



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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June 29, 2023

Sent via Email

Dear Pipeline Operator:

RE: Annual Pipeline Safety Fee for Fiscal Year 2023-2024, Docket No. P-230418

The annual pipeline safety fee has been established for the fiscal year 2023-2024. Below, we have provided information explaining how annual fees are determined as established in the Annual Pipeline Safety Fee Methodology, WAC 480-93-240 and WAC 480-75-240.

How are the annual pipeline fees calculated?

The annual pipeline fees are calculated by applying the total program cost less the federal reimbursement funding from PHMSA, and less the damage prevention penalty funds collected during Calendar Year 2022. The remaining amount is the fee to be assessed to the pipeline operators.

Total Program Cost - (federal funding) - (damage prevention penalties collected) = Total fees

How is the federal reimbursement rate determined?

This year, the federal reimbursement from PHMSA has been set at a maximum of 56% of eligible program costs. This rate is similar to last year's reimbursement rate.

How are the fees assessed and allocated to each company?

Based on the calculation of the amount determined above, the fees for each operator are calculated using two factors; indirect costs are allocated based on pipeline mileage reported on the 2022 annual report, and direct costs are allocated based on a proration of the total number of staff hours spent with the operator during 2021 and 2022.

Overhead Allocation Based on Pipeline Mileage + Allocation Based on Percentage of Staff Hours = Total Operator Fees

Pipeline safety program activities consist of inspections, developing reports and correspondence pertaining to those inspections, conducting incident investigations, and compliance/enforcement actions. The fee allocation is based on the percentage of those hours spent directly on your company. This factor accounts for the greatest share of the fee calculation.

Your fee may vary significantly from year to year based on the hours spent inspecting or otherwise working with your company. A lower fee may indicate that less staff effort was dedicated to your company within the previous two-year calculation period. In contrast, a higher fee may have been the result of additional time spent conducting inspections, incident investigations, formal complaints, and

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ensuring compliance with commission orders. Using a two-year history to determine the fee allocation was established in the current methodology (consistent with WAC 480-93-240 and WAC 480-75-240) to minimize year-to-year variations.

Open Meeting

The Commission will hold an Open Meeting to issue an “Order Establishing Pipeline Safety Fee Setting for Fiscal Year 2023-2024 on **July 27, 2023**, beginning at **9:30 a.m.**, in Room 110, Washington Utilities and Transportation Commission, 621 Woodland Square Loop SE, Lacey, Washington. Note that this meeting will be held virtually via Microsoft Teams/conference call line in the event the UTC building is closed to the public. If you have comments regarding this fee setting, you may provide them by July 24, 2023 to pipelineprogram@utc.wa.gov, or present your comments at this Open Meeting.

In the meantime, if you have any questions regarding how your fee was determined, please contact me at [Scott Rukke@utc.wa.gov](mailto:Scott.Rukke@utc.wa.gov) or (360) 870-4923.

Sincerely,

Scott Rukke
Pipeline Safety Director

Enclosure – P-230418 Exhibit A proposed fees Table 2023-2024