

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 23

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

AN ACT

RELATING TO PIPELINES; CREATING THE PIPELINE SAFETY FUND;  
AUTHORIZING THE IMPOSITION OF PIPELINE SAFETY INSPECTION FEES  
BY THE PUBLIC REGULATION COMMISSION; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Pipeline Safety Act is  
enacted to read:

"~~[NEW MATERIAL]~~ PIPELINE SAFETY FUND--CREATED--ASSESSMENT  
AND COLLECTION OF FEES.--

A. The "pipeline safety fund" is created in the  
state treasury for the purpose of enhancing the staffing and  
training of the pipeline safety bureau of the commission with  
the goal of assuming the function of inspection of interstate  
as well as intrastate pipelines. The fund shall consist of  
fees collected pursuant to Subsection D of this section,

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1 appropriations, gifts, grants, donations and earnings from  
2 investment of the fund. Balances in the fund shall not be  
3 transferred to the general fund at the end of any fiscal year.

4 B. The pipeline safety fund shall be administered  
5 by the commission. Money in the fund is appropriated to the  
6 commission to carry out its duties pursuant to the provisions  
7 of the Pipeline Safety Act and Chapter 62, Article 14 NMSA  
8 1978.

9 C. Payments from the pipeline safety fund shall be  
10 made upon vouchers issued and signed by the director of the  
11 administrative services division of the commission or the  
12 director's authorized representative upon warrants drawn by the  
13 secretary of finance and administration.

14 D. The commission shall collect annual pipeline  
15 safety fees for the duties relating to inspection of intrastate  
16 pipelines from persons subject to the Pipeline Safety Act in  
17 accordance with and not to exceed the following amounts:

18 (1) for the transportation of gas:

19 (a) two dollars (\$2.00) per domestic  
20 service line;

21 (b) thirty-five dollars (\$35.00) per  
22 commercial service line;

23 (c) thirty-five dollars (\$35.00) per  
24 mile of line for the transportation of gas subject to  
25 inspection by the pipeline safety bureau, with a minimum

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1 assessment of four hundred dollars (\$400); and

2 (d) one hundred dollars (\$100) per  
 3 master meter, direct sales lateral or liquified petroleum gas  
 4 system; and

5 (2) for the transportation of oil, thirty-five  
 6 dollars (\$35.00) per mile of transmission line subject to  
 7 inspection by the pipeline safety bureau, with a minimum  
 8 assessment of four hundred dollars (\$400). A fee shall not be  
 9 assessed on mileage under the jurisdiction of or inspected by  
 10 the federal department of transportation.

11 E. The commission shall annually conduct a public  
 12 review of the fees collected and payments made from the fund  
 13 and provide a summary to the legislative finance committee and  
 14 the department of finance and administration. Based upon its  
 15 findings, the commission shall adjust the annual fee rates  
 16 authorized by Subsection D of this section in order to collect  
 17 only that amount estimated to be necessary to carry out the  
 18 provisions of the Pipeline Safety Act and Chapter 62, Article  
 19 14 NMSA 1978; provided that the fees shall not be greater than  
 20 the amounts set forth in Subsection D of this section."

21 Section 2. A new section of the Pipeline Safety Act is  
 22 enacted to read:

23 "[NEW MATERIAL] MASTER METER OUTREACH AND EDUCATION.--Upon  
 24 the effective date of this legislation, the commission shall:

25 A. commence a continuing industry outreach to

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underscored material = new  
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1 coordinate and conduct education and certification programs  
2 concerning pipeline safety laws and regulations with respect to  
3 master meters;

4 B. develop agreements with the building and  
5 construction oversight divisions of the state and of local  
6 governments with the intent of minimizing dual jurisdiction of  
7 master meters; and

8 C. apply the waiver provisions of Section 70-3-16  
9 NMSA 1978 to violations of safety regulations pertaining to  
10 master meters occurring prior to the effective date of this  
11 section."

