

JIM WRIGHT, *CHAIRMAN*
 CHRISTI CRADDICK, *COMMISSIONER*
 WAYNE CHRISTIAN, *COMMISSIONER*



ALEXANDER C. SCHOCH, *GENERAL COUNSEL*

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Chairman Jim Wright
 Commissioner Christi Craddick
 Commissioner Wayne Christian

FROM: Olivia Alland
 Attorney, Office of General Counsel

THROUGH: Alexander C. Schoch, General Counsel

DATE: January 20, 2026

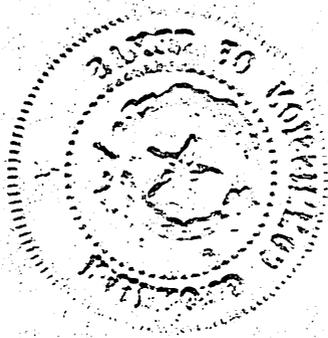
SUBJECT: Item 583: Adoption of Amendments to 16 TAC §8.201, relating to pipeline safety and regulatory program fees.

February 5, 2026		
Approved	Denied	Abstain

Attached is Staff’s recommendation to adopt amendments to 16 Texas Administrative Code §8.201, relating to pipeline safety and regulatory program fees. The adoption implements House Bill 4042 (89th Legislature, Regular Session, 2025), which removes the specification that gas must be “natural gas” with respect to pipelines and distribution systems. The amendments ensure consistency with these statutory changes.

On October 28, 2025, the Commission approved publication of the proposed amendments in the Texas Register. The proposal was published in the November 14th issue (50 TexReg 7397), and the public comment period closed on December 15, 2025. No comments were received. Staff recommends adopting the amendments to §8.201 without changes.

cc: Wei Wang, Executive Director
 Mark Evarts, Director, Oversight and Safety Division
 Stephanie Weidman, Director, Pipeline Safety Department



The first part of the document discusses the general principles of the law of contracts, including the formation of a contract and the elements of a contract. It covers the requirements of offer, acceptance, and consideration, and discusses the legal consequences of a contract.

The second part of the document discusses the law of torts, including the elements of negligence and the types of damages available. It covers the duty of care, breach of duty, and causation, and discusses the various types of torts, such as personal injury, property damage, and defamation.

The third part of the document discusses the law of property, including the types of property interests and the rules governing the transfer of property. It covers the concepts of ownership, possession, and the various ways in which property can be transferred, such as by deed, gift, or will.

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1 The Railroad Commission of Texas adopts amendments to §8.201, relating to Pipeline Safety and
2 Regulatory Program Fees, without changes to the proposed text as published in the November 14, 2025,
3 issue of the Texas Register (50 TexReg 7397); the rule text will not be republished. The Commission
4 received no comments on the proposal. The Commission adopts the amendments to implement House Bill
5 4042, 89th Texas Legislature (Regular Session, 2025). The bill removes the specification that gas must
6 be natural gas with respect to gas distribution pipelines, gas master-metered pipelines, gas distribution
7 systems, and gas master-metered systems whose operators may be subject to annual pipeline safety and
8 regulatory fees.

9 The Commission adopts amendments throughout the rule to remove the word “natural” from the
10 rule text.

11 The Commission adopts the amendments under Texas Natural Resources Code, §81.051 and
12 §81.052, which give the Commission jurisdiction over all common carrier pipelines in Texas, persons
13 owning or operating pipelines in Texas, and their pipelines and oil and gas wells, and authorize the
14 Commission to adopt all necessary rules for governing and regulating persons and their operations under
15 the jurisdiction of the Commission; and Texas Utilities Code, §121.201, §121.211, §121.213, and
16 §121.214, which authorize the Commission to adopt and collect pipeline safety and regulatory program
17 fees.

18 Statutory authority: Texas Natural Resources Code, §81.051, §81.052; and Texas Utilities Code,
19 §121.201, §121.211; §121.213, §121.214.

20 Cross-reference to statute: Texas Natural Resources Code, Chapter 81; and Texas Utilities Code,
21 Chapter 121.

22
23 §8.201. Pipeline Safety and Regulatory Program Fees.

24 (a) Application of fees. Pursuant to Texas Utilities Code, §121.211, the Commission establishes a
25 pipeline safety and regulatory program fee, to be assessed annually against operators of [~~natural~~] gas
26 distribution pipelines and pipeline facilities and [~~natural~~] gas master metered pipelines and pipeline
27 facilities subject to the Commission's jurisdiction under Texas Utilities Code, Title 3. The total amount of
28 revenue estimated to be collected under this section does not exceed the amount the Commission
29 estimates to be necessary to recover the costs of administering the pipeline safety and regulatory
30 programs under Texas Utilities Code, Title 3, excluding costs that are fully funded by federal sources for
31 any fiscal year.

