

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

Establishing Fees to be Paid to the)	
Washington Utilities and Transportation)	
Commission by Gas Companies,)	DOCKET NO. UG-010885
Interstate Gas Pipeline Companies, and)	
Hazardous Liquid Pipeline Companies)	ORDER ESTABLISHING FISCAL
under Provisions of Sections 2 and 3)	2002 PIPELINE SAFETY FEES
Chapter 238 Laws of 2001)	
.....)	

BACKGROUND

- 1 The Commission imposes an annual pipeline safety fee pursuant to legislative authority to meet the costs of conducting the pipeline safety program that is established in Title 81 RCW. Laws of 2001, ch. 238, sections 2 and 3, require that every gas company, every interstate gas pipeline, and every hazardous liquid pipeline company subject to inspection or enforcement by the Commission must pay an annual pipeline safety fee to the Commission. The fee is determined by the fee methodology in WAC 480-93-240 and WAC 480-75-240.

- 2 Washington State’s pipeline safety program was enhanced and expanded by legislative action during the 2000 legislative session. To pay for the expanded jurisdiction and enhanced responsibilities mandated by the statute, the legislature created during the 2001 legislative session, a pipeline safety fund under the Commission’s administration and directed that it be supported by fees imposed on pipeline companies.

- 3 The legislation requires that the Commission establish pipeline safety fees prior to July 1 of each year and the first quarterly payment is due on July 1. An emergency clause makes the legislation effective on July 1, 2001. Timing of the notices and the payment will likely not be a concern in future years. This year, however, the Commission has acted in anticipation of the effect of the law to prepare the legal infrastructure that will enable collection of the first fees – and funding of the first activities – to take place promptly with the effect of the law. The Commission promulgated emergency rules, to take effect July 1, 2001, which establish the methodology for calculating the first payments. The Commission has also entered this order, for effect on July 1, 2001, to provide notice to each affected company of the fee it must pay. The payment due July 1, 2001, will be received without penalty if received no later than July 31, 2001.

- 4 The Commission recognizes that some uncertainties remain in the ultimate calculation of this year’s fee. First, the emergency rule by which this action is taken will be superseded by a permanent rule for determination of fees on an ongoing basis,

and any differences adopted in the permanent rule may affect the fee for this year. Also, the level of federal funding is not certain, in part because the federal Office of Pipeline Safety will not make final determination of annual gas and hazardous liquids pipeline safety base program grant awards until after this order is entered. For those reasons, the fiscal 2002 fees established in this order are subject to modification.

MEMORANDUM

- 5 The Commission has determined each company's fiscal 2002 fee pursuant to Chapter 238 Laws of 2001 and the fee methodology adopted by emergency rule in WAC 480-93-240 for gas pipeline companies and WAC 480-75-240 for hazardous liquids pipeline companies.
- 6 First, the Commission deducted from the total (intrastate and interstate) program cost the federal funding that is anticipated to be received from the Federal Department of Transportation Natural Gas Pipeline and Hazardous Liquids Pipeline Safety Program base grants.
- 7 Second, the Commission allocated remaining program costs between intrastate and interstate companies. This allocation was determined by applying 58.3% of the total program cost to intrastate companies and 41.7% to interstate companies.
- 8 Third, the Commission established net program cost responsibilities for individual companies represented by standard inspection activities. To do so, it determined the anticipated cost of conducting inspections, based on programmatically determined standard inspection workload requirements. That cost became part of the fee assigned to each company, and the total of all such costs were deducted from the respective (interstate or intrastate) program cost totals, net of federal base grant funding.
- 9 The remaining net program costs are allocated between the companies by the 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.
- 10 Finally, the 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 2002 fee. That fee is divided by four to determine the quarterly payment that is due and payable July 1.

CONCLUSION

- 11 The 2001 pipeline safety fee is now before the Commission for consideration. The Commission, being fully advised, has considered all monies on hand, the fees currently to be paid, and other anticipated revenues and enters this order to establish the fiscal year 2002 pipeline safety fee. One quarter of each company's pipeline safety fee will be due and payable no later than July 1, and October 1, 2001 and January 1, and April 1, 2002.
- 12 The Commission attaches to this Order as Appendix A the master sheet showing the calculation of the fiscal year 2002 pipeline safety fee. The Commission includes with each order served on a company subject to the payment of fees a statement of the payment due July 1 and payable by July 31, 2001.

ORDER

- 13 THE COMMISSION ORDERS That the pipeline safety fees to be paid to the Commission for fiscal year 2002 (the period July 1, 2001, through June 30, 2002) under the provisions of Laws of 2001, ch. 238, sections 2 and 3 and the fee methodology in WAC 480-93-240 and WAC 480-75-240 are established as set out in Appendix A, attached to this order.
- 14 THE COMMISSION FURTHER ORDERS That the fees are payable in quarterly installments according to WAC 480-93-240 and WAC 480-75-240, due and payable July 1, October 1, 2001, and January 1, and April 1, 2002. The Commission will accept the July 1, 2001 payment without imposing penalties or late fees if received no later than the close of business on July 31, 2001.

DATED at Olympia, Washington, this 27th day of June, 2001 to be effective on July 1, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

PATRICK J. OSHIE, Commissioner