

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1899-02  
Bill No.: SB 536  
Subject: Public Service Commission; Utilities  
Type: Original  
Date: March 14, 2007

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Bill Summary: Authorizes the Public Service Commission to assess a penalty up to \$100,000 for violating any order relating to federal natural gas safety standards.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel** and the **Department of Natural Resources** state this proposal will have no fiscal impact on their respective agencies.

In response to similar legislation (HB 429), officials from the **Department of Economic Development - Public Service Commission (PSC)** stated that, to the extent any additional Natural Gas Safety penalty monies would be collected, they would be placed in the State School Fund, per §386.600, RSMo, and considered as Total State Revenue.

The proposal would authorize the PSC to seek higher penalties for violations of federal pipeline safety regulations. Current penalty amounts result in the PSC receiving a reduced matching fund from the federal pipeline safety program. If passed, this legislation could result in the PSC receiving more funds from federal pipeline safety grant program and having correspondingly lower charges to the state's utilities.

Although this proposal is not a federal mandate, an item in the Pipeline Safety Grant Agreement states that the PSC is to have penalty amounts that are "substantially the same" as those for violations of pipeline safety regulations under U. S. DOT jurisdiction and this legislation would accomplish that.

**Oversight** will assume a \$0 to Unknown positive impact to the State School Moneys Fund as a result of this proposal. Proceeds to the State School Moneys Fund get distributed to the Local School Districts, and may result in a deduction in the state General Revenue allocation to the Local School Districts in the following year. For simplicity, **Oversight** will only show the potential revenue increase to the State School Moneys Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>STATE SCHOOL MONEYS FUND</b>			
<u>Revenue</u> – Public Service Commission Penalties from violations of federally mandated natural gas safety standards	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (10 Mo.)	 FY 2009	 FY 2010
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

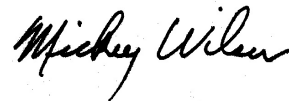
This proposal requires persons, corporations, public utilities, and municipalities that own gas plants to comply with any order of the Missouri Public Service Commission that relates to federal natural gas safety standards. Noncompliance with a Commission's order is punishable by a maximum fine of \$100,000 for each violation or a maximum fine of \$1 million for a single continuing violation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Economic Development  
Public Service Commission  
Office of Public Counsel  
Department of Natural Resources



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March 14, 2007