



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 344

PRINTERS NO. 2816

PRIME SPONSOR: Baker

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0
General Fund (Restricted Revenue Acct.)	\$0	\$1,400,000

SUMMARY: House Bill 344, Printer's Number 2816, creates a stand alone act, to be known and cited as the Gas and Hazardous Liquids Pipelines Act, providing for gas and hazardous liquids pipelines; powers and duties of the Pennsylvania Public Utility Commission (PUC); and civil penalties.

ANALYSIS: This legislation permits the PUC to regulate pipeline operators in the Commonwealth. Specifically, the provisions of the act will apply to pipelines, pipeline operators or pipeline facilities regulated under Federal pipeline safety laws. The PUC shall establish and maintain a registry or all pipeline operators and may charge a reasonable registration fee and annual renewal fee.

The PUC will be charged with conducting safety inspections and investigations of natural gas pipelines. The legislation allows the PUC to determine an annual assessment on 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, regulated distribution and regulated on-shore gathering pipeline miles.

Section 502 of the act provides civil penalties for gas pipeline safety violations. Such violations are subject to penalties provided under the Federal Pipeline Safety Laws or Section 3301(C) of Title 66 (Relating to civil penalties for violations), whichever is greater. 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, 2012, therefore there would be no additional cost to the PUC in the current fiscal year 2011-12. 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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House Appropriations Committee (R)

DATE: December 14, 2011

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