

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

Establishing Fees to be Paid to the)	DOCKET NO. PS-030963
Washington Utilities and)	
Transportation Commission by Gas)	ORDER NO. 01
Companies, Interstate Gas Pipeline)	
Companies, and Hazardous Liquid)	
Pipeline Companies under Provisions)	
of Sections 2 and 3 Chapter 238 Laws)	ORDER ESTABLISHING FISCAL
of 2001.)	2004 PIPELINE SAFETY FEES
.....)	

BACKGROUND

- 1 The Commission imposes an annual pipeline safety fee pursuant to legislative authority to meet the costs of conducting the pipeline safety program established in Title 81 RCW. RCW 80.24.060 (1) requires 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 established in WAC 480-93-240 and WAC 480-75-240. Pursuant to RCW 80.24.060, WAC 480-93-240 and WAC 480-75-240, any entity seeking to contest the imposition of the fees established by this Order shall pay the fee and request a refund within six months of the due date of the fee. The procedures are described in WAC 480-93-240 and WAC 480-75-240.

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

- 3 RCW 80.24.060(3) requires that the Commission establish pipeline safety fees prior to July 1 of each year with the first quarterly payment due on July 1. An emergency clause made the legislation effective on July 1, 2001. On June 13 2003, the Commission mailed invoices to each pipeline company showing the

total amount of the pipeline fee for fiscal year 2003/2004, and the first quarterly payment amount due July 15, 2003.

- 4 The 2003 base program cost of \$1,913,000 has decreased from the 2002 cost due to the reduction in the overall administration of the program.

FINDINGS OF FACT

- 5 1. The Commission has determined each company's fiscal 2004 fee pursuant to RCW 80.24.060, WAC 480-93-240 (gas pipeline companies), and WAC 480-75-240 (hazardous liquids pipeline companies).
- 6 2. First, the Commission splits the total program cost between interstate and intrastate based on the derived percentage of 37 percent for interstate activity and 63 percent for intrastate activity. This percentage is based on actual staff time spent on program activities for 2002. Accordingly, the interstate share of the total net program cost is \$707,810 and the intrastate share of the total net program cost is \$1,205,190.
- 7 3. Second, 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 and the over collection of \$70,000 in pipeline fees from the prior year is split using the same percentage of actual staff time and deducted from the interstate and intrastate program cost.
- 8 4. Third, the Commission established the program cost responsibilities for individual companies represented by standard inspection work plans. The anticipated cost of conducting inspections is based on programmatically determined standard inspection workload requirements. Those anticipated costs became part of the fee directly assigned to each company. The total of all such directly assigned costs for interstate companies is \$115, 928 and \$287,798 for intrastate companies.
- 9 5. Fourth, the total remaining program costs for interstate companies of \$288,960 and \$401,606 for intrastate companies is allocated between

interstate pipeline according to total interstate pipeline miles and between the intrastate pipelines according to total intrastate pipeline miles subject to safety regulation under the program. For example, each intrastate pipeline's allocated share of the intrastate portion of the total remaining net program costs was calculated by multiplying the intrastate portion of total remaining net program costs by that individual intrastate pipeline's mileage divided by total miles for all intrastate pipelines. The same calculation, except using interstate pipeline miles, was used to allocate the interstate share of total remaining net program costs to each interstate pipeline.

- 10 6. The total fiscal year 2004 fee for each pipeline is the sum of each pipeline's directly assigned cost associated with standard inspections, plus each pipeline's allocated share of remaining net program costs. That fee was then divided by four to determine each pipeline's quarterly payment that is due and payable July 15.
- 11 7. The Commission has considered all monies on hand, the fees currently to be paid, and other anticipated revenues and debits and enters this Order to establish the fiscal year 2004 pipeline safety fee. One quarter of each company's pipeline safety fee will be due and payable no later than July 15, 2003. The remaining quarterly amounts will be due and payable on October 1, 2003, January 1, 2004, and April 1, 2004.
- 12 8. The Commission attaches to this Order as Exhibit A, the master sheet showing the calculation of the fiscal year 2004 pipeline safety fee. The calculations shown on Exhibit A are appropriate. The Commission includes with each order served on a company subject to the payment of fees, a statement of the payment due July 15, 2003.

CONCLUSIONS OF LAW

- 13 1. The Commission has jurisdiction under RCW 80.24.060 to establish pipeline safety fees.
- 14 2. The pipeline safety fees calculated as described in this Order and shown on Exhibit A are consistent with RCW 80.24.060, WAC 480-93-240 and WAC 480-75-240.

ORDER

15 THE COMMISSION ORDERS That the pipeline safety fees to be paid to the Commission for fiscal year 2004 (the period July 1, 2003, through June 30, 2004) under the provisions of RCW 80.24.060 and the fee methodology in WAC 480-93-240 and WAC 480-75-240, are established as set out in Exhibit A, attached to this Order.

16 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 15, 2003; October 1, 2003; January 1, 2004; and April 1, 2004.

DATED at Olympia, Washington, this 27th day of June, 2003 to be effective on July 1, 2002.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner