

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5123-01
Bill No.: SB 1160
Subject: Public Service Commission; Utilities
Type: Original
Date: March 18, 2008

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			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$0	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue Fund	\$0	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
State School Moneys Fund*	\$0 to Unknown	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0 to Unknown	\$0	\$0

***Offsetting Revenue and Transfers Out are \$0 to Unknown in FY 2010 and FY 2011.**

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

According to the **Department of Natural Resources (DOR)**, the proposed legislation establishes natural gas safety requirements for Missouri natural gas plants operating within the state to be consistent with federally mandated natural gas safety standards or such stricter natural gas safety standards as may be approved by the Commission and penalty provisions if those standards are not met. DOR does not anticipate any direct fiscal impact from this proposal.

DOR officials further state that, while the federal government is primarily responsible for developing, issuing, and enforcing pipeline safety regulations, the pipeline safety statutes provide for state assumption of the intrastate regulatory, inspection, and enforcement responsibilities under an annual certification. To qualify for certification, a state must adopt the minimum federal regulations and may adopt additional or more stringent regulations as long as they are not incompatible. A state must also provide for injunctive and monetary sanctions substantially the same as those authorized by the pipeline safety statutes. The regulations are written as minimum performance standards. The regulations are published in the Code of Federal Regulations, 49 CFR Parts 190-199.

Oversight assumes that, to the extent any additional natural gas safety penalty monies would be collected, they would be placed in the State School Monies Fund, per §386.600, RSMo, and considered as Total State Revenue. Proceeds to the State School Monies Fund are distributed to the local school districts, and may result in a deduction in the state General Revenue allocation to fund local school districts in the following year.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Savings</u> - Reduction in allocation to local school districts	\$0	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

STATE SCHOOL MONEYS FUND

<u>Revenue</u> – Public Service Commission Penalties from violations of federally mandated natural gas safety standards	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer Out</u> - Distribution to School Districts		(\$0 to Unknown)	(\$0 to Unknown)
	<u>\$0</u>		

ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0 to Unknown</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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 creates penalties for corporations, persons, and public utilities that violate any law, order, decision, decree, rule, direction, demand, or requirement of the Missouri Public Service Commission relating to federally mandated natural gas safety standards. Municipalities that own gas plants are only liable for violations of natural gas safety laws, rules, and orders.

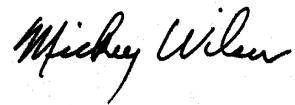
The maximum penalty per violation will be \$25,000, and the maximum penalty for multiple violations or a continuing violation of the same rule will be \$250,000; beginning January 1, 2015, the maximum penalties will be \$30,000 and \$300,000; beginning January 1, 2025, the maximum penalties will be \$35,000 and \$350,000; beginning January 1, 2035, the maximum penalties will be \$40,000 and \$400,000; and beginning January 1, 2040, the maximum penalties will be \$50,000 and \$500,000.

This legislation 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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial 'M' and a long, sweeping tail.

Mickey Wilson, CPA
Director
March 18, 2008