MINNESOTA
PUBLIC UTILITIES COMMISSION

Staff Briefing Papers

Meeting Date	July 26, 2018	Agenda Item *4
Company	All Commission Rate Regulated Natural Gas Utilities	
Docket No.	**G-999/CI-18-41**	
	In the Matter of a Commission Investigation into Natural Gas Utilities' Practices, Tariffs and Assignment of Cost Responsibility for Installation of Excess Flow Valves and Other Similar Gas Safety Equipment	
Issues	Should the Commission approve the proposed excess flow valve (EFV) tariffs? Should the Commission accept the proposed customer notices as substantially compliant with 49 C.F.R. § 192.383? Should the Commission accept the utility specific payment plans for customer requested installation of an EFV on an existing natural gas service line? Should the Commission determine that the rate regulated natural gas utilities have complied with all of the filing requirements of the Commission investigation and close the docket?	

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✓ **Relevant Documents**	**Date**
Minnesota Public Utilities Commission – Order Approving Tariff Changes and Opening Investigation	January 29, 2018

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

Relevant Documents	**Date**
Notice of Comment Period	February 6, 2018
Initial Filings	
United Natural Gas, LLC	February 15, 2018
CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Minnesota Gas	March 6, 2018
Great Plains Natural Gas Company	March 6, 2018
Greater Minnesota Gas, Inc.	March 6, 2018
Minnesota Energy Resources Corporation	March 6, 2018
Northern States Power Company d/b/a Xcel Energy	March 6, 2018
Comments	
CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Minnesota Gas	April 6, 2018
Minnesota Department of Commerce, Division of Energy Resources	April 6, 2018
Reply Comments	
CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Minnesota Gas	April 16, 2018
Minnesota Energy Resources Corporation	April 16, 2018
Northern States Power Company d/b/a Xcel Energy	April 16, 2018
Greater Minnesota Gas, Inc.	April 18, 2018

I. Statement of the Issues

Should the Commission approve the proposed excess flow valve (EFV) tariffs?

Should the Commission accept the proposed customer notices as substantially compliant with 49 C.F.R. § 192.383?

Should the Commission accept the individual utility specific payment plans for customer requested installation of an EFV on an existing natural gas service line?

Should the Commission determine that the rate regulated natural gas utilities have complied with all of the filing requirements of the Commission investigation and close the docket?

II. Background

Excess flow valves (EFVs), which are safety devices installed on natural gas distribution pipelines, have been a topic of recent federal legislation and regulations. EFVs can reduce the risk of explosions in distribution pipelines by automatically stopping excessive, unplanned gas flows. EFVs are installed where a service line that serves an individual home or business joins the distribution pipeline.

Following a fatal natural gas explosion in 1998 at a single-family home in South Riding, Virginia, the National Transportation Safety Board (NTSB) found that the explosion likely would not have occurred if an EFV had been installed.

In 2006, Congress passed the Pipeline Inspection, Protection, Enforcement, and Safety Act (2006 Act), which required the Department of Transportation to promulgate minimum standards for integrity management programs for distribution pipelines. The 2006 Act also mandated that those minimum standards require the installation of EFVs on all newly installed or replaced service lines serving single-family homes.[1]

In 2009, the Pipeline and Hazardous Materials Safety Administration (PHMSA) within the Department of Transportation amended pipeline safety regulations, specifically 49 C.F.R. § 192.383, to include the EFV mandate from the 2006 Act (2009 Rule).[2]

In January 2012, President Obama signed the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (2011 Act) into law. The 2011 Act mandated that PHMSA require installation of EFVs on new and replaced lines beyond single-family homes if economically, technically, and operationally feasible.[3]

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[1] Pipeline Inspection, Protection, Enforcement, and Safety Act § 9, 49 U.S.C. § 60109(e)(3).

[2] *See* 74 Fed. Reg. 63929 (December 4, 2009).

[3] Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 § 22, 49 U.S.C. § 60109(e)(3)(B).

