

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 179 (Chairman, Finance Committee)
 (By Request – Departmental – Public Service Commission)

Finance

Economic Matters

Public Service Commission – Liquefied Petroleum Gas

This departmental bill expands the Public Service Commission’s (PSC) requirements to adopt and enforce safety standards for gas service installations to include locations that serve at least two but fewer than 10 customers by underground pipes from a liquefied petroleum gas (LPG) storage tank where a portion of the system is located in a public place.

Fiscal Summary

State Effect: Special fund expenditures would increase by \$44,500 in FY 2005. Future year expenditures reflect annualization and inflation. Revenues are not affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	44,500	60,800	64,200	68,000	71,900
Net Effect	(\$44,500)	(\$60,800)	(\$64,200)	(\$68,000)	(\$71,900)

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

Local Effect: None.

Small Business Effect: PSC has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: PSC is required to adopt and enforce safety standards for gas service installations at locations where service is provided to 10 or more customers by pipes from a central LPG storage tank.

Background: PSC advises that jurisdiction over safety for LPG lies with the U. S. Department of Transportation's Office of Pipeline Safety (OPS). OPS states that its statutory authority provides for state assumption of all or part of the intrastate regulatory and enforcement responsibility through annual certifications and agreements. Enforcement authority over LPG systems is delegated to PSC through a memorandum of understanding (MOU) with OPS. PSC inspects the systems and enforces federal regulations. The federal regulations have recently been amended to include facilities that serve at least two but fewer than 10 customers. Accordingly, PSC is expected to request that State law be amended to conform to the federal regulations.

State Fiscal Effect: OPS is authorized to reimburse PSC for 50% of personnel and equipment costs for carrying out the terms of MOU. PSC has not received notification from OPS that the additional responsibilities of this bill will be reimbursed. The provisions of this bill will add inspection responsibilities for an additional 30-50 LPG pipelines and storage facilities. This represents a 100% growth in workload for PSC staff over current inspection requirements.

Special fund expenditures could increase by an estimated \$44,462 in fiscal 2005, which accounts for the bill's October 1, 2004 effective date. This estimate reflects the cost of hiring one public service engineer to perform inspections of LPG pipelines and storage facilities. It includes a salary, fringe benefits, and about \$500 in annual additional equipment for specialized protective clothing and gauges for inspection of LPG pipelines and storage facilities.

Salary and Fringe Benefits	\$43,990
Operating Expenses	<u>472</u>
Total FY 2005 State Expenditures	\$44,462

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 6, 2004
n/hlb

Analysis by: Daniel P. Tompkins

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