

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 12, 2012
POSITION: Oppose

BILL NUMBER: AB 578
AUTHOR: J. Hill

BILL SUMMARY: Public Utilities, Natural Gas Pipelines, Safety

Under existing law, the California Public Utilities Commission (PUC) regulates critical and essential services such as privately owned telecommunications, electric, natural gas, and water companies, in addition to overseeing railroad/rail transit, moving and transportation companies.

This bill would require the PUC to implement natural gas pipeline safety recommendations made by the National Transportation Safety Board (NTSB). However, if the PUC finds any specific recommendation is inappropriate or an alternative exists that is more or equally effective and/or less costly, the bill would require the PUC to detail its objection to the NTSB recommendation in writing as part of a formal record of proceeding.

The bill would require the PUC to implement NTSB recommendations deemed appropriate as soon as practicable and include any PUC actions on NTSB safety recommendations in its annual report to the Legislature. The bill would authorize the PUC to recover in rates all reasonable expenses incurred implementing the requirements of this bill

FISCAL SUMMARY

The PUC estimates 1.5 permanent positions (1.0 Administrative Law Judge and 0.5 Public Utilities Regulatory Analyst V) and approximately \$203,000 PUC Utilities Reimbursement Account would be needed to coordinate and evaluate NTSB recommendations and to assist in preparing the annual legislative report. Finance notes any staffing and resource needs would be evaluated during the budget development process. However, Finance also notes the workload required by this bill to evaluate NTSB recommendations is already a core responsibility of the PUC and the reporting information required by this bill is only an addition to a report already statutorily required.

The California Constitution requires the state to reimburse local government for the costs of any program or increased level of service mandated by the Legislature or any state agency. Any local government costs resulting from the mandate in this measure would not be state reimbursable because the mandate only involves the definition of a crime. The bill contains the appropriate crimes and infractions disclaimer.

COMMENTS

The Department of Finance is opposed to this bill because the bill requirements are unclear and contain an internal conflict. Specifically, the bill requires the PUC implement appropriate recommendations of the NTSB and to simply report on recommendations the PUC finds to be inappropriate or where the PUC finds a better and/or less costly alternative. Thus, the bill requires but does not require the PUC to implement NTSB gas safety requirements. Finance finds the provisions to be subjective and fully under the control of the PUC and its judgment whether an NTSB recommendation is appropriate or inappropriate.

Analyst/Principal (0622) J. McGuinn	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

AMENDMENT DATE

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP								
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014		
8660/PUC	SO	No	C	\$0	C	\$102	C	\$203		0465
<u>Fund Code</u>	<u>Title</u>									
0465	Energy Resources Programs Account									