

Pipeline Companies

WAC

PART I—GENERAL PROVISIONS

- 480-73-010 Application of rules.
- 480-73-020 Exemptions from rules in chapter 480-73 WAC.
- 480-73-030 Additional requirements.
- 480-73-040 Severability.
- 480-73-050 Tariffs.
- 480-73-060 Definitions.

PART II—FINANCIAL RECORDS AND REPORTING RULES

- 480-73-110 Filing information.
- 480-73-120 Additional reports.
- 480-73-130 Accounting system requirements.
- 480-73-140 Expenditures for political or legislative activities.
- 480-73-150 Transfers of property.
- 480-73-160 Retention and preservation of records and reports.
- 480-73-170 Annual reports.
- 480-73-180 Issuing securities.
- 480-73-190 Transferring cash or assuming obligation.
- 480-73-200 Affiliated interests—Contracts or arrangements.
- 480-73-210 Securities report.
- 480-73-220 Affiliated interest and subsidiary transactions report.

PART III—ADOPTION BY REFERENCE

- 480-73-999 Adoption by reference.

PART I—GENERAL PROVISIONS

WAC 480-73-010 Application of rules. The rules in this chapter apply to hazardous liquid pipeline companies regulated as common carriers that are subject to the jurisdiction of the commission under Title 81 RCW. The purpose of the rules is to address the economic regulation of liquid pipeline companies regulated as common carriers.

WAC 480-73-020 Exemptions from rules in chapter 480-73 WAC. The commission may grant an exemption from the provisions of any rule in this chapter in accordance with WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules.)

WAC 480-73-030 Additional requirements. (1) These rules do not relieve any company from any of its duties and obligations under the laws of the state of Washington.

(2) The commission retains the authority to impose additional or different requirements on any company in appropriate circumstances, consistent with the requirements of law.

WAC 480-73-040 Severability. If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.

WAC 480-73-050 Tariffs. (1) Each pipeline company must file tariffs in accordance with the requirements set out in chapter 480-149 WAC titled Tariff Circular No. 6.

(2) In addition to the tariff filing requirements in subsection (1) of this section, the tariff must include the pipeline company's nomination and proration policies and procedures.

WAC 480-73-060 Definitions. "Affiliate" means a person or corporation that is an "affiliated interest" as defined in RCW 81.16.010.

"Hazardous liquid pipeline companies" or "pipeline company" means any hazardous liquid pipeline company regulated as a common carrier under Title 81 RCW.

"Nominations" means the method a shipper uses to reserve pipeline capacity for shipments.

"Proration" means the method the carrier uses to allocate space to shippers when nominations exceed the pipeline capacity.

“Subsidiary” means any company in which the pipeline company owns directly or indirectly five percent or more of the voting securities.

Part II—FINANCIAL RECORDS AND REPORTING RULES

WAC 480-73-110 Filing information. (1) **Filing.** The commission records center will accept any filing under Part 2 delivered in person or by mail, or, when procedures are in place, electronically.

(2) **Commission may require additional information.** The commission may require information in addition to that specified by statute or in this chapter.

(3) **Information by reference.** When any information required to support a filing is on file with the commission, it is sufficient to make specific reference to the information indicating the proceeding, report, or other filing that contains the referenced information.

(4) **When information is unavailable.** If any required information is unavailable at the time of the filing, the filing must include the reason why the information is not available and state when it will be available.

WAC 480-73-120 Additional reports. Part 2 does not supersede any reporting requirement specified in a commission order or limit the commission's ability to request additional information.

WAC 480-73-130 Accounting system requirements. (1) Each pipeline company regulated as a common carrier in the state of Washington must use the uniform system of accounts applicable to pipeline companies as published by the Federal Energy Regulatory Commission (FERC) in Title 18 of the Code of Federal Regulations (18 CFR), Part 352 – Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act. Information about the Code of Federal Regulations regarding the version adopted and where to obtain it is set out in WAC 480-73-999 (Adoption by reference).

(2) Each pipeline company having multistate operations must maintain records in such detail that the costs of property located and business done in Washington can be readily ascertained in accordance with geographic boundaries.

(3) Any deviation from the uniform system of accounts, as prescribed by the FERC, will be accomplished only after due notice and order of this commission.

(4) This rule does not supercede any commission order regarding accounting treatments.

