



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

621 Woodland Square Loop SE • Lacey, Washington 98503

P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY (360) 586-8203

June 20, 2024

Sent via Email

Dear Pipeline Operator:

RE: Annual Pipeline Safety Fee for Fiscal Year 2024-2025, Docket No. P-240303

The annual pipeline safety fee has been established for the fiscal year 2024-2025. Below, we have provided information explaining how annual fees are determined as established in the Annual Pipeline Safety Fee Methodology, WAC 480-93-240 and WAC 480-75-240.

How are the annual pipeline fees calculated?

The annual pipeline fees are calculated by applying the total program cost (no more than authorized and approved by the Office of Financial Management), less the federal reimbursement received for the calendar year grant. The remaining amount is the fee to be assessed to the pipeline operators.

How are the fees assessed and allocated to each company?

Based on the calculation of the amount determined above, the fees for each operator are calculated using two factors:

1. Overhead Allocation Based on Percentage of Miles

Indirect costs are allocated based on pipeline mileage reported on the 2023 annual report, and;

2. Net Program Cost Based on Percentage of Hours (total remaining program cost after deducting the overhead cost)

Percentage of staff hours devoted directly to the pipeline company during the previous two calendar years (2022 – 2023) for calculating 2024-2025 pipeline fees.

Pipeline safety program activities consist of inspections, developing reports and correspondence pertaining to those inspections, conducting incident investigations, and compliance/enforcement actions. The fee allocation is based on the percentage of those hours spent directly on your company. This factor accounts for the greatest share of the fee calculation.

Your fee may vary significantly from year to year based on the hours spent inspecting or otherwise working with your company. A lower fee may indicate that less staff effort was dedicated to your company within the previous two-year calculation period. In contrast, a higher fee may have been the result of additional time spent conducting inspections, incident investigations, formal complaints, and ensuring compliance with commission orders. Using a two-year history to determine the fee allocation was established in the current methodology (consistent with WAC 480-93-240 and WAC 480-75-240) to minimize some of the fluctuations in fees from year to year.

Respect. Professionalism. Integrity. Accountability.

Annual Pipeline Safety Fee for Fiscal Year 2024-2025

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Open Meeting

The Commission will hold an Open Meeting to issue an “Order Establishing Pipeline Safety Fee Setting for Fiscal Year 2024-2025 on **July 11, 2024**, beginning at **9:30 a.m.**, in Room 110, Washington Utilities and Transportation Commission, 621 Woodland Square Loop SE, Lacey, Washington. Note that this meeting will be held virtually via Microsoft Teams/conference call line in the event the UTC building is closed to the public. If you have comments regarding this fee setting, you may provide them by July 8, 2024, to pipelineprogram@utc.wa.gov, or present your comments at this Open Meeting.

In the meantime, if you have any questions regarding how your fee was determined, please contact me at [Scott Rukke@utc.wa.gov](mailto:Scott.Rukke@utc.wa.gov) or (360) 870-4923.

Sincerely,

Scott Rukke
Pipeline Safety Director

Enclosure – P-240303 Exhibit A – Proposed Fee Table