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# ROB SUMMERFIELD

STATE REPRESENTATIVE • 67<sup>th</sup> ASSEMBLY DISTRICT  
MAJORITY CAUCUS CHAIR

January 9, 2024

Representative Steffen, Chair  
Members of the Assembly Committee on Energy and Utilities

## Testimony on 2023 Assembly Bill 878

*Relating to: increasing the penalties for gas pipeline safety violations and providing a penalty*

Chairman Steffen and Committee Members:

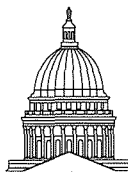
Thank you for providing me with the opportunity to testify at today's public hearing on Assembly Bill 878. I appreciate your time and consideration of this legislation.

This bill aligns Wisconsin's penalties for gas pipeline safety violations with the federal standards. By doing this, the Wisconsin Public Service Commission (PSC) will remain in charge of overseeing Wisconsin's pipeline safety program. This program regulates safety requirements for gas production, transmission, and distribution and is annually evaluated and certified by the Pipeline and Hazardous Materials Safety Administration (PHMSA).

As a part of this program, the PSC can fine companies when they violate the safety requirements. Wisconsin's maximum penalties for safety violations have been out of compliance with the federal standards for at least 10 years. Because of this, the Pipeline and Hazardous Materials Safety Administration (PHMSA) no longer views the penalties as "substantially the same" and PSC is in jeopardy of losing its ability to oversee Wisconsin's pipeline safety program.

Allowing the PSC to remain in charge of overseeing our pipeline safety program in our state rather than allowing the federal government takeover is beneficial because the *Wisconsin* PSC is much more familiar with *Wisconsin* facilities and utilities.

I ask that you join me in supporting this bill.



**JULIAN BRADLEY**  
WISCONSIN STATE SENATOR

**Assembly Bill 878**  
**Assembly Committee on Energy and Utilities**  
**Tuesday, January 9, 2024**

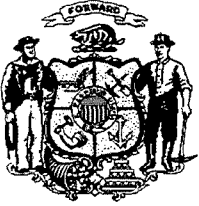
Chairman Steffen and Committee members,

Chapter 196 of our state laws regulates our public utilities with the Public Service Commission (PSC) overseeing their operations.

One of the PSC's responsibilities is overseeing Wisconsin's pipeline safety program which regulates safety for gas production, transmission and distribution. This responsibility has been delegated from the federal government and the PSC's handling of this program is overseen and annually certified by the Pipeline and Hazardous Materials Safety Administration (PHMSA).

As part of their oversight, the PSC has the ability to fine companies when violations occur. The maximum fines for violations in Wisconsin have not been updated in over a decade and are now significantly lower than the federal standards.

This bill corrects this issue today and in the future by updating our laws to reference the amounts set in 49 CFR 190 at the federal level. This is the same approach that Minnesota and Iowa took previously.



# Public Service Commission of Wisconsin

Rebecca Cameron Valcq, Chairperson  
Tyler Huebner, Commissioner  
Summer Strand, Commissioner

4822 Madison Yards Way  
P.O. Box 7854  
Madison, WI 53707-7854

## Testimony on Assembly Bill 878 before the Assembly Committee on energy and Utilities

January 9, 2024

Matt Sweeney

Public and External Affairs Director

Public Service Commission of Wisconsin

I am here to testify in support of AB878 on behalf of our chairperson, Becky Valcq. As you know, the PSC is Wisconsin's independent utility regulator. It is the PSC's mission to ensure the delivery of safe, reliable, affordable, and environmentally responsible utility services and equitable access to telecommunication and broadband services.

The Wisconsin Pipeline Safety Program ensures the safe construction, operation, and maintenance of intrastate natural gas pipelines in Wisconsin and is responsible for protecting the public and the environment from the hazards associated with the transportation of natural gas. This is accomplished through activities that include operator and excavator education, natural gas infrastructure and operator inspections, statute development and enforcement, and the investigation of incidents and accidents in Wisconsin.

Wisconsin's state oversight of pipeline safety began in 1951 when it was authorized by the legislature. Our program predates the federal Natural Gas Pipeline Safety Act of 1968, in which regulatory authority of gas pipelines throughout the United States was placed under the oversight of the U.S. Department of Transportation (DOT). However, the law provided that any state with a law comparable to the Pipeline Safety Act in scope and intent could enter into an annual agreement with the department to provide enforcement. The District of Columbia, Puerto Rico, and all States except Alaska and Hawaii participate in the pipeline safety program. Wisconsin has participated in the federal pipeline safety program since its inception in 1968.

Today, the Gas Pipeline Safety Unit within the Division of Energy Regulation and Analysis at the Commission is responsible for inspecting and enforcing the pipeline safety regulations of Wisconsin's intrastate natural gas pipeline operators. There are currently 9 engineers who conduct inspections of 22 natural gas operators within the state that operate approximately 70,000 miles of gas pipelines. This pipeline network includes 5 liquefied natural gas facilities, approximately 1.7 million gas service laterals, 970 miles of transmission lines, and nearly 41,000 miles of distribution main. In 2022, Commission staff completed 678 inspection days and in 2023 we completed over 700 inspection days.

The federal agency within the Department of Transportation responsible for pipeline safety is the Pipeline and Hazardous Materials Safety Administration (PHMSA). Commission staff works closely with PHMSA staff to ensure the Commission is providing adequate safety oversight in accordance with its annual agreement with PHMSA, including participation in an annual field

evaluation with PHMSA staff. The Commission has scored 100 out of a possible 100 points on its last two PHMSA field evaluations.