12 Section 3. Section 70-3-12 NMSA 1978 (being Laws 1969,  
13 Chapter 71, Section 2, as amended) is amended to read:

14 "70-3-12. DEFINITIONS.--As used in the Pipeline Safety  
15 Act:

16 A. "person" means an individual, firm, joint  
17 venture, partnership, corporation, association, state,  
18 municipality, political subdivision, cooperative association,  
19 joint stock association or any combination thereof and includes  
20 any receiver, trustee, assignee or personal representative  
21 thereof;

22 B. "commission" means the public regulation  
23 commission;

24 C. "gas" means natural gas, flammable gas or gas  
25 that is toxic or corrosive;

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1           D. "oil" means crude oil and liquid hydrocarbons  
2 and manufactured products derived from either;

3           E. "transportation of gas" means the gathering,  
4 transmission or distribution of gas by pipeline or its storage,  
5 except that it shall not include the gathering of gas in those  
6 rural locations that lie outside the limits of any municipality  
7 or unincorporated city, town or village or any residential or  
8 commercial area such as a subdivision, a business or shopping  
9 center, a community development or any similar populated area  
10 that the commission may define by order as a nonrural area;

11           F. "transportation of oil" means the transmission  
12 of oil by pipeline, except pipelines operated exclusively for  
13 the gathering of oil in any field or area or pipelines  
14 constituting a part of any tank farm, plant facilities of any  
15 processing plant, gasoline plant, refinery, carbon-black plant,  
16 recycling system or similar operations;

17           G. "gas pipeline facilities" means new and existing  
18 pipeline rights of way and any equipment, facility or structure  
19 used in the transportation of gas or the treatment of gas  
20 during the course of transportation;

21           H. "oil pipeline facilities" means new and existing  
22 pipeline rights of way and any equipment, facility or structure  
23 used in the transportation of oil; ~~and~~

24           I. "intrastate pipeline facilities" means oil  
25 pipeline facilities or gas pipeline facilities within the state

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1 that are not gas pipeline facilities subject to the  
2 jurisdiction of the federal energy regulatory commission  
3 pursuant to the federal Natural Gas Act or oil pipeline  
4 facilities used in the transportation of oil in interstate or  
5 foreign commerce, except that it shall include pipeline  
6 facilities within the state that transport gas from an  
7 interstate gas pipeline to a direct sales customer within the  
8 state purchasing gas for its own consumption;

9 J. "distribution main" means a pipeline other than  
10 a gathering or transmission line that serves as a common source  
11 of supply for more than one service line;

12 K. "master meter" means a pipeline system for  
13 distributing gas within, but not limited to, a definable area,  
14 such as a mobile home park, housing project or apartment  
15 complex, where the operator purchases metered gas from an  
16 outside source for resale through a gas distribution pipeline  
17 system. The master meter system supplies the ultimate consumer  
18 who either purchases the gas directly through a meter or by  
19 other means such as by rents, as more fully set forth in  
20 federal laws and regulations; and

21 L. "service line" means a pipeline that transports  
22 gas from a common source of supply such as a distribution main  
23 to:

24 (1) a customer meter or the connection to a  
25 customer's piping, whichever is farther downstream; or

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1                   (2) the connection to a customer's piping if  
 2 there is no customer meter. A "customer meter" is the meter  
 3 that measures the transfer of gas from an operator to a  
 4 consumer."

5           Section 4. A new section of the Public Utility Act is  
 6 enacted to read:

7           "[NEW MATERIAL] PIPELINE SAFETY FEE.--A public utility  
 8 that is assessed a pipeline safety fee shall be entitled to  
 9 collect the fee from its rate payers without the requirement of  
 10 a request for a change in rates. The utility shall notify the  
 11 commission in writing of the imposition and amount of the fee  
 12 and, if practicable, shall show the fee as a separate line item  
 13 on its bill statements to consumers."

14           Section 5. APPROPRIATION.--Four hundred fifty thousand  
 15 dollars (\$450,000) is appropriated from the general fund to the  
 16 pipeline safety fund for expenditure in fiscal year 2005 and  
 17 subsequent fiscal years for two additional full-time-equivalent  
 18 positions and for expansion of the pipeline safety bureau of  
 19 the public regulation commission to carry out the safety,  
 20 inspection and enforcement provisions of the Pipeline Safety  
 21 Act and Chapter 62, Article 14 NMSA 1978. Any unexpended or  
 22 unencumbered balance remaining at the end a of fiscal year  
 23 shall not revert to the general fund.

24           Section 6. EFFECTIVE DATE.--The effective date of the  
 25 provisions of this act is July 1, 2004.

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