

## **BILL ANALYSIS**

Senate Research Center

H.B. 1194  
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Natural Resources  
5/19/2003  
Engrossed

### **DIGEST AND PURPOSE**

Currently, the pipeline safety program is funded through appropriations of general revenue and federal funds. The federal program is a matching program that is intended to fund approximately 50 percent of the cost of the program. H.B. 1194 grants the Texas Railroad Commission (RRC) the authority to impose fees on natural gas distribution and master meter operators of the state to fund RRC's pipeline safety program. This bill allows RRC to continue the program at the current level.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Railroad Commission in SECTION 1 (Section 121.211, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter E, Chapter 121, Utilities Code, by adding Section 121.211, as follows:

- Sec. 121.211. PIPELINE SAFETY FEES. (a) Authorizes the Texas Railroad Commission (RRC) by rule to adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this chapter.
- (b) Requires RRC by rule to establish the method by which the fee will be calculated and assessed. Authorizes RRC, in adopting a fee structure, to consider any factors necessary to provide for the equitable allocation among operators of the costs of administering RRC's pipeline safety program under this chapter.
- (c) Prohibits the total amount of fees estimated to be collected under rules adopted by RRC under this section from exceeding the amount estimated by RRC to be necessary to recover the costs of administering RRC's pipeline safety program under this chapter, excluding costs that are fully funded by federal sources.
- (d) Authorizes RRC to assess each investor-owned and each municipally owned natural gas distribution system subject to this chapter an annual inspection fee not to exceed 50 cents for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. Provides that the fee is due March 15 of each year.
- (e) Authorizes RRC to assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed \$100 for each master metered system. Provides that the fee is due June 30 of each year.
- (f) Authorizes RRC to assess a late payment penalty of 10 percent of the total assessment due under Subsection (d) or (e) that is not paid within 30 days after the annual due date established by the applicable subsection.

(g) Requires each investor-owned and municipally owned natural gas distribution company and each natural gas master meter operator to recover as a surcharge to its existing rates the amounts paid to RRC under this section. Prohibits amounts collected under this subsection by an investor-owned natural gas distribution company from being included in the revenue or gross receipts of the company for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122. Provides that those amounts are not subject to a sales and use tax imposed by Chapter 151, Tax Code, or Chapters 321 through 327, Tax Code.

(h) Requires a fee collected under this section to be deposited to the credit of the general revenue fund to be used for the pipeline safety program.

SECTION 2. Effective date: September 1, 2003.