

Agenda Date: June 15, 2005  
Item Number: B1

**Docket:** P-050689  
Annual Pipeline Safety Fees  
WAC 480-93-240 and WAC 480-75-240

Staff: Sondra Walsh, Senior Policy Strategist

**Recommendation:**

Enter an order setting the fiscal year 2006 pipeline safety fee as calculated on Attachment 1 to Staff's memo.

**Fee:**

The pipeline safety fee covers the costs of the pipeline safety program authorized by the legislature. The fiscal year 2006 appropriation is \$2,199,000. The recommended fees are calculated using the methodology pursuant to WAC 480-93-240 and WAC 480-75-240.

The annual pipeline safety fee is developed using the components below, starting with the projected program cost (\$2,199,000). See the fee example table on page #3.

1. Allocate the total program cost to intrastate and interstate companies by assigning 63 percent to intrastate companies and 37 percent to interstate companies.
2. Deduct the amount we anticipate receiving from the US Department of Transportation's (US DOT) Natural Gas and Hazardous Liquids base grants using the 37/63 percent split. This year we project we will receive \$710,000.
3. Add grant dollars projected in the previous year but not awarded by US DOT. The 2006 fee includes \$183,855 not received during fiscal year 2005.
4. Deduct from the program cost the direct assignment of cost associated with standard inspections. Each company pays for its expected standard inspection costs in step six, below.
5. Allocate the remaining net program costs across the companies based on total pipeline miles subject to safety regulation under the program. Each

company's allocated share of these costs is calculated by multiplying the net program costs by the fraction that represents the individual company's mileage to the total (interstate or intrastate) pipeline miles identified.

- 6 Finally, the remaining net program costs allocated to each company are added to the company's individual cost responsibilities associated with standard inspections, resulting in the fiscal year 2006 fee. That fee is then divided by four to determine the quarterly fee that is due and payable July 1, October 1, January 1, and April 1.

**Public Comment:**

No public comment has been received on the fee assignments for fiscal year 2006.

**Conclusion:**

Staff recommends that the Commission enter an order setting the annual pipeline safety fee for the 2006 fiscal year as outlined in Attachment 1.

FEE CALCULATION	Interstate	Intrastate
Start with the projected program cost for the coming year:	2,199,000	
1. Allocate the total program cost to intrastate and interstate companies by assigning 63 percent to intrastate companies and 37 percent to interstate companies. This allocation was determined by 2002 actual staff inspection time.	813,630	1,385,370
2. Split the amount received from the Federal Department of Transportation's Natural Gas Pipelines and Hazardous Liquids Pipeline Safety Program base grant according to the inter / intrastate split (37/63).	262,700	447,300
3. If there was an under-collection from the previous year's base grant, deduct the under-collection from the program cost. The fee this year reflects a deduction of \$183,855 for under-collection during the previous year.	68,026	115,829
4. Deduct from the program cost the direct assignment of costs associated with standard inspections.	107,166	214,669
5. Allocate the remaining net program costs to each company based on total pipeline miles subject to safety regulation under the program. Each company's allocated share of these costs is calculated by multiplying the net program costs by the fraction that represents the individual company's mileage to the total (interstate or intrastate) pipeline miles identified.	511,790	839,230
7. Add the remaining net program costs allocated to each company to that company's individual cost responsibilities associated with standard inspections.		
8. The resulting annual fee for each company is divided by four to determine the quarterly fee that is due and payable July 1, October 1, January 1, and April 1 of each year.		

## Example:

Company Name	Standard Inspection Cost	Pipeline Miles	Unallocated Amount	Company Cost Col. 2+3
Avista	\$141,714	2,737 13.83 % of total intrastate miles	\$116,102	\$141,714