

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

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

7 Section 1. A new section of the Pipeline Safety Act is enacted to read:
8 "PIPELINE SAFETY FUND--CREATED--ASSESSMENT AND
9 COLLECTION OF FEES.--

10 A. The "pipeline safety fund" is created in the state treasury for the
11 purpose of enhancing the staffing and training of the pipeline safety bureau of the
12 commission with the goal of assuming the function of inspection of interstate as well
13 as intrastate pipelines. The fund shall consist of fees collected pursuant to
14 Subsection D of this section, appropriations, gifts, grants, donations and earnings
15 from investment of the fund. Balances in the fund shall not be transferred to the
16 general fund at the end of any fiscal year.

17 B. The pipeline safety fund shall be administered by the
18 commission. Money in the fund is appropriated to the commission to carry out its
19 duties pursuant to the provisions of the Pipeline Safety Act and Chapter 62, Article
20 14 NMSA 1978. Not more than five percent of the fees collected pursuant to
21 Subsection D of this section shall be used by the commission for administrative
22 purposes.

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

D. The commission shall collect annual pipeline safety fees for the

1 duties relating to inspection of intrastate pipelines from persons subject to the
2 Pipeline Safety Act in accordance with and not to exceed the following amounts:

- 3 (1) for the transportation of gas:
- 4 (a) two dollars (\$2.00) per domestic service line;
 - 5 (b) thirty-five dollars (\$35.00) per commercial service
6 line;
 - 7 (c) thirty-five dollars (\$35.00) per mile of line for the
8 transportation of gas subject to inspection by the pipeline safety bureau, with a
9 minimum assessment of four hundred dollars (\$400); and
 - 10 (d) one hundred dollars (\$100) per master meter,
11 direct sales lateral or liquified petroleum gas system; and

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

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

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

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

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1 A. commence a continuing industry outreach to coordinate and
2 conduct education and certification programs concerning pipeline safety laws and
3 regulations with respect to master meters;

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

7 C. apply the waiver provisions of Section 70-3-16 NMSA 1978 to
8 violations of safety regulations pertaining to master meters occurring prior to July 1,
9 2004."

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

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

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

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

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

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

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

1 F. "transportation of oil" means the transmission of oil by pipeline, S
2 except pipelines operated exclusively for the gathering of oil in any field or area or F
3 pipelines constituting a part of any tank farm, plant facilities of any processing plant, /
4 gasoline plant, refinery, carbon-black plant, recycling system or similar operations; B

5 G. "gas pipeline facilities" means new and existing pipeline rights of 1
6 way and any equipment, facility or structure used in the transportation of gas or the 7
7 treatment of gas during the course of transportation; 0
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8 H. "oil pipeline facilities" means new and existing pipeline rights of a
9 way and any equipment, facility or structure used in the transportation of oil; g
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10 I. "intrastate pipeline facilities" means oil pipeline facilities or gas 4
11 pipeline facilities within the state that are not gas pipeline facilities subject to the
12 jurisdiction of the federal energy regulatory commission pursuant to the federal
13 Natural Gas Act or oil pipeline facilities used in the transportation of oil in interstate
14 or foreign commerce, except that it shall include pipeline facilities within the state
15 that transport gas from an interstate gas pipeline to a direct sales customer within
16 the state purchasing gas for its own consumption;

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

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

L. "service line" means a pipeline that transports gas from a

1 common source of supply, such as a distribution main, to:
2 (1) a customer meter or the connection to a customer's
3 piping, whichever is further downstream; or
4 (2) the connection to a customer's piping if there is no
5 customer meter. A "customer meter" is the meter that measures the transfer of gas
6 from an operator to a consumer."

7 Section 4. A new section of the Public Utility Act is enacted to read:
8 "PIPELINE SAFETY FEE.--A public utility that is assessed a pipeline safety
9 fee shall be entitled to collect the fee from its rate payers without the requirement of
10 a request for a change in rates. The utility shall notify the commission in writing of
11 the imposition and amount of the fee and, if practicable, shall show the fee as a
12 separate line item on its bill statements to consumers."

13 Section 5. EFFECTIVE DATE.--The effective date of the provisions of this
14 act is July 1, 2004.

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