

Agenda Date: June 28, 2018
Item Number: B2

Docket: P-180416
Company: Establishes Pipeline Safety Fees for 2018-2019

Staff: Sean Mayo, Pipeline Safety Director
Debbie Becker, Pipeline Operations Manager

Recommendation

Implement the methodology calculated in Exhibit A, thereby establishing the safety fees to be paid by every gas and hazardous liquid company jurisdictional to the Commission for 2018 and 2019. The fees imposed by this methodology are under the provisions of RCW 80.24.060 and RCW 81.24.090 and 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), the Pipeline Safety Staff (staff) emailed notice to each company on June 12, 2018, showing the total amount of the pipeline fee for fiscal year 2019. From the total program cost (\$3,197,551) staff deducts the federal funding amount (\$1,480,017) the Commission expects to receive from the Federal Department of Transportation Natural Gas Pipeline and Hazardous Liquid Pipeline Safety Program base grants, and the damage prevention penalty collection amount (\$38,057) the Commission received during calendar year 2017. The remainder of

The Commission allocates the federally approved overhead cost of 20%, (\$335,895.40) to the pipeline program based on each company's percentage of the total pipeline miles within Washington state. The remaining costs (\$1,343,581.60) 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.

<u>PIPELINE PROGRAM FEE</u>	<u>2017</u>	<u>2018</u>	<u>Difference \$</u>
Total Pipeline Program Cost	3,046,458	3,197,551	151,093
PHMSA Reimbursement	1,679,576	1,480,017	(199,559)
Less Damage Prevention Penalties	62,850	38,057	(24,793)
Net Program Costs	1,304,032	1,679,477	375,445
Operator Fees – Hours of Effort	1,145,224	1,343,581	198,357
Operator Fees - # Miles	158,808	335,895	177,087
LDC Transfer	865,173	1,152,050	286,877

In determining the pipeline safety fees, 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 to companies for the fiscal year 2019. The total fiscal year 2019 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, 2018.

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 consistent with WAC 480-93-240 and WAC 480-75-240.

Exhibit A attached
Exhibit B attached
Exhibit C attached