In October 2016, PHMSA again amended 49 C.F.R. § 192.383 to require that natural gas utilities install an EFV on an existing service line if a customer requests one, and left it up to the "operator's rate-setter" to determine how the costs of installation should be allocated (2016 Rule). PHMSA also required natural gas utilities to notify customers of their right to request an EFV, including specific requirements for the notice.[4] Lastly, PHMSA expanded the requirement to install EFVs to include new or replaced lines serving multifamily homes and small commercial customers.[5]

Pursuant to its "operator rate-setter" authority under 49 C.F.R. § 192.383, the Minnesota Public Utilities Commission (Commission) determined that it needed more information to carry out its role under the 2016 Rule. The Commission also concluded that it needed more information about each natural gas utility's tariffs and customer notification practices relating to installation of EFVs for new, refurbished, and existing customer lines.

On January 29, 2018, in Docket No. G-004/M-17-625, the Commission issued its *Order Approving Tariff Changes and Opening Investigation* (January 29, 2018 Order) whereby the Commission opened an investigation to determine the appropriate charge and tariff language for each natural gas utility under the Commission's jurisdiction. Specific information that the Commission is interested in are:

- Each natural gas utility's present tariffs and customer-notification practices as they relate to the installation of EFVs for new, refurbished, and existing customer lines;
- Any similar gas-safety requirements that customers may request on the utility system between the main and the meter outlet into the customer's property;
- The appropriate amount of installation costs that should be socialized among ratepayers or paid by a specific customer in light of recent changes to federal pipeline safety regulations; and
- Payment options for requesting customers along with how to appropriately address requests for EFV installations from low-income customers.

On February 6, 2018, the Commission issued a *Notice of Comment Period* requesting all Commission rate regulated natural gas utilities to file comments on the above listed questions.

On February 15, 2018, United Natural Gas, LLC (United) filed a letter stating that its system is new enough that all its residential customers have EFVs already installed. In addition, United stated since the investigation concerned installation of EFVs for existing customers the investigation did not apply to them and they would not be participating further in this docket.

On March 6, 2016, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy), Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains), Greater Minnesota Gas, Inc. (GMG), Minnesota Energy Resources Corporation

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[4] The revised rule is included in revised format in Attachment A to these briefing papers.

[5] 81 Fed. Reg. 70987 (October 14, 2016).

(MERC), and Northern States Power Company, d/b/a Xcel Energy (Xcel Energy) submitted their respective *Initial Filings* responding to the Commission's *Notice of Comment Period*.

On April 6, 2018, CenterPoint Energy and the Minnesota Department of Commerce, Division of Energy Resources (Department) filed *Comments* to the *Initial Filings* of the natural gas utilities.

On April 16, 2018, CenterPoint Energy, MERC, and Xcel Energy filed their respective *Reply Comments*.

On April 18, 2018, GMG, after being granted an extension, filed their *Reply Comments*.

III. EFV Tariffs and Customer-Notification Practices

A. EFV Tariffs

1. Party Positions

According to their *Initial Filings*, CenterPoint Energy, GMG, MERC, and Xcel Energy do not have a specific EFV tariff. However, they indicated that any customer requesting the installation of an EFV on an existing service line would/should be charged for the actual cost of providing the service. In response, the Department recommended that CenterPoint Energy, GMG, MERC, and Xcel Energy provide in their respective *Reply Comments* proposed tariffs specific to EFVs consistent with Great Plains' Commission-approved EFV tariff.[6]

CenterPoint Energy, GMG, MERC, and Xcel Energy complied with the Department's recommendations and submitted specific EFV tariffs for Commission approval.[7]

2. Staff Comments

Staff generally agrees that the utilities' proposed EFV tariffs comply with the applicable regulations and previous Commission Order. All of the utilities adopt the tariff language approved by the Commission in Great Plains' EFV petition (Docket No. G-004/M-17-625) although GMG added additional clarifying language to its tariff.

In its January 29, 2018 Order, the Commission explained its decision regarding Great Plains request for recovering the cost of installing EFVs on existing service lines:

> First, the Company indicated at the Commission meeting that the actual cost of installation may exceed the $650 estimate included in the customer notice. Thus, it is

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[6] The tariff was approved by the Commission in its *Order Approving Tariff Changes and Opening Investigation*, dated January 29, 2018 (Docket No. G-004/M-17-625).

