

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 25, 2011
POSITION: Neutral, note concerns

BILL NUMBER: SB 44
AUTHOR: E. Corbett
RELATED BILLS: SB 216 (Yee)

BILL SUMMARY: Public Utilities: Gas Pipeline Response Standards

Existing law requires the California Public Utilities Commission (PUC) to regulate gas transmission, investor-owned utilities, master-metered mobile home parks, storage facilities, and propane operators. The PUC sets requirements for the design, construction, testing, maintenance, and operation of utility gas gathering, transmission, and distribution piping systems.

This bill would create the Natural Gas Pipeline Safety Act of 2011. The bill requires natural gas operators to improve communication and coordination with first responders by requiring the PUC, in consultation with the California Emergency Management Agency and members of California's first responders community, to adopt stricter emergency response standards.

FISCAL SUMMARY

The PUC estimates it would require \$217,000 PUC Utilities Reimbursement account and 2.0 positions to open a proceeding to set emergency response standards and enforce these standards for regulated entities.

There may be additional costs to the California Emergency Management Agency and the first responder community, but the amount is expected to be minor.

Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not reimbursable by the state. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation which eliminated a crime or changed the penalty for a crime. Therefore, 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 or the penalty for conviction of a crime.

COMMENTS

The Department of Finance has a neutral, note concern position on this bill. Finance notes, while the bill could result in unified emergency response standards for hazardous liquid and gas intrastate pipelines and increases public safety, the bill has chaptering issues. If SB 216 (Yee) were to be chaptered after this bill, the definition of emergency response standards would be changed to the definition of transmission safety standards. The replacement of the term "compatible emergency response standard" would result in the term having no stated meaning. In addition, Public Utilities Code (Code) Section 950 (c) would be added to the bill defining a high consequence area

(continued)

Analyst/Principal Date Program Budget Manager Date
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Governor's Office: By: Date: Position Approved
Position Disapproved

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

E. Corbett

April 25, 2011

SB 44

**COMMENTS (con't)**

The bill requires the PUC to open a proceeding or expand the scope of an existing proceeding to establish compatible emergency response standards that owners or operators of commission-regulated gas pipeline facilities follow for intrastate transmission and distribution lines. The standards would require intrastate transmission and distribution lines have emergency response plans to prepare for a natural disaster or malfunction that could cause injury to human life or property.

The new standards would include the following:

- Procedures to ensure emergency shutdown and pressure reduction is utilized whenever deemed necessary.
- Ensuring natural gas operators have established and maintained liaisons with appropriate fire, police and other local officials.
- Ensuring fire chiefs are given appropriate maps of natural gas pipeline locations in a format easily integrated with their other mapping information.

The bill would require the PUC to submit a report to the Legislature before January 1, 2013 detailing the status of establishing the compatible emergency response standards.

SB 216 (Yee) would require the PUC to open or expand the scope of a proceeding to evaluate current practices and to determine whether compatible transmission safety standards should be adopted to enhance public safety. SB 216 (Yee) is substantially similar to this bill but adds Code Section 957 to evaluate compatible transmission safety standards to enhance public safety and this bill adds Code Section 956 that adopts stricter emergency response standards. In addition, there will be a chaptering issue with the definition of compatible emergency response being removed and replaced with the definition of compatible transmission safety in Code Section 950 (5) b. This would result in no clarification of the meaning of the term compatible emergency response standards.

| Code/Department<br>Agency or Revenue<br>Type | SO | (Fiscal Impact by Fiscal Year) |                                    |      |           |         |           |       | Fund<br>Code |      |
|--|----|--------------------------------|------------------------------------|------|-----------|---------|-----------|-------|--------------|------|
|  | LA | (Dollars in Thousands)         |                                    |      |           |         |           |       |              |      |
|  | CO | PROP                           | 2010-2011                          |      | 2011-2012 |         | 2012-2013 |       |              |      |
|  | RV | 98                             | FC                                 | FC   | FC        | FC      |           |       |              |      |
| 0690/Cal EMA                                 | SO | No                             | ----- No/Minor Fiscal Impact ----- |      |           |         |           |       |              | 0001 |
| 8660/PUC                                     | SO | No                             |                                    | -- C |           | \$217 C |           | \$217 | 0462         |      |

| <u>Fund Code</u> | <u>Title</u>                             |
|------------------|--|
| 0001             | General Fund                             |
| 0462             | Publ Utilities Comm Utilities Reimb Acct |