

HOUSE BILL REPORT

HB 1388

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to changing the date for setting the amount of pipeline safety fees.

Brief Description: Changing the date for setting the amount of pipeline safety fees.

Sponsors: Representatives Jacks, McCoy, Crouse and Morris; by request of Utilities & Transportation Commission.

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/4/09, 2/9/09 [DPS].

Brief Summary of Substitute Bill

- Changes the date the Utilities and Transportation Commission must invoice gas pipeline, interstate gas pipeline, and hazardous liquid pipeline companies for payment of annual fees to the Pipeline Safety Account.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Carlyle, Condotta, Finn, Hasegawa, Herrera, Hinkle, Hudgins, Jacks, McCune, Morris, Takko and Van De Wege.

Staff: Scott Richards (786-7156)

Background:

Pipeline Safety Account.

Gas companies, interstate gas pipeline companies, and hazardous liquid pipeline companies subject to inspection or enforcement by the Utilities and Transportation Commission (UTC) must pay an annual pipeline safety fee to the UTC. Fees received by the UTC must be deposited in the Pipeline Safety Account (Account). Any penalties collected by the UTC enforcing state pipeline safety standards are deposited into the Account. Grants received by

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the Pipeline Safety Program from the U.S. Department of Transportation's Federal Pipeline and Hazardous Materials Safety Administration (PHMSA) must be deposited into the Account. Expenditures from the Account must be used for funding pipeline safety.

Pipeline Safety Fees.

Pipeline safety fees are set by the UTC on a yearly basis based on miles reported by the gas pipeline companies, interstate gas pipeline companies, and hazardous liquid pipeline companies, and number of hours charged to a company. The UTC sets the amount of the fee payable by each regulated entity by general order before July 1 of each year.

The aggregate amount of fees must be sufficient to recover the reasonable costs of administering the pipeline safety program, taking into account federal funds used to offset the costs. The fees must be sufficient to adequately fund pipeline inspection personnel, the timely review of pipeline safety and integrity plans, the timely development of spill response plans, the timely development of accurate maps of pipeline locations, participation in federal pipeline safety efforts, and the staffing of the Citizens Committee on Pipeline Safety.

Pipeline and Hazardous Material Safety Administration.

The PHMSA acting through the Office of Pipeline Safety (OPS), administers the national regulatory program to assure safe transportation of natural gas, petroleum, and other hazardous materials by pipeline. The federal/state partnership helps to assure uniform implementation of the Pipeline Safety Program nationwide.

The OPS is authorized to reimburse a state agency up to 80 percent of the actual cost for carrying out its Pipeline Safety Program, including the cost of personnel and equipment. The actual amount of federal reimbursement depends upon the availability of appropriated funds and state program performance.

Reimbursements from the PHMSA to state Pipeline Safety Programs occur after July 1 of each year, usually in late summer.

Summary of Substitute Bill:

The UTC is permitted to establish by rule the date for which it determines the annual amount of the pipeline safety fee payable by gas pipeline, interstate gas pipeline, and hazardous liquid waste companies.

Reference to a repealed statute is removed.

Substitute Bill Compared to Original Bill:

Rather than September 1 of each year, the UTC is allowed to establish by rule the date for which it sets the annual amount of the pipeline safety fee.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This is a straightforward bill that tries to make the UTC's processes more efficient when setting fees related to regulating pipeline safety. The UTC is required by statute to invoice pipeline companies by July 1 of each year. However, federal grant funds that used to be determined well in advance of July 1 have been coming to states later each year. As a result, the UTC must send out an initial estimated invoice by July 1. Later in the year, once the federal funds are available, the UTC must then send out a second round of invoices for the actual amount due, costing the UTC additional money.

(Opposed) None.

Persons Testifying: Representative Jacks, prime sponsor; and Dave Danner, Washington Utilities Transportation Commission.

Persons Signed In To Testify But Not Testifying: None.