[7] CenterPoint Energy, GMG, and Xcel Energy included their proposed EFV tariff in Attachment B of their respective *Reply Comments*. MERC included its proposed EFV tariff in Attachment A of its *Reply Comments*.

important to ensure that requesting customers are apprised of the actual cost of the installation in order to make a fully informed decision about whether to incur that cost. The Commission will require additional tariff language stating that at the time the customer requests the installation on an existing service line, Great Plains will provide the customer with a detailed explanation of the installation costs identifying specific line items and the per-hour rates that the customer would be charged.

Second, Great Plains proposes to charge requesting customers for the cost of the EFV itself, even though once installed the EFV is part of the Company's system. This is contrary to the practice of other Minnesota natural gas utilities that include the cost of the EFV in rate base. The Commission believes that including the cost of the EFV in rate base is the logical approach that is consistent with how the Company handles its other costs of physical plant. And as the Company's rate-setter, the Commission has the authority under 49 C.F.R. § 192.383 to decide issues of cost allocation associated with customer-requested EFV installation. The Commission will thus require Great Plains to cover the cost of the EFV and any other physical plant placed in service to accomplish the installation of the EFV. The Company may add these costs to its physical plant for possible recovery in a future rate case.

B. Customer Notification

1. Party Positions

Each utility stated that it complies with the PHMSA rule. CenterPoint Energy states that it annually distributes bill inserts to residential and business customers with the information about the availability of EFVs and included its 2017 bill insert as an attachment.[8] GMG stated that it notifies its customers regarding their right to request installation of EFVs on their existing service lines via inserts which were included in each of the last two annual pipeline awareness mailings. Additionally, there is a message on GMG's monthly bills that alerts customers regarding their right to request EFV installation, notifying them that it is a safety device that can help reduce the risk of accidents, and instructing them to call the office to find out if they already have an EFV and to get more information.[9] MERC states it has information specific to the installation of EFVs on its website as required by the new federal regulations. MERC also includes a similar message in its natural gas safety bill insert sent to customers twice a year.[10] Xcel Energy notes that it posted a notice on its website that explains a customer's ability to request an EFV to be installed on their existing lines.[11]

The Department's review finds that Great Plains' notification is the only utility that substantially complies with the customer notification requirement. In its *Comments*, the Department found:

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[8] CenterPoint Energy *Initial Filing*, dated March 6, 2018, p. 2.

[9] GMG *Initial Filing*, dated March 6, 2018, p. 2.

[10] MERC *Initial Filing*, dated March 6, 2018, p. 2.

[11] Xcel Energy *Initial Filing*, dated March 6, 2018, p. 2.

> . . . Xcel and MERC's notifications did not "alert the customer that the costs for maintaining and replacing an EFV may later be incurred." Xcel and CPE's notifications also omitted to clarify that "an EFV is designed to shut off the flow of natural gas automatically if the service line breaks." MERC and CPE's notifications omitted to "indicate that if a service line customer requests installation of an EFV and the load does not exceed 1,000 SCFH and the conditions of paragraph (c) are not present, the operator must install an EFV at a mutually agreeable date." (Footnotes omitted)

The Department recommended that CenterPoint Energy, MERC, and Xcel Energy provide in reply comments an updated version of their notifications to fully comply with the requirements of 49 CFR § 192.383 (e) as described above. In addition, the Department noted that GMG did not provide a copy of its customer notification in its *Initial Filing*. The Department recommended that GMG provide in reply comments a copy of the required customer notification and/or revised notification as needed and explain how its notification and/or revised notification complies with the requirements of 49 CFR § 192.383 (e) as described above.

In *Reply Comments*, CenterPoint Energy, GMG, MERC, and Xcel Energy updated their respective customer notices to comply with the requirements of 49 CFR § 192.383 (e). In addition, GMG provided the requested customer notice with the Department's recommended changes.

