

Texas Pipeline Companies Support Hiring of More Inspectors

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• Texas Pipeline Association supports more pipeline inspectors and more damage prevention oversight

• Currently analyzing eminent domain bills By Nushin Huq

(BNA) -- Texas needs more pipeline inspectors to oversee the state's more than 400,000 miles of pipelines, the state's pipeline industry group says.

The Texas Railroad Commission, the agency charged with regulating the state's vast pipeline system, is asking the legislature for more money and plans to use some of it to hire more pipeline inspectors. The state added more than 10,000 miles of regulated pipeline over the past four years, the commission said in its budget request.

The Texas Pipeline Association supports that request, Thure Cannon, president of the Texas Pipeline Association, told Bloomberg BNA during the group's annual meeting in Houston.

Pipelines are audited and inspected on a regular system and having enough inspectors will give pipeline companies regulatory certainty, Cannon said.

The Texas Pipeline Association held its annual meeting on Jan. 6, before the beginning of the legislative session Jan. 10. The association represents almost 50 pipeline companies that own infrastructure within Texas such as Enterprise Products Partners LP, Enbridge Energy Partners, Kinder Morgan Energy Partners, Chevron Pipe Line Co. and Anadarko Petroleum Corp.

Issues that the legislature are tackling this session that will affect the industry directly are funding for the Texas Railroad Commission and bills related to the commission and eminent domain, one of the biggest issues facing the pipeline industry because of landowner objections to the process, Cannon said. Landowners are pushing to make it more difficult to condemn land for public use.

"Our No. 1 priority is pipeline safety," Cannon said. "After that, it's regulatory certainty from [Texas Commission on Environmental Quality] and the Texas Railroad Commission."

Tight Budget

Increased funding for inspections and other purposes will be a challenge because state revenues are down.

The Texas budget for the upcoming two fiscal years, starting in July, and running through June 2019, will be about \$8 billion less than the previous two years, Glenn Hegar, Texas comptroller of public accounts, told the legislature Jan. 9.

The state will receive about \$104.87 billion both through tax and non-tax revenue, the comptroller said in his biennial revenue estimate. In 2015, the estimate was \$133 billion, though the state only collected \$107 billion as a slump in the oil and gas market negatively affected tax revenue.

The legislature will use the new estimate to create the state budget.

"I know money is tight, but I want to make sure that the commission is funded correctly," Lt. Gov. Dan Patrick (R) told the association during the luncheon keynote at the Jan. 6 meeting.

Sunset Review

In addition to budget requests, the Railroad Commission will be having its sunset review during this legislative session.

The state's sunset commission reviews each agency ahead of its sunset date and determines whether it should continue to exist and whether changes in how it functions need to be made.

After completing its review of the railroad commission, the sunset commission in November recommended that the agency continue for another 12 years. It also suggested some changes.

The Texas Pipeline Association supports all three recommendations made by the sunset commission related to improving oversight of the state's pipeline infrastructure, including authorizing the railroad commission to enforce damage prevention requirements for interstate pipelines, Cannon said.

To help pay for the hiring of more inspectors, TPA supports instituting a permit fee for pipeline development, Cannon said. The association also supports diverting a portion of the gas utility tax from the state's general fund to the Texas Railroad Commission to offset the costs of administering the pipeline safety program, he said.

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For More Information

The Sunset Commission's recommendations are at <http://src.bna.com/lfd>. The Texas Pipeline Association website is at <http://src.bna.com/lfd>