Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 28 (Chairman, Finance Committee)
(Departmental - Public Service Commission)
Finance

Public Service Commission - Gas Companies - Civil Penalties

This departmental bill provides that the civil penalties that may be assessed against gas companies and gas master meter operators for violations of Public Service Commission (PSC) safety standards and regulations may not exceed the maximum penalties provided in the federal Natural Gas Pipeline Safety Act.

The bill repeals current law provisions that prohibit the PSC from imposing a civil penalty that exceeds $10,000 per day and $500,000 for a related series of violations.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues as a result of increased civil penalties.

Local Effect: None.

Small Business Effect: The Public Service Commission has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Effect: The PSC currently enforces the federal pipeline safety requirements. Pursuant to Section 60105 of Title 49 of the United States Code, the PSC has certified to the Secretary of Transportation that the injunctive and monetary sanctions provided by the laws of

Maryland will be "substantially the same" as the sanctions provided under the federal statute. Under current law, the PSC may assess a maximum $10,000 civil penalty per day to a gas company for a violation of the safety standards. The bill prohibits the PSC from imposing a civil penalty that exceeds the maximum civil penalty provided in the federal Natural Gas Pipeline Safety Act. The federal law currently sets the maximum civil penalty at $25,000 for each violation and $500,000 for a related series of violations.

The bill would give the PSC the authority to impose significantly higher civil penalties on gas companies. However, the PSC rarely imposes the $10,000 maximum fine. In 1998 the PSC assessed $46,000 in civil penalties to 6 Maryland gas companies. Based on its experience with civil penalties, the PSC does not expect to impose higher fines despite its authority to do so. In the event that the PSC does exercise its authority to assess increased penalties, the monies collected would be deposited into the general fund. As a result, the bill could create a marginal increase in general fund revenues.

This bill does not place any additional requirements on the Public Service Commission.

Small Business Effect: The PSC regulates 9 gas service companies and 73 gas master meter operators. Some gas master meter operators are small businesses and could be affected by a possible fine increase of $15,000 for each violation. However, one of the factors that the PSC considers in determining the amount of the penalty is the size of the company. Furthermore, as noted above, the PSC rarely imposes the maximum penalty.

Information Source: Public Service Commission

Fiscal Note History: First Reader - January 14, 1999
dmm/jr Revised - Senate Third Reader - March 23, 1999

Analysis by: Jo Ellan Jordan

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510