

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 604  
Finance

(Senator Zirkin)

---

Public Safety - Gas Pipelines - Construction Requirements

---

This bill prohibits a “gas transmission company” from beginning construction on a “gas pipeline” until all legal proceedings related to the construction become final, including: (1) approval by the Board of Public Works; (2) permit and license applications; (3) condemnation proceedings; (4) easement negotiations; and (5) appeals to any judgments or determinations relating to the construction of the proposed gas pipeline.

---

Fiscal Summary

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** Minimal.

**Small Business Effect:** Minimal or none.

---

Analysis

**Bill Summary:** For purposes of the bill, “gas” means natural gas, flammable gas, or toxic or corrosive gas, and a “gas pipeline” means an *intrastate* transmission line or any portion of an interstate transmission line located within the State that (1) transports gas from a gathering line or storage facility to a distribution center, storage facility, or large-volume customer that is not downstream from a distribution center; (2) operates at a specified hoop stress; or (3) transports gas within a storage field. A “gas transmission company” means a person who owns or operates a gas pipeline regulated under the bill, and does not include a person that is primarily in the business of local gas distribution.

**Current Law/Background:** The Public Service Commission (PSC) regulates gas, electric, telephone, water, sewage disposal, and certain passenger transportation companies doing business in Maryland. PSC is authorized to hear and decide matters relating to (1) rate adjustments; (2) applications to exercise or abandon franchises; (3) approval of issuance of securities; (4) adoption of new rules and regulations; and (5) quality of utility and common carrier service. PSC sets utility rates, collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, and adopts and enforces rules and regulations.

PSC has no role in the legal proceedings established prior to the commencement of intrastate or interstate gas transmission lines. The Federal Energy Regulatory Commission (FERC) is responsible for issuing certificates of public convenience and necessity to prospective companies providing energy services or constructing and operating interstate pipelines and storage facilities.

### *Gas Pipeline Regulation*

The Natural Gas Act (NGA) of 1938 gives FERC exclusive jurisdiction over the transportation of natural gas in interstate commerce, the sale in interstate commerce of natural gas for resale, and natural gas companies engaged in that transportation or sale. It also gives FERC the authority to grant certificates allowing construction and operation of facilities used in interstate gas transmission and authorizing the provision of services. A “certificate of public convenience and necessity” issued under NGA permits pipeline companies to charge customers for some of the expenses incurred in pipeline construction and operation. NGA also requires FERC approval prior to abandonment of any pipeline facility or services. NGA does not apply to the production, gathering, or local distribution of natural gas.

---

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 984 (Delegate Cardin, *et al.*) - Economic Matters.

**Information Source(s):** Public Service Commission, Maryland Department of Transportation, Maryland Department of the Environment, Judiciary (Administrative Office of the Courts), Department of Natural Resources, Department of General Services, Charles, Frederick, and Montgomery counties, U.S. Department of Transportation,

Federal Energy Regulatory Commission, Energy Information Administration,  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2013  
ncs/lgc

---

Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510