

SESSION OF 2012

SUPPLEMENTAL NOTE ON SENATE BILL NO. 374

As Recommended by Senate Committee on
Utilities

Brief*

SB 374 would amend current law regarding the pipeline safety program operated by the Kansas Corporation Commission (KCC). It would make the following changes:

- Citations of the federal statutes referenced as the source of Kansas' pipeline safety regulations would be updated;
- The aggregate maximum civil penalty for any related series of violations would be raised from \$500,000 to \$1.0 million; and
- The requirement to pay an annual fee to the KCC to recover a portion of the costs of safety inspections would be extended to all pipeline operators subject to KCC regulatory oversight. Under current laws, 55 of the 127 operators of intrastate natural gas pipelines are not assessed a fee for safety inspections.

Background

The Chief of Gas Operations and Pipeline Safety for the KCC testified in support of the bill in the Senate Utilities Committee. He explained that in order to receive all the federal funding available for the state's pipeline safety program, Kansas would have to raise its civil penalty

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

maximums to match federal maximums, which currently are \$100,000 per violation per day and an aggregate \$1.0 million for any related series of violations. The KCC proposes to retain Kansas' current daily maximum of \$25,000 per day, but to raise the aggregate maximum to match federal requirements. Regarding the assessment of an inspection fee, the KCC representative noted that 72 pipeline operators currently pay an inspection fee under one of two Kansas statutes, but 55 operators (including those who operate small, private pipelines) are not assessed a fee for safety inspections.

There was no testimony in opposition to the bill.

The fiscal note submitted by the Division of the Budget indicates passage of SB 374 would decrease revenue to the Gas Pipeline Inspection Federal Fund by \$13,000 per year.