COMMITTEE ON LEGISLATIVE RESEARCH OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1899-03

Bill No.: SCS for SB 536

Subject: Public Service Commission; Utilities

Type: Original Date: April 5, 2007

Bill Summary: Authorizes the Public Service Commission to assess a penalty up to

\$25,000 for violating any order relating to federal natural gas safety

standards.

FISCAL SUMMARY

	ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FY 2008	FY 2009	FY 2010			
\$0	60	\$0			
	FY 2008				

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

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

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

- □ 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).

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

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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.

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

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 \$25,000 for each violation or a maximum fine of \$250,000 for a single continuing violation or a multiple series of violations of the same standard or rule provision.

The maximum penalty for each violation shall increase to thirty thousand dollars, effective January 1, 2015, thirty-five thousand dollars, effective January 1, 2025, forty thousand dollars, effective January 1, 2035, and fifty thousand dollars, effective January 1, 2040. The maximum penalty for a continuing violation or a multiple series of violations of the same standard or rule provision shall increase to three hundred thousand dollars, effective January 1, 2015, three hundred fifty thousand dollars, effective January 1, 2025, four hundred thousand dollars, effective January 1, 2035, and five hundred thousand dollars, effective January 1, 2040.

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

LMD:LR:OD (12/02)

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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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Director April 5, 2007