2. Staff Comments

Staff generally agrees that the utilities' updated customer notifications comply with the applicable regulations and Department recommendations. However, Great Plains, GMG, MERC, and Xcel Energy all have language in their customer notices indicating that customers requesting EFV installation may be responsible for costs "associated with installation, replacing, or maintaining the EFV."[12] CenterPoint Energy's notice states "Once installed, there is no cost to the customer to maintain."[13] In light of the Commission's January 29, 2018 Order to "require the utility to cover the cost of the EFV and any other physical plant placed in service to accomplish the installation of the EFV"[14] staff concludes that the language contained in CenterPoint Energy's notice more closely follows the January 29, 2018 Order and recommends the Commission consider requiring Great Plains, GMG, MERC, and Xcel Energy to revise the cost responsibility language in their respective customer notices to more closely match the language set forth by CenterPoint Energy. Staff notes that the proposed EFV tariffs discussed above are silent regarding the cost of maintenance and therefore any changes to the customer notice language will not impact the EFV tariffs.

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[12] Great Plains' language is contained in Exhibit 2 of its August 18, 2017, *Petition*. GMG, MERC, and Xcel Energy's language are found in their respective *Reply Comments*.

[13] *See* Attachment A of CenterPoint Energy's *Reply Comments*.

[14] Ordering paragraph 1b.

C. Similar Gas Safety Equipment

1. Party Positions

Great Plains and GMG stated that they were not aware of any gas safety requirements that customers may request on the service line between the gas main and the meter outlet into the customer's property other than the EFV. Whereas, CenterPoint Energy, MERC, and Xcel Energy identified manual service line shut-off valve (or curb valve) as the only other safety device that can be installed between the main and meter to interrupt the flow of gas.

CenterPoint Energy explained the difference between an EFV and a curb valve as follows:

> A curb valve is different from an EFV in that it does not engage automatically; it requires an operator to open an access hatch and manually close the valve. In rules effective April 2017, the Pipeline and Hazardous Materials Safety Administration (PHMSA) established a requirement that any new or replaced service line with a flow rate of over 1,000 [Standard Cubic Feet per Hour (SCFH)] be fitted with either an EFV or a curb valve, but it did not extend this requirement to lower-flow-rate service lines such as those for single-family residences. These service lines are still only required to have EFVs, and only required to have them when technically possible.

In its April 6, 2018, *Comments*, CenterPoint Energy further clarified its discussion regarding curb valves as follows:

> Some utilities noted that both EFVs and curb (or manual) valves shut off gas to leaking service lines. Beyond this similarity, though, the two serve different purposes, and in its 2016 rulemaking, the Pipeline and Hazardous Materials Safety Administration (PHMSA) stated that it "is not allowing manual valve installation for loads below 1,000 SCFH, even when future anticipated loads may exceed that threshold." The Company believes that it would not be appropriate to suggest manual valves instead of EFVs to residential customers whose service lines cannot support EFVs.[15] (Footnotes omitted).

The Department notes that 49 CFR § 192.385 ("Manual service line shut-off valve installation") only requires operators to "install either a manual service line shut-off valve or, if possible, based on sound engineering analysis and availability, an EFV for any new or replaced service line *with installed meter capacity exceeding 1,000 SCFH*."[16] (Emphasis added). As a result, there would be no current (customer notification) requirements related to EFV or manual service line shut-off valve installation on existing service lines exceeding 1,000 SCFH.

[15] CenterPoint Energy *Comments*, dated April 6, 2018, p. 2.

[16] Department *Comments*, dated April 6, 2018, pp. 5-6.

2. Staff Comment

Although Great Plains and GMG did not address the option of installing curb valves, as discussed above, they are still required by 49 CFR § 192.385 to install curb valves or EFVs, if appropriate, for new or replaced service lines with meter capacities exceeding 1,000 SCFH. The new EFV regulation is designed to allow for customers to request installation on existing service lines not exceeding 1,000 SCFH and the curb valve regulation involves service lines exceeding 1,000 SCFH. Thus, their customers have the same options and protections as the customers of other Commission regulated natural gas utilities.

D. Socialization of Costs

1. Party Positions

The consensus among the utilities is since the installation of EFVs is required by PHMSA regulation, the cost of installation on new and replacement service lines should be socialized. Whereas, the costs of EFVs installed on existing service lines in response to a customer request should be borne by the requesting customer.

