

1 HOUSE BILL NO. 50

2 INTRODUCED BY COBB

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR REGULATION OF NATURAL GAS
5 TRANSPORTERS AS COMMON CARRIERS; AND AMENDING SECTIONS 69-13-101 AND 69-13-102,
6 MCA."

7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9

10 Section 1. Section 69-13-101, MCA, is amended to read:

11 "**69-13-101. Common carrier pipeline.** (1) The following are ~~hereby declared to be~~ common
12 carriers and are subject to the provisions of this chapter: every person, firm, corporation, limited
13 partnership, joint-stock association, or association of any kind ~~whatever~~:

14 (a) owning, operating, or managing ~~any a~~ pipeline or any part of ~~any a~~ pipeline within the state for
15 the transportation of crude petroleum, coal, natural gas, or the products thereof to or for the public for hire
16 or engaging in the business of transporting crude petroleum, coal, natural gas, or the products thereof by
17 pipelines;

18 (b) owning, operating, or managing ~~any a~~ pipeline or any part of ~~any a~~ pipeline for the
19 transportation of crude petroleum, coal, natural gas, or the products thereof to or for the public for hire,
20 which pipeline is constructed or maintained upon, along, over, or under any public road or highway;

21 (c) owning, operating, or managing ~~any a~~ pipeline or any part of ~~any a~~ pipeline for transportation
22 to or for the public for hire of crude petroleum, coal, natural gas, or the products thereof, which pipeline
23 is or may be constructed, operated, or maintained across, upon, along, over, or under the right-of-way of
24 any railroad, corporation, or other common carrier required by law to transport crude petroleum, coal,
25 natural gas, or the products thereof as a common carrier;

26 (d) owning, operating, or managing or participating in the ownership, operation, or management
27 of, under lease, contract of purchase, agreement to buy or sell, or other agreement or arrangement of any
28 kind ~~whatsoever~~, ~~any a~~ pipeline or any part of ~~any a~~ pipeline for the transportation from ~~any an~~ oil field,
29 coal mine or field, natural gas well, or place of production within the state to any distributing, refining, or
30 marketing center or reshipping point thereof, within this state, of crude petroleum, coal, natural gas, or the

1 products thereof, bought ~~of~~ from others; or

2 (e) made a common carrier by or under the terms of contract with or in pursuance of the law of
3 the United States.

4 (2) The provisions of this chapter ~~shall do~~ do not apply to:

5 (a) those pipelines ~~which that~~ which are limited in their use to the wells, stations, plants, and refineries
6 of the owner and ~~which that~~ which are not a part of the pipeline transportation system of any common carrier,
7 as ~~herein defined in this chapter; or not shall such provisions apply to~~

8 (b) any property of ~~such~~ a common carrier ~~which that~~ which is not a part of or necessarily incident to its
9 pipeline transportation system."

10

11 **Section 2.** Section 69-13-102, MCA, is amended to read:

12 **"69-13-102. Scope of chapter -- enforcement.** (1) ~~It is declared that the~~ The operation of these
13 pipelines, to which this chapter applies, for the transportation of crude petroleum, coal, natural gas, or the
14 products thereof, in connection with the purchase or purchase and sale of ~~such~~ crude petroleum, coal,
15 natural gas, or the products thereof, is a business in ~~mode of the conduct of~~ which the public is interested
16 and as such is subject to regulation by law. The business of purchasing or of purchasing and selling crude
17 petroleum, coal, natural gas, or the products thereof, and using in connection with ~~such the~~ the business a
18 pipeline of the class subject to this chapter to transport the crude petroleum, coal, natural gas, or the
19 products thereof ~~so~~ bought or sold ~~shall~~ may not be conducted unless ~~such the~~ the pipeline ~~so~~ used in
20 connection with ~~such the~~ the business is a common carrier within the purview of this law and subject to the
21 jurisdiction ~~herein~~ conferred upon the commission.

22 (2) ~~It shall be~~ is the duty of the attorney general to enforce this provision by injunction or other
23 adequate remedy."

24

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0050, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for regulation of natural gas transporters as common carriers.

ASSUMPTIONS:

1. There are about 120 common carrier gas gatherers. Under this bill these 120 carriers would be rate regulated and would file annual reports with the Department of Public Service Regulation.
2. Initial work to educate and train all 120 gatherers would require an additional position. The training and education would include an explanation on annual report preparation for gathering activities as separated from the rest of the respondents' business activities, how rate regulation works, and how initial tariffs and potential rate cases are to be filed.
3. An estimated 25% of the 120 common carrier gas gatherers, or 30 gathering system cases per year, will be contested. These would be subjected to contested case discovery, analysis, hearings, findings of fact and orders, and appeals.
4. Thirty hearings requiring two overnight stays for three staff would equal 180 days of per diem and lodging. In addition, an estimated 500 mile round trip State Motor Pool costs would be needed. Operating expenses for legal advertising, postage, printing and other administration requirements are estimated to be \$2,000.

FISCAL IMPACT:

Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
FTE	1.00	1.00
Personal Services	34,440	34,440
Operating Expense	12,677	12,677
Equipment	<u>0</u>	<u>0</u>
Total	47,117	47,117

Funding:

Fees (02)	47,117	47,117
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Dave Lewis 1-7-97

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

John Cobb

JOHN COBB, PRIMARY SPONSOR DATE

Fiscal Note for HB0050, as introduced

HB 50