

BILL ANALYSIS

Senate Research Center
79R3175 CBH-D

H.B. 872
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Natural Resources
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The first year that Section 121.211 (Pipeline Safety Fees), Utilities Code, was in effect, a cooperatively-owned natural gas distribution system took the position that it did not owe the pipeline safety fee. This position was based on references to "investor-owned" and "municipally owned natural gas distribution system" in Section 121.211, Utilities Code.

H.B. 872 clarifies that the pipeline safety inspection fee is applicable to all natural gas distribution operators by removing current references to "investor-owned" and "municipally owned" natural gas distribution systems. The pipeline safety inspection fee will clearly apply to operators of all natural gas distribution systems, regardless of the type of ownership of the system.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 121.211(d) and (g), Utilities Code, as follows:

(d) Authorizes the Public Utilities Commission (PUC) to assess each operator of a, rather than 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. Makes a conforming change.

(g) Requires each operator of a natural gas distribution system, rather than company, and each natural gas master meter operator to recover as a surcharge to its existing rates the amounts paid to the commission under this section. Prohibits amounts collected under this subsection by an investor-owned natural gas distribution system or a cooperatively owned natural gas distribution system 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 (Utility Companies), Chapter 182, Tax Code, or under Chapter 122 (Gas Utility Pipeline Tax). Provides that those amounts are not subject to a sales and use tax imposed by Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code, or Subtitle C , Title 3, rather than Chapters 321 through 327, Tax Code.

SECTION 2. Effective date: September 1, 2005.