

Agenda Date: July 27, 2023
Item Number: E4

Docket: P-230418
Company: Establishes Pipeline Safety Fees for 2023-2024

Staff: Scott Rukke, Pipeline Safety Director
Marina Rathbun, Pipeline Operations Manager

Recommendation

Implement the methodology calculated in Exhibit A, thereby establishing the pipeline safety fees to be paid by every gas and hazardous liquid company jurisdictional to the Commission for 2023-2024. The fees imposed by this methodology are under the provisions of RCW 80.24.060 and RCW 81.24.090 and are consistent with WAC 480-93-240 and WAC 480-75-240.

Discussion

The Washington Utilities and Transportation Commission (Commission) imposes an annual pipeline safety fee pursuant to RCW 80.24.060 and RCW 81.24.090 to meet the costs of its pipeline safety program. RCW 80.24.060(1) requires that every gas company and every interstate gas pipeline company subject to inspection or enforcement by the Commission must pay an annual pipeline safety fee to the Commission. RCW 81.24.090(1) requires that every hazardous liquid pipeline company as defined in RCW 81.88.010 must pay an annual pipeline safety fee to the Commission.

The fee is determined by the fee methodology established in WAC 480-93-240 (gas) and WAC 480-75-240 (hazardous liquid). In accordance with WAC 480-93-240(4) and WAC 480-75-240(4).

From the total program cost of \$2,900,000, staff deducts the federal funding amount (\$1,486,577) the Commission received from the Federal Department of Transportation Natural Gas Pipeline and Hazardous Liquid Pipeline Safety Program base grants and one call grant, and damage prevention penalty collection amount (\$27,500) the Commission received during the calendar year 2022.

The Commission allocates the federally approved overhead cost of 20 percent, (\$277,184.60) to the pipeline program based on each company's percentage of the total pipeline miles within Washington state. The remaining costs (\$1,108,738.40) are allocated to each company based on the proportion of a company's share of the program staff hours that are directly attributable to each pipeline company. Staff determines each company's hours by dividing the total hours directly attributable to the company during the two preceding calendar years by the total of directly attributable hours for all companies during the same period.

In determining the pipeline safety fees, the staff has considered all monies on hand, current fees, and other anticipated revenues. Staff attaches Exhibit A, the fee methodology matrix showing the

calculations used and impacts on companies for the fiscal year 2023-2024. The total fiscal year 2023-2024 fee for each company is the sum of each company's directly assigned overhead cost, plus the cost based on the percentage of each company's hours. The Commission divides the fee by four to determine each company's quarterly payment that is due and payable beginning September 1, 2023.

The Pipeline Safety Staff (staff) emailed a notice to each company on June 29, 2023, indicating the total amount of the pipeline fee for fiscal year 2023-2024. Operators were asked to provide comments by July 24, 2023.

Staff did not receive any comments from pipeline operators regarding the fee proposal for 2023-2024.

On July 26, 2023, staff emailed revised proposed fees to the operators indicating a reduction of the fee assessments due to WAC 480-75-240 which requires that the Commission deduct from the total program cost the damage prevention penalties collected during the previous calendar year.

Conclusion

Staff recommends that the Commission impose the pipeline safety fee as calculated in Exhibit A. The fees and methodology are appropriate and consistent with previous fee calculations. The fees imposed by this methodology are under the provisions of RCW 80.24.060 and RCW 81.24.090 and are consistent with WAC 480-93-240 and WAC 480-75-240.

Attachment: Exhibit A