

AMENDED IN ASSEMBLY SEPTEMBER 1, 2011

AMENDED IN ASSEMBLY JULY 12, 2011

AMENDED IN SENATE MAY 11, 2011

SENATE BILL

No. 879

Introduced by Senator Padilla
(Coauthor: Assembly Member Hill)

February 18, 2011

An act to ~~add Chapter 4.5 (commencing with Section 950) to Part 1 of Division 1 of~~ *amend Section 2107 of, and to add Section 969 to, the Public Utilities Code, relating to ~~public utilities~~ gas corporations.*

LEGISLATIVE COUNSEL'S DIGEST

SB 879, as amended, Padilla. Natural gas pipelines: safety.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. The Public Utilities Act authorizes the commission to establish a system of accounts to be kept by public utilities and to prescribe the manner in which accounts are kept, the records and memorandum to be kept, as well as the receipts and expenditures of moneys, and any other forms, records, and memoranda that in the judgment of the commission may be necessary to carry out any of the provisions of the act. The act requires the commission to require a public utility to establish and maintain a reserve account reflecting any positive or negative balance whenever the commission authorizes any change in rates reflecting and passing specific changes in costs through to customers, and requires the commission to take any positive or negative balance remaining into account by appropriate adjustment or other action at the time of any subsequent rate adjustment.

This bill would require, in any ratemaking proceeding in which the commission authorizes a gas corporation to recover expenses for the gas corporation's transmission pipeline integrity management program *established pursuant to specified federal pipeline safety law or related* capital expenditures for maintenance and repair of transmission pipelines, that the commission require the gas corporation to establish and maintain a balancing account for the recovery of those expenses.

~~Existing federal law requires the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) to adopt minimum safety standards for pipeline transportation and for pipeline facilities, including an interstate gas pipeline facility and an intrastate gas pipeline facility, as defined. Existing law authorizes the United States Secretary of Transportation to prescribe or enforce safety standards and practices for an intrastate pipeline facility or intrastate pipeline transportation to the extent that the safety standards and practices are regulated by a state authority that annually submits to the secretary a certification for the facilities and transportation or, alternatively, authorizes the secretary to make an agreement with a state authority authorizing it to take necessary action to meet certain pipeline safety requirements. Existing federal law prohibits a state authority from adopting or continuing in force safety standards for interstate pipeline facilities or interstate pipeline transportation, but permits a state authority that has submitted a specified certification to adopt additional or more stringent safety standards for intrastate pipeline facilities and intrastate pipeline transportation only if those standards are compatible with the minimum standards prescribed by PHMSA.~~

~~This bill would designate the commission as the state authority responsible for regulating and enforcing intrastate gas pipeline transportation and pipeline facilities pursuant to federal law, including the development, submission, and administration of a state pipeline safety program certification for natural gas pipelines.~~

~~Existing law provides that any public utility that violates any provision of the California Constitution or the Public Utilities Act, or that fails or neglects to comply with any order, decision, decree, rule, direction, demand, or requirement of the commission, where a penalty has not otherwise been provided, is subject to a penalty of not less than \$500 and not more than \$20,000 for each offense.~~

~~This bill would increase the maximum amount of the penalty to \$50,000.~~

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because *certain of* the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 969 is added to the Public Utilities Code,
2 to read:

3 969. In any ratemaking proceeding in which the commission
4 authorizes a gas corporation to recover expenses for the gas
5 corporation's transmission pipeline integrity management program
6 established pursuant to Subpart O (commencing with Section
7 192.901) of Part 192 of Title 49 of the United States Code or
8 related capital expenditures for the maintenance and repair of
9 transmission pipelines, the commission shall require the gas
10 corporation to establish and maintain a balancing account for the
11 recovery of those expenses. Any unspent moneys in the balancing
12 account in the form of an accumulated account balance at the end
13 of each rate case cycle, plus interest, shall be returned to
14 ratepayers through a true-up filing. Nothing in this section is
15 intended to interfere with the commission's discretion to establish
16 a two-way balancing account.

17 SEC. 2. Section 2107 of the Public Utilities Code is amended
18 to read:

19 2107. Any public utility ~~which~~ that violates or fails to comply
20 with any provision of the Constitution of this state or of this part,
21 or ~~which~~ that fails or neglects to comply with any part or provision
22 of any order, decision, decree, rule, direction, demand, or
23 requirement of the commission, in a case in which a penalty has

1 not otherwise been provided, is subject to a penalty of not less than
2 five hundred dollars (\$500), nor more than ~~twenty thousand dollars~~
3 ~~(\$20,000)~~ fifty thousand dollars (\$50,000) for each offense.