The Department concluded that Great Plains' recently Commission-approved EFV tariff in Docket No. G-004/M-17-625 would be consistent with the utilities' concerns and positions regarding the appropriate EFV tariff language for the installation of an EFV on an existing service line. The Commission-approved EFV tariff requires the customer to pay the cost to install the requested EFV, but excludes the cost of the EFV itself and any other physical plant placed in service to accomplish the installation of the EFV. However, the Commission allowed Great Plains to add these costs to its physical plant for possible recovery in a future rate case.

In *Comments*, CenterPoint Energy noted that socializing the cost of the EFV itself will not materially reduce the cost burden on the requesting customer but would cause CenterPoint Energy to "incur additional costs to design, build, test, and implement a revised automated work order process in order to remove the EFV material cost from the customer's bill."[17] CenterPoint Energy reiterated this point in its *Reply Comments* but did not provide and further detail or oppose the recommendation to socialize the cost of the EFV and any other physical plant placed in service to accomplish the installation of the EFV.

[17] CenterPoint Energy *Comments*, dated April 6, 2018, p. 1.

2. Staff Comment

The January 29, 2018 Order ordering paragraph (OP) 3(c) asked for "the appropriate amount of installation costs that should be socialized among ratepayers or paid by a specific customer in light of recent changes to federal pipeline safety regulations;"[18] Staff notes that specific dollar amounts are not discussed in the various comments, presumably, because the actual costs of installation of the EFV are unknown at this time. Staff notes the utility is required by tariff to provide the necessary installation costs to the customer upon request of EFV installation. Thus, both the individual customer and utility will know and agree to the appropriate costs prior to the beginning of construction.

E. Payment Options

1. Party Positions

GMG and Great Plains stated that they would offer their customers, including low-income customers, a payment plan for the installation of an EFV on an existing service line. Great Plains' payment plan would consist of "a twenty-five percent down payment and up to 24 monthly payments to lessen the upfront cost burden associated with installing an EFV on an existing service line."[19] GMG said it would provide "a payment plan for customers who request installation of an EFV but cannot pay for it up front to spread the cost over a period 16 to 18 months."[20]

MERC stated that it has a payment plan available for the installation of an EFV on an existing service line, "Even Payment Plan" under Tariff Sheet No. 8.20.[21] Following discovery from the Department, MERC provided a copy of its payment plan and the following description of its payment plan:[22]

> MERC's even payment plan option allows customers to equalize bills over the course of the year, thereby mitigating large fluctuations in monthly payments. Using this option, customers who choose to install an EFV on an existing service could spread repayment of costs over one year.

Both Xcel Energy and CenterPoint Energy stated that they did not have a payment plan for a customer requested installation of an EFV on an existing service line and would treat a request from a low-income customer the same as from any other customer.

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[18] *See* Commission's January 29, 2018, Order p. 5.

[19] Great Plains' *Initial Filing*, dated March 6, 2018, p. 2.

[20] GMG *Initial Filing*, dated March 6, 2018, p. 2.

[21] MERC *Initial Filing*, dated March 6, 2018, p. 4.

[22] Department *Comments*, dated April 6, 2018, Attachment 2.

In addition, Xcel Energy raised the following concerns regarding offering a payment option for the installation of an EFV on an existing service line given that "the Company treats this as a non-commodity charge, distinct from commodity charges for natural gas usage and other related charges collected through our normal billing process:"[23]

> The Company's billing system cannot easily keep non-commodity and commodity charges separate. Without being able to separate the two, it may be difficult to differentiate if a customer falls behind on a non-commodity charge versus commodity charges.

The Department states the importance of the distinction between commodity and non-commodity costs in Xcel Energy's billing system is not entirely clear. Absent persuasive support for the prohibitive difficulty involved in establishing a payment plan for requested EFV installation, the Department recommended that the Commission require Xcel Energy and CenterPoint Energy to offer payment plans.

