

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7827

BILL NUMBER: SB 529

NOTE PREPARED: Feb 26, 2007

BILL AMENDED: Feb 26, 2007

SUBJECT: Pipeline Construction Guidelines.

FIRST AUTHOR: Sen. Jackman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires pipeline construction guidelines to be adopted not later than September 1, 2007. The bill also requires the Pipeline Safety Division (Division) of the Utility Regulatory Commission (IURC) to publish the guidelines in the Indiana Register as a nonrule policy document. This bill requires the Division to consider adopting less burdensome or less costly guidelines for pipeline companies that locate a pipeline along existing rights-of-way or easements. The bill specifies certain standards that the guidelines may include. The bill provides that the guidelines are not binding on any pipeline company or affected landowner. This bill provides that the guidelines may be used by a pipeline company or an affected landowner to simplify negotiations involved in establishing a price for any: (1) easement; or (2) other land interest; needed to construct a pipeline. The bill requires the Division to send a notice of the guidelines and other required information to: (1) a pipeline company that proposes to construct a pipeline in Indiana; and (2) all affected landowners. This bill requires a pipeline company to communicate, by a date specified in the Division's notice, the pipeline company's intention to do one of the following: (1) Comply with the guidelines. (2) Reject the guidelines and negotiate different or amended guidelines with the Division. (3) Reject the division's guidelines and negotiate standards with individual landowners as necessary to obtain easements or other interests in land. The bill requires the director of the Division to designate one or more employees as project coordinators for each pipeline project. The bill also requires the Division to make certain information available on the IURC's web site. The bill provides that a public utility or a pipeline company that seeks to acquire land by eminent domain may not enter on the land for survey purposes unless the public utility or pipeline company: (1) sends notice by certified mail to the landowner of the public utility's or pipeline company's intention to enter the land for survey purposes; or (2) receives the landowner's signed consent to enter the land to perform the proposed survey.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill will increase the administrative costs of the Pipeline Safety Division (PSD) of the Utility Regulator Commission (IURC). It is estimated the provisions of this bill could be implemented through the use of existing staff and resources available to the IURC.

The bill requires the IURC to develop pipeline construction guidelines not later than September 1, 2007. The bill also requires that the IURC to:

- (1) publish the guidelines in the Indiana Register as nonrule policy documents;
- (2) send a notice of the guidelines and other required information to:
 - (A) a pipeline company that proposes to construct a pipeline in Indiana; and
 - (B) all affected landowners;
- (3) publish certain information regarding pipeline construction on the IURC's website; and
- (4) designate one or more employees as project coordinators for each proposed or ongoing pipeline project.

According to the January 15, 2007, State staffing report, the IURC had 4 vacant positions worth approximately \$71,000, and the Department had 30 vacant positions worth approximately \$1 M. In FY 2006, the IURC reverted \$665,000, while the Lieutenant Governor's Office, of which the Department is a part of, reverted \$2.9 M.

Background on IURC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006, fees from the utilities and fines generated approximately \$11.8 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Utility Regulator Commission; Department of Agriculture.

Local Agencies Affected:

Information Sources:

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