

By: Keffer

H.B. No. 2924

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of natural gas pipelines and natural gas gathering service.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 121.001(b), Utilities Code, is amended to read as follows:

(b) In this subchapter, "person" means an individual, company, limited liability company, master limited partnership, or private corporation and includes a lessee, trustee, or receiver of an individual, company, limited liability company, master limited partnership, or private corporation.

SECTION 2. The heading to Section 121.005, Utilities Code, is amended to read as follows:

Sec. 121.005. GATHERING [~~TRANSPORTATION~~] OF GAS IN VICINITY OF PLACE OF PRODUCTION EXCLUDED.

SECTION 3. Section 121.005(a), Utilities Code, is amended to read as follows:

(a) Except as provided by Section 121.001(a)(2), a person is not a gas utility if the [~~person certifies to the~~] railroad commission certifies that the person gathers [~~transports~~] natural or synthetic gas, for sale, for hire, or otherwise, solely:

(1) in, or in the vicinity of, the field or fields where the gas is produced to a gas processing plant or treating facility;

1 (2) from the outlet of a gas processing plant or
2 treating facility described by Subdivision (1) to a person:

3 (A) at, or in the vicinity of, the plant or
4 treating facility; or

5 (B) described by Subdivision (3) or Section
6 121.004; or

7 (3) to another person in, or in the vicinity of, the
8 field or fields where the gas is produced for transportation or sale
9 in intrastate commerce.

10 SECTION 4. Subtitle B, Title 3, Utilities Code, is amended
11 by adding Chapter 125 to read as follows:

12 CHAPTER 125. NATURAL GAS GATHERING

13 SUBCHAPTER A. GENERAL PROVISIONS

14 Sec. 125.001. NATURAL GAS GATHERING: PUBLIC INTEREST. (a)
15 The activity of natural gas gathering is an activity affected with a
16 public interest.

17 (b) A person engaged in the activity of natural gas
18 gathering may be a virtual monopoly.

19 Sec. 125.002. RAILROAD COMMISSION JURISDICTION. A person
20 engaged in the activity of natural gas gathering and the property of
21 the person used in this state is subject to the jurisdiction,
22 control, and regulation of the railroad commission as a common
23 purchaser under Subchapter D, Chapter 111, Natural Resources Code.

24 Sec. 125.003. RAILROAD COMMISSION CERTIFICATION. For the
25 purposes of certifying whether a person or the property of a person
26 is engaged in natural gas gathering the railroad commission shall
27 evaluate:

- 1 (1) the general business classification of the person;
- 2 (2) the length and diameter of the person's natural gas
3 pipelines;
- 4 (3) the location of the person's natural gas pipelines
5 to the central point in the field;
- 6 (4) the geographic configuration or pattern of the
7 person's natural gas pipelines;
- 8 (5) the location of compressors and processing plants,
9 particularly where the pipelines are located behind gas processing
10 plants;
- 11 (6) the location of wells along all or part of the
12 person's natural gas pipelines; and
- 13 (7) the operating pressure and volumes of gas
14 transmitted on the person's natural gas pipelines.

15 Sec. 125.004. DUTY TO PREVENT DISCRIMINATION. (a) The
16 railroad commission shall inquire into each field to determine if
17 gatherers are providing just, reasonable, and nondiscriminatory
18 fees, services, and purchases.

19 (b) This chapter may not be interpreted to require a person
20 to offer the identical natural gas gathering rates or fees to all
21 shippers.

22 (c) The railroad commission has all necessary authority, on
23 its own motion or on receipt of a complaint, to ensure that all
24 tariffs, charges, fares, tolls, rentals, classifications, contract
25 provisions, or other services that are directly or indirectly
26 demande d, observed, charged, collected, or offered to a shipper and
27 filed with the railroad commission are just, reasonable, and not

1 discriminatory.

2 Sec. 125.005. GAS GATHERER'S REPORT. The railroad
3 commission may require a person engaged in the activity of natural
4 gas gathering to make to the commission a sworn report of any matter
5 relating to the person's natural gas gathering activity that the
6 commission determines to be relevant, including:

7 (1) the total quantity of natural gas gathered by the
8 person;

9 (2) a scaled map indicating the county and survey
10 location of the person's natural gas gathering pipelines;

11 (3) the connection points and pressure of wells
12 supplying natural gas;

13 (4) the final delivery point or points of the person's
14 natural gas gathering pipelines;

15 (5) the average monthly pressure of the person's
16 natural gas gathering pipelines; and

17 (6) the amount, character, and description of the
18 equipment used by the person for natural gas gathering.

19 Sec. 125.006. MAINTENANCE OF OFFICE AND RECORDS IN THIS
20 STATE. A person engaged in natural gas gathering shall maintain an
21 office in this state in a county in which some part of the person's
22 natural gas gathering property is located. The person shall keep in
23 this office all books, accounts, papers, records, vouchers, and
24 receipts that the railroad commission requires.

25 SECTION 5. This Act takes effect September 1, 2007.