and

123 (d) if the gas corporation approves the extension, connect the extension to the gas
124 corporation's facilities to enable the gas corporation to deliver natural gas through the extension
125 to the customer.

126 (2) Within seven business days after receipt of the gas corporation's notification of
127 approval of an extension under Subsection (1)(c), the customer shall provide the gas
128 corporation title to the extension.

129 (3) A gas corporation shall:

130 (a) assume ownership of an extension upon receiving title to the extension; and

131 (b) within seven business days after assuming ownership, notify the commission in
132 writing that the gas corporation has assumed ownership.

133 (4) A customer shall pay the cost of correcting any deficiency in the design or
134 construction of, or materials used in, a contractor extension if the gas corporation discovers the
135 deficiency within 12 months after the date the gas corporation assumes ownership of the
136 extension.

Legislative Review Note
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Office of Legislative Research and General Counsel