WAC 480-73-140 Expenditures for political or legislative activities. (1) The commission will not allow either direct or indirect expenditures for political or legislative activities for ratemaking purposes.

(2) For purposes of this rule, political or legislative activities include, but are not limited to:

(a) Encouraging support or opposition to ballot measures, legislation, candidates for a public office, or current public office holders;

(b) Soliciting support for or contributing to political action committees;

(c) Gathering data for mailing lists that are generated for the purposes of encouraging support for or opposition to ballot measures, legislation, candidates for public office, or current office holders, or encouraging support for or contributions to political action committees;

(d) Soliciting contributions or recruiting volunteers to assist in the activities set forth in (a) through (c) of this subsection.

(3) Political or legislative activities do not include activities directly related to appearances before regulatory or local governmental bodies necessary for the pipeline company's operations.

WAC 480-73-150 Transfers of property. Before selling, leasing, or assigning any of its property or facilities, or before acquiring property or facilities of another public utility, a pipeline company must obtain from the commission an order authorizing such transaction in accordance with chapters 81.12 RCW (Transfers of property) and 480-143 WAC (Commission General—Transfers of Property).

WAC 480-73-160 Retention and preservation of records and reports. Each pipeline company must retain records and reports in accordance with the 18 CFR, Part 356, Preservation of Records for Oil Pipeline Companies, which the commission adopts by reference. Information about the Code of Federal Regulations regarding the version adopted and where to obtain it is set out in WAC 480-73-999 (Adoption by reference).

WAC 480-73-170 Annual reports. (1) Each pipeline company must use the commission's annual report form and attach FERC Form No. 6 promulgated by the Federal Energy Regulatory Commission in 18 CFR, Part 357 (Annual, Special or Periodic Reports), for purposes of annual reporting to this commission. Information about the FERC Form No. 6 regarding the version adopted and where to obtain it is set out in WAC 480-73-999 (Adoption by reference).

(2) Each pipeline company must also submit to this commission, in essentially the same format and content as the FERC Form No. 6, a report that documents the costs

incurred and the property necessary to provide service to its customers and the revenues obtained in the state of Washington.

(3) Combination and multistate pipeline companies must submit with the annual report their cost allocation methods necessary to develop results of operations in the state of Washington. Approval of cost allocation methods for ratemaking purposes is accomplished only by commission order.

(4) Economic Regulatory Fees. An economic regulatory fee is an annual assessment paid by each company to cover the costs of economic regulation of the industry. The economic regulatory fee is separate from the pipeline safety fee identified in WAC 480-75-240 (Annual pipeline safety fee methodology). The maximum economic regulatory fee is set by statute at one-tenth of one percent of the first fifty thousand dollars of gross operating revenue plus two-tenths of one percent of any gross operating revenue in excess of fifty thousand dollars.

(a) The maximum economic regulatory fee is assessed each year, unless the commission issues an order establishing the economic regulatory fee at an amount less than the statutory maximum.

(b) The minimum economic regulatory fee that a pipeline company must pay is \$20.

(c) The \$20 minimum economic regulatory fee is waived for any pipeline company that reports less than \$20,000 in gross operating revenue.

(d) A pipeline company must pay its economic regulatory fee by May 1 each year.

(e) The commission does not grant extensions for payment of regulatory fees.

(f) If a company does not pay its economic regulatory fee by May 1, the commission will assess an automatic late fee of two percent of the amount due, plus one percent interest for each month the fee remains unpaid.

(g) The commission may issue penalty assessments or take other administrative action if a company fails to pay its regulatory fee.

WAC 480-73-180 Issuing securities. (1) At least five business days before a pipeline company issues stocks, stock certificates, other evidence of interest or ownership, bonds, notes, or other evidences of indebtedness, or assumes any obligation or liability as guarantor, it must file with the commission:

(a) A description of the proposed issuance including the type of security, the anticipated amount of the total issuance, and the terms of the financing;

(b) A statement of the specific purposes for which the issuance is made and the approximate amount anticipated to be used for each specific purpose. The statement must be accompanied by a certification by an officer authorized to do so that the

proceeds from any such financing will be used for one or more of the purposes allowed by RCW 80.08.030;

- (c) A statement as to why the issuance is in the public interest; and
- (d) Any information specifically requested of the company by the commission.

(2) Any pipeline company making such a filing may request from the commission a written order affirming that the company has complied with the requirements of RCW 81.08.040. The company must submit the request for a commission order, along with a completed filing, at least fifteen business days before the requested effective date.

