

Agenda Date: April 25, 2001  
Item Number: 2G

**Docket :** UG-010522

**RE:** Pipeline Safety Fee Methodology Rulemaking

Staff: Sondra Walsh, Senior Policy Strategist  
Doug Kilpatrick, Pipeline Safety Director

**Recommendation:**

Direct the Secretary to file a Preproposal Statement of Inquiry (CR-101) in Docket UG-010522 to initiate a Rulemaking to establish the methodology for setting the appropriate regulatory fee for interstate and intrastate hazardous liquids pipeline companies and gas pipeline companies to fund the pipeline safety program subject to inspection and enforcement by the Commission, as specified in Substitute Senate Bill 5182 (SSB5182).

**Discussion:**

SSB5182, requires the Washington Utilities and Transportation Commission (Commission) to establish by rule the methodology for setting the regulatory fee for each jurisdictional pipeline operator to fund the pipeline safety program. The methodology shall provide for an equitable distribution of pipeline safety program costs among all pipeline companies subject to the fee.

This rulemaking will prepare the agency to comply with the legislative requirements of SSB5182 if it is enacted. On April 5, 2001, the Washington House of Representatives unanimously passed SSB5182 and on April 16, 2001, the Washington State Senate concurred. The bill is now before the Governor for signature.

The intent of SSB5182 is to ensure a sustainable, comprehensive pipeline safety program and establish permanent funding through the collection of a regulatory fee. As directed by the legislation the funding mechanism will establish in rule the following:

1. Direct assignment of average costs associated with annual standard inspections, and
2. A uniform and equitable means of estimating and allocating costs of other duties relating to inspecting pipelines for safety that are not directly assignable.

Commission Staff will conduct a public workshop inviting regulated pipeline operators, interested members of the public, and local, state and federal officials to participate in the rulemaking process. A workshop is scheduled for May 17, 2001, to discuss proposed language for the rule.

**Conclusion:**

Commission Staff recommends that the Commission direct the Secretary to file a Preproposal Statement of Inquiry (CR-101) in Docket UG-010522 to initiate a Rulemaking to

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establish the methodology for setting the appropriate regulatory fee for jurisdictional interstate and intrastate hazardous liquids pipeline companies and gas pipeline companies as specified in Substitute Senate Bill 5182 (SSB5182).