As a part of our agreement with PHMSA, the Commission is required to certify that it meets the requirements in 49 U.S. Code § 60105. One of the requirements the Commission certifies is that it may enforce safety standards with maximum civil penalties substantially the same as PHMSA. PHMSA's maximum civil penalties are in 49 C.F.R. § 190.223 and are \$266,015 per violation up to a maximum of \$2,660,135 for a persisting violation. PHMSA's maximum penalty amounts are updated annually for inflation in accordance with federal law. Wisconsin's maximum civil penalties codified in state statute 196.745 are \$25,000 per violation up to a maximum of \$500,000 for a persisting violation. Wisconsin's maximum penalty amounts have not been revised since 1994.

PHMSA has indicated to the Commission that failure to adopt its maximum civil penalties will result in decertification of the Commission's pipeline safety program and the Commission's agreement will be converted to an agreement under which the Commission continues to conduct pipeline safety inspections, but non-compliances will be forwarded to PHMSA. The resulting enforcement (including civil penalties) would be entirely at PHMSA's discretion. So far, in 2023, PHMSA assessed over \$12 million in pipeline safety civil penalties to its operators.

The Commission has assessed pipeline safety civil penalties sparingly and have only used them in instances of repeated failure to resolve issues or when necessary to compel safety compliance. The Commission assessed civil penalties of \$52,395 in 2021, \$0 in 2022, \$25,550 in 2023, and currently has two pending investigations where penalties may be assessed. The Commission has never assessed a maximum civil penalty for a pipeline safety violation.

Adopting PHMSA's maximum civil penalty would allow the enforcement of pipeline safety in Wisconsin to remain with the state, as it has since 1951, while continuing Wisconsin's history of safe transportation of natural gas by pipeline. The people of Wisconsin and its natural gas pipeline operators are safer and better served with the state operating this program.



January 9, 2023

Representative David Steffen  
Chairman, Energy and Utilities Committee  
State Capitol  
Madison, WI 53708

**SUBJECT: Support of Assembly Bill 878 - Pipeline Safety Legislation**

Good afternoon Chairman Steffen, Committee Members, and staff.

My name is Zack Hill and I'm the Senior Manager for Public and Community Affairs for Alliant Energy.

On behalf of Alliant Energy, we thank you for holding this important hearing today on AB 878 related to increasing the penalties for natural gas pipeline safety violations. Representative Summerfield and Senator Bradley, we also appreciate your leadership authoring this legislation because of the positive impact it will have keeping our customers and communities safe.

For those on the committee who aren't familiar with Alliant Energy, we are an investor-owned utility headquartered here in Madison. We serve electricity to approximately 495,000 retail customers and transport natural gas to about 200,000 customers across Wisconsin. A mix of coal, natural gas, wind, and solar power our generation fleet.

Alliant Energy also owns and operates thousands of miles of natural gas lines. Lines that are keeping those 200,000 customers warm right now, powering local businesses and economies, and lines that are being expanded to help bring new companies to the state – ensuring Wisconsin will continue to grow in the future.

As noted by others today, increasing the penalties for gas pipeline violations on operators (i.e., utilities including Alliant Energy) is needed to retain the PSCW's jurisdiction over intrastate pipelines rather than ceding authority to the federal government. Here are a few reasons why this is important:

1. The professionals within the PSCW's Pipeline Safety Program know your communities better, know their histories, and know their daily work is critical in keeping their family, friends, and neighbors safe.
2. They collaboratively work with utilities to proactively address potential concerns – not avoid them.
3. They communicate with utilities and others about how best to implement best practices – we jointly search for ways to build, operate and maintain pipelines more safely.

In closing, the PSCW has demonstrated its expertise and commitment to overseeing a critical component of our state's energy infrastructure. The Wisconsin Legislature gave it this authority decades ago and this bill would wisely keep it that way.

Thank you, Chairman Steffen for holding this hearing today and to rest of Committee members for your attention on this important bill.



44 East Mifflin Street • Suite 402 • Madison, Wisconsin 53703 • 608/257-3151

**To: Wisconsin Legislature**

**From: Bill Skewes, Executive Director  
Wisconsin Utilities Association, Inc.**

**Re: Support for AB 878 – PHMSA**

**Date: January 9, 2024**

Good morning Mr. Chairman and members of the Committee. I am Bill Skewes, Executive Director of the Wisconsin Utilities Association (WUA) representing our state's investor-owned gas and electric energy providers.

I am here today to offer brief comments in **support of AB 878**, the bill relating to increasing the penalties for gas pipeline safety violations and providing a penalty. This bill simply aligns penalties in Wisconsin statute with those set forth in federal law.

We thank the chair for bringing this bill forward and the PSC for taking the lead to address what should not be a controversial piece of legislation.

WUA supports the bill because it will keep the PSC in charge of the state administration of the Pipeline and Hazardous Materials Safety Administration program (PHMSA), rather than having the federal government assume jurisdiction.

Our Public Service Commission is familiar with our Wisconsin utilities, their pipeline facilities and the needs of their customers. In addition, our member companies have a long history of working cooperatively with the Commission to address the safe delivery of all energy services through the regulatory process. Thus, it makes the most sense for the state to administer PHMSA and not the federal government.

For this reason, we respectfully urge a "yes" vote on AB 878 and we appreciate the committee's expeditious consideration of this issue.