

Agenda Date: June 27, 2003
Item Number: A3

Docket: **PS-030963**
Annual Pipeline Safety Fees
WAC 480-93-240 and WAC 480-75-240

Staff: Sondra Walsh, Senior Policy Strategist

Recommendation:

Staff recommends that the Commission enter an order setting the annual pipeline safety fee and payment for the first quarter of the 2004 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.

Background:

The pipeline safety fee covers the costs of the legislatively authorized workload represented by current appropriations. The current year's appropriation represents the carry forward amount of the first year's biennium less administrative adjustments to the program. This year's fees are based on 2002 actual staff time expended on interstate and intrastate activities, and is used to determine the percentage allocation of program cost applicable to the interstate and intrastate portions of the program. The percentage allocation for last biennium was 41.7 percent for interstate companies and 58.3 percent for intrastate companies. Using the actual staff time as recommended by the Joint Legislative Audit Review Committee (JLARC) the percentage derived is 37 percent for interstate and 63 percent for intrastate companies.

The annual pipeline safety fee is based on the following components:

1. Allocation of the total program cost to intrastate and interstate companies by assigning 63 percent to intrastate companies and 37 percent to interstate companies.
2. Deducted from the intrastate and interstate program costs using the 37/63 percent split, the amount received from the Federal Department of Transportation's Natural Gas Pipelines and Hazardous Liquids Pipeline Safety Program base grant and an over collection of \$70,000 from the prior year fees.
3. Deducting from the program cost the direct assignment of cost associated with standard inspections.
4. 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.

5. 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 2004 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.

The Commission has received a letter from Williams Pipeline Company stating that they have a differing opinion on how the program cost is allocated among the interstate and intrastate companies. Subsequently, staff met with company representatives to discuss their concerns. While the company and staff do not agree on all points, the company believes that the staff has moved in the right direction with the changes we made to how the fee is calculated.

Public Comment

No public comment has been received on the fee assignments for fiscal 2004.

Conclusion

Staff recommends that the Commission enter an order setting the annual pipeline safety fee for the 2004 fiscal year as outlined in Exhibit A attached.

Attachment