

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 794

(Delegate Bohanan)

Economic Matters

Education, Health, and Environmental Affairs

Intrastate Hazardous Liquid Pipelines - Operations and Reporting

This bill requires the Public Service Commission (PSC), in collaboration with the American Society of Mechanical Engineers, to establish and adopt by regulation methods and best practices for intrastate pipeline facilities used for the transportation of hazardous liquids. The methods must include quantitative criteria to determine whether a wrinkle or other deformity may remain in a pipeline or should be remedied. The bill also requires: (1) intrastate pipeline operators to make certain notifications to PSC and the National Response Center; (2) PSC to notify the National Response Center when certain errors or new information are discovered; and (3) certain annual reports from intrastate pipeline operators to PSC and owners of real property on which pipelines are located or adjacent or contiguous to real property on which pipelines are located.

The bill also requires PSC to hire an engineer who specializes in the storage of and transportation of hazardous liquid materials by pipeline and provide training for its current staff members who deal with hazardous liquid pipelines.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: PSC special fund expenditures would increase by \$57,800. Out-years are adjusted for annualization and inflation. PSC expenditures are reimbursed by assessments on public service companies.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
SF Revenue	\$57,800	\$54,500	\$57,800	\$61,300	\$65,200
SF Expenditure	57,800	54,500	57,800	61,300	65,200
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 559 of 2001 authorized PSC to act on behalf of the U.S. Department of Transportation Office of Pipeline Safety (OPC) to implement the federal Hazardous Liquid Pipeline Act with respect to intrastate pipelines in Maryland that carry hazardous liquids or carbon dioxide. PSC acts as the agent of OPC for the inspection and enforcement of safety regulations. PSC has adopted regulations that incorporate the federal regulations.

Background: Maryland has two hazardous liquid pipelines. One runs from Piney Point to Riceville at which point it splits with one branch ending (eventually) in Morgantown, Maryland and the other ending at Chalk Point. This pipeline's total length is about 52 miles. The other pipeline is in eastern Baltimore City and covers about two miles.

In April 2000, a pipeline operated at the time by Pepco but now by Mirant ruptured, causing environmental damage to Swanson's Creek, near the Chalk Point station. Investigation revealed that the rupture occurred at a wrinkle, which is a curved area of the pipeline that is rippled, either during construction or through operation. Mirant provided PSC with an engineering study that supported the continued use of the pipeline despite the presence of other wrinkles. PSC's Engineering Division has several concerns with the methodology used by Mirant in the study and the two have not been able to agree on a proper method for evaluating wrinkles. According to PSC, in January 2003 OPC has initiated a study of pipeline wrinkles.

State Expenditures: Fiscal 2004 special fund expenditures would increase by \$57,800 for one full-time engineer specializing in hazardous liquid pipeline transportation as required by the bill. The 2004 expenditure estimate includes \$51,193 in salaries and fringe benefits and \$6,607 for operating expenses. Out-years are adjusted for annualization and inflation. Special fund expenditures of PSC are reimbursed by assessments on public service companies.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Office of People's Counsel,
Department of Legislative Services

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