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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:

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

B. The pipeline safety fund shall be administered
by the commission. Money in the fund is appropriated to the
commission to carry out its duties pursuant to the provisions
of the Pipeline Safety Act and Chapter 62, Article 14 NMSA
1978. Not more than five percent of the fees collected

1 pursuant to Subsection D of this section shall be used by the
2 commission for administrative purposes.

3 C. Payments from the pipeline safety fund shall be
4 made upon vouchers issued and signed by the director of the
5 administrative services division of the commission or the
6 director's authorized representative upon warrants drawn by
7 the secretary of finance and administration.

8 D. The commission shall collect annual pipeline
9 safety fees for the duties relating to inspection of
10 intrastate pipelines from persons subject to the Pipeline
11 Safety Act in accordance with and not to exceed the following
12 amounts:

13 (1) for the transportation of gas:

14 (a) two dollars (\$2.00) per domestic
15 service line;

16 (b) thirty-five dollars (\$35.00) per
17 commercial service line;

18 (c) thirty-five dollars (\$35.00) per
19 mile of line for the transportation of gas subject to
20 inspection by the pipeline safety bureau, with a minimum
21 assessment of four hundred dollars (\$400); and

22 (d) one hundred dollars (\$100) per
23 master meter, direct sales lateral or liquified petroleum gas
24 system; and

25 (2) for the transportation of oil, thirty-

1 five dollars (\$35.00) per mile of transmission line subject
2 to inspection by the pipeline safety bureau, with a minimum
3 assessment of four hundred dollars (\$400). A fee shall not
4 be assessed on mileage under the jurisdiction of or inspected
5 by the federal department of transportation.

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

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

19 "MASTER METER OUTREACH AND EDUCATION.--On the effective
20 date of this legislation, the commission shall:

21 A. commence a continuing industry outreach to
22 coordinate and conduct education and certification programs
23 concerning pipeline safety laws and regulations with respect
24 to master meters;

25 B. develop agreements with the building and

1 construction oversight divisions of the state and of local
2 governments with the intent of minimizing dual jurisdiction
3 of master meters; and

4 C. apply the waiver provisions of Section 70-3-16
5 NMSA 1978 to violations of safety regulations pertaining to
6 master meters occurring prior to July 1, 2004."

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

9 "70-3-12. DEFINITIONS.--As used in the Pipeline Safety
10 Act:

11 A. "person" means an individual, firm, joint
12 venture, partnership, corporation, association, state,
13 municipality, political subdivision, cooperative association,
14 joint stock association or any combination thereof and
15 includes any receiver, trustee, assignee or personal
16 representative thereof;

17 B. "commission" means the public regulation
18 commission;

19 C. "gas" means natural gas, flammable gas or gas
20 that is toxic or corrosive;

21 D. "oil" means crude oil and liquid hydrocarbons
22 and manufactured products derived from either;

23 E. "transportation of gas" means the gathering,
24 transmission or distribution of gas by pipeline or its
25 storage, except that it shall not include the gathering of

1 gas in those rural locations that lie outside the limits of
2 any municipality or unincorporated city, town or village or
3 any residential or commercial area such as a subdivision, a
4 business or shopping center, a community development or any
5 similar populated area that the commission may define by
6 order as a nonrural area;

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

13 G. "gas pipeline facilities" means new and
14 existing pipeline rights of way and any equipment, facility
15 or structure used in the transportation of gas or the
16 treatment of gas during the course of transportation;

17 H. "oil pipeline facilities" means new and
18 existing pipeline rights of way and any equipment, facility
19 or structure used in the transportation of oil;

20 I. "intrastate pipeline facilities" means oil
21 pipeline facilities or gas pipeline facilities within the
22 state that are not gas pipeline facilities subject to the
23 jurisdiction of the federal energy regulatory commission
24 pursuant to the federal Natural Gas Act or oil pipeline
25 facilities used in the transportation of oil in interstate or

1 foreign commerce, except that it shall include pipeline
2 facilities within the state that transport gas from an
3 interstate gas pipeline to a direct sales customer within the
4 state purchasing gas for its own consumption;

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

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

17 L. "service line" means a pipeline that transports
18 gas from a common source of supply, such as a distribution
19 main, to:

20 (1) a customer meter or the connection to a
21 customer's piping, whichever is further downstream; or

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

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

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

10 Section 5. EFFECTIVE DATE.--The effective date of the
11 provisions of this act is July 1, 2004. _____

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