



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 344

PRINTERS NO. 919 PRIME SPONSOR: Baker

### COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0
Restricted Revenue Account	\$0	\$1,300,000

**SUMMARY:** House Bill 344, Printer's Number 919, amends Title 66 (Public Utilities) providing the Public Utility Commission (PUC) with regulatory oversight of certain activities with respect to natural gas transportation and increasing civil penalties for gas pipeline safety violations.

**ANALYSIS:** This legislation adds Chapter 32 to Title 66 (Public Utilities) permitting the PUC to regulate non-public utility pipeline operators in the Commonwealth. Specifically, the PUC will be charged with conducting safety inspections and investigations of natural gas pipelines, in coordination with the U.S. Department of Transportation's Pipeline and Hazardous Safety Administration (PHMSA). The legislation allows the PUC to determine an annual assessment on non-public utility pipeline operators to provide the funds necessary to reimburse the PUC for the costs of regulating the pipeline operators. The assessment shall be based on intrastate regulated transmission, distribution and regulated on-shore gathering pipeline miles.

Section 3301(c) provides the civil penalties for gas pipeline safety violations. This legislation amends Section 3301(c) by increasing the maximum amounts from \$10,000 to \$100,000 for each day each violation exists and from \$500,000 to \$1,000,000 for any related series of violations. This change will bring the Commonwealth into compliance with Federal standards. All fines imposed and penalties recovered under this section are paid into the General Fund.

The act shall take effect in 60 days.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on the General Fund. Since 2006 the PUC has collected \$5,500 in civil penalties from three settlements. It is unlikely that the increased civil penalties provided in this legislation will result in any additional significant revenue to the General Fund.

Information provided by the PUC indicates the expanding their responsibilities to oversight and safety inspections of natural gas pipelines and pipeline operators will result in additional

annual costs to the PUC of \$1.3 million. This cost includes the hiring of an additional 13 employees. For purposes of this analysis it is assumed that the bill would become effective after July 1, 2011, and therefore there would be no additional costs to the PUC in fiscal year 2010-11. The PUC is funded from a restricted revenue account within the General Fund through assessments on regulated entities. Therefore, all additional costs to the PUC to administer and enforce this legislation will be borne by an assessment on the pipeline operators.

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**DATE:** April 1, 2011

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*