

Agenda Date: June 26, 2002
Item Number: Utilities 1

Docket: **UG-020766**
Annual Pipeline Safety Fees
WAC 480-93-240 and WAC 480-75-240

Staff: Sondra Walsh, Senior Policy Strategist
Doug Kilpatrick, Director, Pipeline Safety
Karen Caille, Administrative Law Judge

Recommendation

Staff recommends that the Commission enter an order setting the annual pipeline safety fee and payment for the first quarter of the 2003 fiscal year. Pursuant to RCW 80.24.060(1)(a), each pipeline company subject to inspection or enforcement by the Commission must pay an annual pipeline safety fee. The fees are calculated using the methodology adopted in WAC 480-93-240 and WAC 480-75-240.

Fee

The pipeline safety fee covers the costs of the legislatively authorized workload represented by current appropriations, less any amount received through the Federal Department of Transportation's Natural Gas Pipeline and Hazardous Liquids Pipeline Safety Program for base program activities.

The annual pipeline safety fee is based on two components:

1. Allocation of the total program cost to intrastate and interstate companies by assigning 58.3 percent to intrastate companies and 41.7 percent to interstate companies.
2. Application of the funds received from the Federal Department of Transportation Natural Gas Pipeline and Hazardous Liquids Pipeline Safety Program base grant to the intrastate and interstate program costs.

The Commission first establishes net program cost responsibilities for individual companies attributable to standard inspection activities. To do so, it determines the anticipated cost of conducting inspections, based on programmatically determined standard inspection workload requirements. That cost becomes part of the fee assigned to each company and the total of all such costs are deducted from the respective (interstate or intrastate) program cost totals.

The remaining net program costs are then allocated across the companies based on total pipeline miles subject to safety regulation under the program. Each company's allocated share of these

costs is calculated by multiplying the net program costs by the fraction that represents the individual company's mileage to the total (interstate or intrastate) pipeline miles identified.

Finally, the remaining net program costs allocated to each company are added to the company's individual cost responsibilities associated with standard inspections, resulting in the fiscal year 2003 fee. That fee is divided by four to determine the quarterly fee that is due and payable July 1, October 1, January 1, and April 1 of each year.

Public Comment

No public comment has been received on the fee assignments for fiscal 2003.

Conclusion

Staff recommends that the Commission enter an order setting the annual pipeline safety fee for the 2003 fiscal year as outlined in Exhibit A attached.

Attachment