In *Reply Comments* both CenterPoint Energy and Xcel Energy agreed to offer payment plans to customers requesting EFVs. Specifically, CenterPoint Energy will offer a 3 month payment plan which splits the amount due into 3 equal installments.[24] Xcel Energy will offer an option to spread the cost of EFV installation over a maximum period of 12 months, with the option to make a down payment.[25] In addition, Xcel Energy responded to the Department's request seeking clarity on the distinction between Xcel Energy's treatment of commodity and non-commodity charges. In response, Xcel Energy states:

> The distinction between commodity and non-commodity charges relates to the payment rules for each type of charge, for example what can happen if a customer falls behind on their bills. As our billing system is currently configured, establishing a payment plan for a non-commodity charge would result in customers receiving two monthly bills, rather than a single monthly bill. This would require customers to make two monthly payments, rather than one. In addition, it would be very difficult or impossible to guarantee the same payment date for each of the charges. In order to avoid a second bill, the Company's billing system would require modifications that would increase billing costs.
>
> The Company is also concerned that, under a payment plan, the Company would be financing the installation of an optional EFV on behalf of customers. This financing would raise the costs of service to all customers over time. It is unclear at this time if these costs in aggregate would be material or not.
>
> While the Company's preference is for customers to pay for the installation of EFVs upfront, the Company feels that affording all customers the opportunity to take advantage of this optional safety equipment is important. As such, per the

[23] Xcel Energy *Initial Filing*, dated March 6, 2018, p. 4.

[24] CenterPoint Energy *Reply Comments*, p. 2.

[25] Xcel Energy *Reply Comments*, p. 2.

> recommendation of the Department, we present in this Reply a proposal to offer a payment plan option for customers who request the installation of an EFV.

Xcel Energy closes by stating it will manually monitor any requested EFV payment plans and their associated bills.

2. Staff Comment

All natural gas utilities will offer a payment plan for residential customers who wish for an EFV to be installed on an existing service line. Staff notes that the proposed payment plans differ for each utility. The Commission may wish to discuss whether they prefer a uniform statewide EFV payment plan or whether to allow each utility to offer its own payment plan.

IV. Decision Alternatives

<u>EFV Tariff</u>

1. Find that the proposed EFV tariffs of CenterPoint Energy, GMG, MERC, and Xcel Energy are in compliance with Federal Regulation 49 C.F.R. § 192.383 and approve their implementation.

2. Approve a modified EFV tariff.

<u>Customer Notices</u>

3. Find that the proposed customer notices comply with 49 C.F.R. § 192.383 (e) and approve their implementation.

4. Approve staff's recommendation to require the utilities to modify their customer notices to clarify that once an EFV is installed, there is no cost to the customer to maintain.

<u>Socialization of Costs</u>

5. Find that the gas utilities' plan to socialize the cost of EFVs installed on new or replacement service lines and require individual customers to pay for the actual cost of installation excluding the cost of the EFVs and any other physical property necessary to install the EFVs is acceptable.

<u>Payment Plans</u>

6. Find each utility's proposed payment plan acceptable.

7. Approve a uniform, statewide EFV payment plan applicable to all commission rate regulated natural gas utilities.

<u>Commission Investigation</u>

8. Find that the utilities have responded to all of the Commission's questions and adequately complied with 49 C.F.R. § 192.383 and close the investigation.

9. Require the gas utilities to provide additional information.

<u>Compliance Filings</u>

10. Require each gas utility to submit a compliance filing within 10 days of the Commission's Order containing its EFV tariff and customer notice as authorized by this Order.

Pipeline Safety: Expanding the Use of Excess Flow Valves
Amendment Redline. 192-121. 81 FR 70987, Oct. 14, 2016

§192.383 Excess flow valve installation.

a) Definitions. As used in this section:
Branched service line means a gas service line that begins at the existing service line or is installed concurrently with the primary service line but serves a separate residence.

Replaced service line means a gas service line where the fitting that connects the service line to the main is replaced or the piping connected to this fitting is replaced.