4 *SEC. 2. No reimbursement is required by this act pursuant to*
5 *Section 6 of Article XIII B of the California Constitution because*
6 *the only costs that may be incurred by a local agency or school*
7 *district will be incurred because this act creates a new crime or*
8 *infraction, eliminates a crime or infraction, or changes the penalty*
9 *for a crime or infraction, within the meaning of Section 17556 of*
10 *the Government Code, or changes the definition of a crime within*
11 *the meaning of Section 6 of Article XIII B of the California*
12 *Constitution.*

13 ~~SECTION 1. Chapter 4.5 (commencing with Section 950) is~~
14 ~~added to Part 1 of Division 1 of the Public Utilities Code, to read:~~

15
16 ~~CHAPTER 4.5. GAS PIPELINE SAFETY~~

17
18 ~~Article 1. General~~

19
20 ~~950. For purposes of this chapter, the following terms have the~~
21 ~~following meanings:~~

22 ~~(a) "Commission-regulated gas pipeline facility" means an~~
23 ~~intrastate gas pipeline facility as defined in Section 60101 of Title~~
24 ~~49 of the United States Code, that is subject to the safety regulatory~~
25 ~~authority of the commission to the extent authorized in the~~
26 ~~certification submitted by the commission and approved by the~~
27 ~~United States Secretary of Transportation pursuant to Section~~
28 ~~60105 of Title 49 of the United States Code, including each of the~~
29 ~~following pipelines:~~

30 ~~(1) An intrastate distribution line, which is a pipeline that is not~~
31 ~~subject to the jurisdiction of the Federal Energy Regulatory~~
32 ~~Commission pursuant to Section 717(b) of Title 15 of the United~~
33 ~~States Code because it is used for the local distribution of natural~~
34 ~~gas.~~

35 ~~(2) An intrastate transmission line, which is a transmission~~
36 ~~pipeline that the commission, pursuant to Section 717(c) of Title~~
37 ~~15 of the United States Code, has certified to the Federal Energy~~
38 ~~Regulatory Commission as being subject to the regulatory~~
39 ~~jurisdiction of the commission over rates and service. For these~~
40 ~~purposes, a transmission pipeline means a pipeline other than a~~

1 ~~gathering line that: (A) transports gas from a gathering line or~~
2 ~~storage facility to a distribution center, storage facility, or large~~
3 ~~volume customer that is not downstream from a distribution center,~~
4 ~~(B) operates at a hoop stress of 20 percent or more of specified~~
5 ~~maximum yield strength, or (C) transports gas within a storage~~
6 ~~field.~~

7 ~~(3) An intrastate gathering line, which is a pipeline that~~
8 ~~transports gas from a current production facility to a transmission~~
9 ~~line or main.~~

10 ~~(4) A mobilehome park master-metered natural gas distribution~~
11 ~~system that is subject to the commission's safety inspection and~~
12 ~~enforcement program pursuant to Chapter 4 (commencing with~~
13 ~~Section 4351) of Division 2.~~

14 ~~(5) A propane distribution system that is subject to the~~
15 ~~commission's safety inspection and enforcement program pursuant~~
16 ~~to Chapter 4.1 (commencing with Section 4451) of Division 2.~~

17
18 ~~Article 2. Natural Gas Pipeline Safety Act of 2011~~
19

20 ~~955. (a) This article shall be known and may be cited as the~~
21 ~~Natural Gas Pipeline Safety Act of 2011.~~

22 ~~(b) The commission is the state authority responsible for~~
23 ~~regulating and enforcing intrastate gas pipeline transportation and~~
24 ~~pipeline facilities pursuant to Chapter 601 (commencing with~~
25 ~~Section 60101) of Subtitle VIII of Title 49 of the United States~~
26 ~~Code, including the development, submission, and administration~~
27 ~~of a state pipeline safety program certification for natural gas~~
28 ~~pipelines pursuant to Section 60105 of that chapter.~~

29 ~~969. In any ratemaking proceeding in which the commission~~
30 ~~authorizes a gas corporation to recover expenses for the gas~~
31 ~~corporation's transmission pipeline integrity management program~~
32 ~~established pursuant to Subpart O (commencing with Section~~
33 ~~192.901) of Part 192 of Title 49 of the United States Code or capital~~
34 ~~expenditures for the maintenance and repair of transmission~~
35 ~~pipelines, the commission shall require the gas corporation to~~
36 ~~establish and maintain a balancing account for the recovery of~~
37 ~~those expenses. Any unspent moneys in the balancing account in~~
38 ~~the form of an accumulated account balance at the end of each rate~~
39 ~~case cycle, plus interest, shall be returned to ratepayers through a~~
40 ~~true-up filing.~~

1 ~~SEC. 2. No reimbursement is required by this act pursuant to~~
2 ~~Section 6 of Article XIII B of the California Constitution because~~
3 ~~the only costs that may be incurred by a local agency or school~~
4 ~~district will be incurred because this act creates a new crime or~~
5 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
6 ~~for a crime or infraction, within the meaning of Section 17556 of~~
7 ~~the Government Code, or changes the definition of a crime within~~
8 ~~the meaning of Section 6 of Article XIII B of the California~~
9 ~~Constitution.~~

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