

STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 03/25/15

Action: Do Pass.

Meeting Dates: 02/25, 03/25

Vote:

Yeas: 4 - Beyer, Girod, Monroe, Riley

Exc: 1 - Thomsen

Prepared By: James LaBar, Committee Administrator

WHAT THE MEASURE DOES:

Increases maximum civil penalties, from \$10,000 per event per day with a maximum of \$500,000 to \$200,000 per event per day with a maximum of \$2,000,000, for violating statutes that provide for regulation of hazardous substance by Public Utility Commission. Clarifies process for imposition of civil penalty and where moneys collected are deposited. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Infrequent occurrence of the fine; only one fine in the last several years
- Federal standards

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The maximum civil penalties that the Public Utility Commission (PUC) may impose under current law for violations related to hazardous substances do not align with Title 49 CFR part 190.223 "Maximum Penalties." The Pipeline and Hazardous Materials Safety Administration (PHMSA) has informed the PUC that all Federal Regulations need to be adopted, including maximum civil penalties as a condition of grant funding. Currently, the amounts are \$10,000 per event per day with a maximum of \$500,000 for a related series of violations. To maintain federal grant funding without monetary penalties, the agency must increase those penalties to \$200,000 per event per day and a maximum of \$2,000,000.

Stakeholders were notified by mail during November and December of 2013 of intent to introduce legislation. Based on the numerous improvements in Oregon's pipeline safety program including replacement of cast iron, bare steel, and older vintage Aldyl A piping, PUC has only imposed fines on one operator in the previous five years.