Service line serving single-family residence means a gas service line that begins at the fitting that connects the service line to the main and serves only one single-family residence **(SFR)**.

b) Installation required. An excess flow valve (EFV) installation must comply with the performance standards in §192.381. ~~The operator must install an EFV on any new or replaced service line serving a single-family residence after February 12, 2010, unless one or more of the following conditions is present:~~ **After April 17, 2016, each operator must install an EFV on any new or replaced service line serving the following types of services before the line is activated:**

1) **A single service line to one SFR;**
2) **A branched service line to a SFR installed concurrently with the primary SFR service line (i.e., a single EFV may be installed to protect both service lines);**
3) **A branched service line to a SFR installed off a previously installed SFR service line that does not contain an EFV;**
4) **Multifamily residences with known customer loads not exceeding 1,000 SCFH per service, at time of service installation based on installed meter capacity, and**
5) **A single, small commercial customer served by a single service line with a known customer load not exceeding 1,000 SCFH, at the time of meter installation, based on installed meter capacity.**

c) **Exceptions to excess flow valve installation requirement. An operator need not install an excess flow valve if one or more of the following conditions are present:**

1) The service line does not operate at a pressure of 10 psig or greater throughout the year;
2) The operator has prior experience with contaminants in the gas stream that could interfere with the EFV's operation or cause loss of service to a ~~customer~~ **residence**;
3) An EFV could interfere with necessary operation or maintenance activities, such as blowing liquids from the line; or
4) An EFV meeting the performance standards in § 192.381 is not commercially available to the operator.

d) **Customer's right to request an EFV. Existing service line customers who desire an EFV on service lines not exceeding 1,000 SCFH and who do not qualify for one of the exceptions in paragraph (c) of this section may request an EFV to be installed on their service lines. If an eligible service line customer requests an EFV installation, an operator must install the EFV at a mutually agreeable date. The operator's rate-setter determines how and to whom the costs of the requested EFVs are distributed.**

e) **Operator notification of customers concerning EFV installation. Operators must notify customers of their right to request an EFV in the following manner:**

1) **Except as specified in paragraphs (c) and (e)(5) of this section, each operator must provide written or electronic notification to customers of their right to request the installation of an EFV. Electronic notification can include emails, Web site postings, and e- billing notices.**
2) **The notification must include an explanation for the service line customer of the potential safety benefits that may be derived from installing an EFV. The explanation must include information that an EFV is designed to shut off the flow of natural gas automatically if the service line breaks.**

3) The notification must include a description of EFV installation and replacement costs. The notice must alert the customer that the costs for maintaining and replacing an EFV may later be incurred, and what those costs will be to the extent known.
4) The notification must indicate that if a service line customer requests installation of an EFV and the load does not exceed 1,000 SCFH and the conditions of paragraph (c) are not present, the operator must install an EFV at a mutually agreeable date.
5) Operators of master-meter systems and liquefied petroleum gas (LPG) operators with fewer than 100 customers may continuously post a general notification in a prominent location frequented by customers.

f) Operator evidence of customer notification. An operator must make a copy of the notice or notices currently in use available during PHMSA inspections or State inspections conducted under a pipeline safety program certified or approved by PHMSA under 49 U.S.C. 60105 or 60106.

g) Reporting. ~~Each operator must, on an annual basis, report the number of EFVs installed pursuant to this section as part of the~~ Except for operators of master-meter systems and LPG operators with fewer than 100 customers, each operator must report the EFV measures detailed in the annual report required by § 191.11.

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§192.385 - Manual service line shut-off valve installation.

a) Definitions. As used in this section:
Manual service line shut-off valve means a curb valve or other manually operated valve located near the service line that is safely accessible to operator personnel or other personnel authorized by the operator to manually shut off gas flow to the service line, if needed.

b) Installation requirement. The operator must install either a manual service line shut-off valve or, if possible, based on sound engineering analysis and availability, an EFV for any new or replaced service line with installed meter capacity exceeding 1,000 SCFH.

c) Accessibility and maintenance. Manual service line shut-off valves for any new or replaced service line must be installed in such a way as to allow accessibility during emergencies. Manual service shut- off valves installed under this section are subject to regular scheduled maintenance, as documented by the operator and consistent with the valve manufacturer's specification.