



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do **NOT** use for expedited rule making

Agency: Washington Utilities and Transportation Commission

Subject of possible rule making: The Washington Utilities and Transportation Commission (Commission) opens this inquiry to consider amending WAC 480-75-240 Annual Pipeline Safety Fee Methodology related to hazardous liquid pipeline companies. This rule has not been substantially amended since 2005 and this update would include:

- Methodology for allocating the annual overhead charge
- Accounting for penalty money collected under the state's dig law (RCW 19.122)
- Consideration of assessing an annual fee for jurisdictional master meter operators
- Consideration of federal fund proceeds received that are different than projected

This rulemaking has been assigned Docket PL-160122

Statutes authorizing the agency to adopt rules on this subject: RCW 80.01.040, RCW 80.04.160, RCW 81.88.040, and RCW 81.24.090.

Reasons why rules on this subject may be needed and what they might accomplish: Under the original rule (adopted January 2002), a substantial portion of the fees were allocated to each company based on their percentage of the total pipeline miles located in Washington. This rule was substantially modified in 2005 (effective July 1, 2006) wherein the new fee methodology allocated the program's cost based on effort expended on each company using the program's timekeeping system. Indirect costs (agency overhead) continued to be allocated based on the proportion of pipeline miles. The methodology for allocating the annual overhead charge does not appear to equitably spread among companies. Further, some jurisdictional company units do not have "pipeline miles" (liquefied natural gas facilities) which makes allocation impossible. Accounting for penalty money collected under the state's dig law (RCW 19.122) is another issue to be addressed. The dig law was amended in 2011 and penalties collected under this amended statute are now distributed differently than when the current rule was adopted. Further, Master Meter operators, which are jurisdictional to the Commission for safety inspections, are currently not assessed an annual fee.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The Pipeline and Hazardous Material Safety Administration (PHMSA) a division of the U.S. Department of Transportation establishes regulations covering the transmission of gas and hazardous liquid by pipeline. Further, PHMSA has direct regulatory authority over all interstate pipelines.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study

Other (describe) The Commission will ask for initial written comments, schedule a workshop, and will provide the opportunity for stakeholders to submit additional written comments on draft rules and proposed CR-102 rules prior to adoption.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

Interested persons may file comments with the Executive Director and Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive, S.W., Olympia, Washington, 98504-7250; telephone (360) 664-1234; by facsimile (360) 586-1150, e-mail at records@utc.wa.gov, or through the UTC Web portal <http://www.utc.wa.gov/e-filing> by **5:00 p.m., Monday, March 21, 2016**. For specific information regarding opportunities for written comments and to ensure receipt of further information concerning this rulemaking, please see the attachment to this form.

DATE
February 17, 2016

NAME (TYPE OR PRINT)
Steven V. King

SIGNATURE

TITLE
Executive Director and Secretary

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: February 17, 2016

TIME: 8:17 AM

WSR 16-05-096

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
CR-101 - ATTACHMENT
DOCKET PL-160122

Interested persons may contact the Executive Director and Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, Olympia, Washington, 98504-7250, 360-664-1234 (Fax: 360-586-1150).

WRITTEN COMMENTS AND STAKEHOLDER WORKSHOP

The Commission has scheduled a stakeholder workshop in this rulemaking for **Wednesday, April 20, 2016, beginning at 9:30 a.m.**, in the Commission's Hearing Room, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. Written comments may be submitted to the Commission at the address given above and should be filed with the Commission no later than **5:00 p.m., Monday, March 21, 2016**, for consideration at the April 20, 2016, stakeholder workshop.

Electronic copies. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted via the Commission's Web portal at www.utc.wa.gov/e-filing or by electronic mail to the Commission's Records Center at records@utc.wa.gov. Please include:

- The docket number of this proceeding (PL-160122)
- The commenting party's name
- The title and date of the comment or comments

An alternative method for submitting comments may be by mailing/delivering an electronic copy on a flash drive, DVD, or compact disk including the filed document(s). Parties must furnish electronic copies in MS Word 6.0 (or later) supplemented by a separate file in .pdf (Adobe Acrobat) format. Include all of the information requested above. The Commission will post on the Commission's website all comments that are provided in electronic format. The website is located at <http://www.utc.wa.gov/160122>. If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document.

Opportunity for further comment is anticipated. Information about the schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's website as it becomes available. If you wish to receive further information on this rulemaking, you may (1) call the Commission's Records Center at 360-664-1234, (2) e-mail the Commission at records@utc.wa.gov, or (3) mail written comments to the address above to the attention of Steven V. King, Executive Director and Secretary. When contacting the Commission, please refer to Docket PL-160122 to ensure that you are placed on the appropriate service list. Questions may be addressed to Alan Rathbun (360) 664-1219 or e-mail at arathbun@utc.wa.gov.

NOTICE

TO CONTINUE RECEIVING NOTICES AND INFORMATION ABOUT THIS RULEMAKING -- The Commission wants to ensure its mailings are sent to persons who are interested in the topic and want to receive that information. **ANY PERSON WHO COMMENTS** will continue to receive notices and information. If you do not submit comments but wish to remain on the mailing list for this rulemaking, please advise the Records Center by any one of the following methods: (1) send a note with your name, address (or a copy of your mailing label), and telephone number referencing Docket PL-160122, and the words "Please keep me on the mailing list;" or (2) E-mail your name, address, and telephone number, referencing Docket PL-160122, and the words "Please keep me on the mailing list" to records@utc.wa.gov. Please note that all information in the mailings will be accessible through the Commission's Internet website at <http://www.utc.wa.gov/160122>. **THOSE INTERESTED PERSONS WHO DO NOT RESPOND MAY NOT RECEIVE FURTHER MAILINGS OR INFORMATION ON THE RULEMAKING.**