



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

May 22, 2020

Sent via Email

Dear Pipeline Operator:

RE: Annual Pipeline Safety Fee for Fiscal Year 2020, Docket No. P-200449

The annual pipeline safety fee has been established for the fiscal year 2020-2021. 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 less the federal reimbursement funding from PHMSA, and less the damage prevention penalty funds collected during Calendar Year 2019. The remaining amount is the fee to be assessed to the pipeline operators.

Total Program Cost - (federal funding) - (damage prevention penalties collected) = Total fees

How is the federal reimbursement rate determined?

This year, the federal reimbursement from PHMSA has been set at a maximum of 60% of eligible program costs. This rate is similar to last year's reimbursement rate.

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; indirect costs are allocated based on pipeline mileage reported on the 2020 annual report and direct costs are allocated based on a proration of the total number of staff hours spent with the operator during 2018 and 2019.

Overhead Allocation Based on Pipeline Mileage + Allocation Based on Percentage of Staff Hours = Total Operator 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

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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) in order to minimize year-to-year variations.

Open Meeting

The Commission will hold an Open Meeting to issue an “Order Establishing Pipeline Safety Fee Setting for Fiscal Year 2020-2021” on **June 25, 2020**, 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 Skype/conference call line in the event the UTC building remains closed to the public. If you have comments regarding this fee setting, you may provide them by June 24, 2020 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 sean.mayo@utc.wa.gov or 360-664-1219.

Sincerely,

/s/

Sean C. Mayo
Pipeline Safety Director

Enclosure – Exhibit A proposed fees 2020-2021