1 (b) Gas [~~Natural gas~~] distribution systems. The Commission hereby assesses each operator of a
 2 [~~natural~~] gas distribution system an annual pipeline safety and regulatory program fee of \$1.00 for each
 3 service (service line) in service at the end of each calendar year as reported by each system operator on
 4 the U.S. Department of Transportation (DOT) Gas Distribution Annual Report, Form PHMSA F7100.1-1
 5 due on March 15 of each year.

6 (1) Each operator of a [~~natural~~] gas distribution system shall calculate the annual pipeline
 7 safety and regulatory program total to be paid to the Commission by multiplying the \$1.00 fee by the
 8 number of services listed in Part B, Section 3, of Form PHMSA F7100.1-1, due on March 15 of each
 9 year.

10 (2) Each operator of a [~~natural~~] gas distribution system shall remit to the Commission on
 11 March 15 of each year the amount calculated under paragraph (1) of this subsection. Payments shall be
 12 made using the Commission's online application available on the Commission's website.

13 (3) Each operator of a [~~natural~~] gas distribution system shall recover, by a surcharge to its
 14 existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection.

15 The surcharge:

- 16 (A) shall be a flat rate, one-time surcharge;
- 17 (B) shall not be billed before the operator remits the pipeline safety and
 18 regulatory program fee to the Commission;
- 19 (C) shall be applied in the billing cycle or cycles immediately following the date
 20 on which the operator paid the Commission;
- 21 (D) shall not exceed \$1.00 per service or service line; and
- 22 (E) shall not be billed to a state agency, as that term is defined in Texas Utilities
 23 Code, §101.003.

24 (4) No later than 90 days after the last billing cycle in which the pipeline safety and
 25 regulatory program fee surcharge is billed to customers, each operator of a [~~natural~~] gas distribution
 26 system shall file with the Commission's Oversight and Safety Division a report showing:

- 27 (A) the pipeline safety and regulatory program fee amount paid to the
 28 Commission;
- 29 (B) the unit rate and total amount of the surcharge billed to each customer;
- 30 (C) the date or dates on which the surcharge was billed to customers; and
- 31 (D) the total amount collected from customers from the surcharge.

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1 (5) Each operator of a [natural] gas distribution system that is a utility subject to the
2 jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101 - 105, shall file a generally
3 applicable tariff for its surcharge in conformance with the requirements of §7.315 of this title (relating to
4 Filing of Tariffs).

5 (6) Amounts recovered from customers under this subsection by an investor-owned
6 [natural] gas distribution system or a cooperatively owned [natural] gas distribution system shall not be
7 included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise
8 fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall
9 such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3,
10 Tax Code.

11 (c) Master [Natural gas master] meter systems. The Commission hereby assesses each [natural
12 gas] master meter system an annual pipeline safety and regulatory program fee of \$100 per master meter
13 system.

14 (1) Each operator of a [natural gas] master meter system shall remit to the Commission
15 the annual pipeline safety and regulatory program fee of \$100 per master meter system no later than June
16 30 of each year. Payments shall be made using the Commission's online application available on the
17 Commission's website.

18 (2) The Commission shall send an invoice to each affected [natural gas] master meter
19 system operator no later than April 30 of each year as a courtesy reminder. The failure of a [natural gas]
20 master meter system operator to receive an invoice shall not exempt the [natural gas] master meter system
21 operator from its obligation to remit to the Commission the annual pipeline safety and regulatory program
22 fee on June 30 each year.

23 (3) Each operator of a [natural gas] master meter system shall recover as a surcharge to
24 its existing rates the amounts paid to the Commission under paragraph (1) of this subsection.

25 (4) No later than 90 days after the last billing cycle in which the pipeline safety and
26 regulatory program fee surcharge is billed to customers, each [natural gas] master meter system operator
27 shall file with the Oversight and Safety Division a report showing:

28 (A) the pipeline safety and regulatory program fee amount paid to the
29 Commission;

30 (B) the unit rate and total amount of the surcharge billed to each customer;

31 (C) the date or dates on which the surcharge was billed to customers; and

32 (D) the total amount collected from customers from the surcharge.

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1 (d) Late payment penalty. If the operator of a [natural] gas distribution system or a [natural gas]
2 master meter system does not remit payment of the annual pipeline safety and regulatory program fee to
3 the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10
4 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall
5 notify the operator of the total amount due to the Commission.

This agency hereby certifies that the rule as adopted has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

February 5
Issued in Austin, Texas, on _____, 2026.

Filed with the Office of the Secretary of State on _____ February 5 _____, 2026.



Secretary of the Commission

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Olivia Alland, Attorney
Office of General Counsel
Railroad Commission of Texas

DocuSigned by:
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Jim Wright, Chairman

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