(3) An authorized representative must sign and date the filing and include a certification or declaration that the information is true and correct under penalties of perjury as set forth in RCW 9A.72.085. The certificate or declaration must be in substantially the following form:

“I certify (or declare) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.”

(4) Within thirty days after the issuance of any securities a company must file with the commission a verified statement:

- (a) Outlining the final terms and conditions of the transaction; and
- (b) Setting forth the disposition of proceeds stating the final amount to be used for each purpose.

WAC 480-73-190 Transferring cash or assuming obligation. (1) At least five business days before a pipeline company or the subsidiary of a pipeline company transfers cash to any of its affiliates or subsidiaries or assumes an obligation or liability of any of its affiliates or any of its subsidiaries, the company must report the amount and the terms of the transaction to the commission if:

(a) A single transaction amount exceeds five percent of prior calendar year gross operating revenue; or

(b) Cumulative transactions with all subsidiaries and affiliates, including the anticipated transactions, for the prior twelve months exceed five percent of prior calendar year gross operating revenue.

(2) The reporting requirement in this section does not include payments for:

- (a) Federal income taxes;
- (b) Goods, services, or commodities; or
- (c) Transactions previously approved by the commission.

WAC 480-73-200 Affiliated interests—Contracts or arrangements. At least five business days before the effective date of any contract or arrangement described in RCW 81.16.020, each pipeline company must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with any affiliated interests. At least five business days before the effective date of any modification or amendment, the company must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the company must file a verified summary of any modification or amendment. The commission may institute an investigation and disapprove the contract or arrangement if the commission finds the company has failed to prove that it is reasonable and consistent with the public interest.

WAC 480-73-210 Securities report. Each pipeline company that has issued securities during the prior year, must file with the commission by April 1 of each year an annual securities transaction report. At a minimum, the report must contain:

- (1) A detailed description of the final agreements;
- (2) A description of the use of proceeds stating the amounts used for each purpose;
- (3) The level of expenses for each of the securities transactions for the year ending December 31;
- (4) Information to determine the individual and collective impact on capital structure; and
- (5) The pro forma cost of money for the securities transactions.

WAC 480-73-220 Affiliated interest and subsidiary transactions report. (1) By June 1 of each year, each pipeline company must file a report summarizing all transactions that occurred between the company and its affiliates, and the company and its subsidiaries, during the period January 1 through December 31 of the preceding year.

(2) The information required in this subsection must be for total company and for state of Washington. All reports must be on forms provided by the commission. The report must include a corporate organization chart of the company and its affiliates and subsidiaries and a balance sheet and income statement for each affiliate. In addition, the report must contain the following information for each affiliate and each subsidiary that had transactions with the company during the preceding year:

- (a) A description of the products or services to or by the company and its affiliates, and the company and its subsidiaries;

(b) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(c) A description of the terms of any loans between the company and its affiliates and the company and its subsidiaries and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(d) A description of the terms and maximum amount of any obligation or liability assumed by the company for any affiliate or subsidiary;

(e) A description of the terms of cash transfers between the company and its affiliates and its subsidiaries including the total amounts transferred from the company to its affiliates or subsidiaries and from the affiliates or subsidiaries to the company;

(f) A description of the activities of the affiliates and subsidiaries with which the company has transactions; and

(g) A list of all common officers and directors of the affiliate and subsidiary companies and the pipeline company along with their titles in each organization.

(3) The report required in this section will supersede the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 81.16 RCW.

(4) The pipeline company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-73-200 (Affiliated interests—Contracts or arrangements).

PART III—ADOPTION BY REFERENCE

WAC 480-73-999 Adoption by reference. In this chapter, the commission adopts by reference all or portions of regulations and standards identified below. They are available for inspection at the commission branch of the Washington state library. The publications, effective date, references within this chapter, and availability of the resources are as follows:

(1) Title 18 Code of Federal Regulations, cited as 18 CFR, is published by the United States Government Printing Office.

(2) The commission adopts the version in effect on April 1, 2003.

(3) This publication is referenced in WAC 480-73-130 (Accounting system requirements), WAC 480-73-160 (Retention and preservation of records and reports), and WAC 480-73-170 (Annual reports).

(4) Copies of 18 CFR are available from the U.S. Government Printing Office in Pittsburgh, Pennsylvania.