

SENATE BILL REPORT

SSB 5182

As Passed Senate, March 13, 2001

Title: An act relating to funding hazardous liquid and gas pipeline safety.

Brief Description: Ensuring a sustainable, comprehensive pipeline safety program in the state.

Sponsors: Senate Committee on Environment, Energy & Water (originally sponsored by Senators Spanel, McDonald, Fraser, Morton, Eide, McAuliffe and Kohl-Welles; by request of Utilities & Transportation Commission).

Brief History:

Committee Activity: Environment, Energy & Water: 1/19/01, 2/23/01 [DPS-WM].

Ways & Means: 3/6/01, 3/8/01 [DPS (EEW), DNP].

Passed Senate: 3/13/01, 48-1.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

Majority Report: That Substitute Senate Bill No. 5182 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Fraser, Chair; Regala, Vice Chair; Eide, Hale, Jacobsen, McDonald, Morton and Patterson.

Staff: Richard Rodger (786-7461)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5182 as recommended by Committee on Environment, Energy & Water be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Staff: Erin Hannan (786-7708)

Background: The Legislature recently passed the Washington State Pipeline Safety Act of 2000. That act required the Utilities and Transportation Commission (UTC) to develop and implement a comprehensive hazardous liquid pipeline safety program. The UTC and the Department of Ecology were also required to seek federal authority to act as federal agents to inspect and enforce federal law, and seek authority to adopt safety standards over interstate hazardous liquid pipelines.

The UTC was required to transfer all powers and duties related to hazardous liquid pipelines to Ecology if: (1) the federal interstate pipeline preemption is lifted, or (2) interstate pipeline authority is granted to Ecology. The federal government did grant the state additional inspection authority, but only if the UTC handled this responsibility.

The act also created a new hazardous liquid pipeline safety account for use by Ecology in performing the pipeline inspections. Since the inspection duties remain at the UTC, the account is not used.

The act granted the state agencies the power to collect fees to support its pipeline safety program.

Summary of Bill: In response to the federal action, assigning the hazardous liquid pipeline inspection duties to the UTC, references to the Department of Ecology are removed. The statutory provisions transferring the pipeline inspection program are stricken to reflect the fact that the program remains at the UTC.

Gas companies, interstate gas pipeline companies, and hazardous liquid pipeline companies are required to pay an annual fee to the UTC to support the agency's pipeline safety program. The UTC is required to adopt rules to establish the methodology for setting the fee. The process for the UTC's record keeping, assessment of late fees, and issuing of refunds are included.

The hazardous liquid pipeline safety account is repealed. All civil penalties are deposited in the public service revolving fund. The hazardous liquid pipeline penalties are no longer dedicated to enforcement purposes. Other technical and clarifying changes are made.

The UTC must conduct a study regarding the pipeline safety program and report to the Legislature on November 15, 2002.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2001.

Testimony For (Environment, Energy & Water): This bill clarifies that the hazardous liquid pipeline safety program will remain with the UTC in accordance with the federal pipeline inspection authority granted to Washington State.

Testimony Against (Environment, Energy & Water): The civil penalties for violations of the underground facility laws should not be deposited in the public service revolving account. That account is for the UTC's programs, and the UTC has no jurisdiction over the underground facility program.

Testified (Environment, Energy & Water): Senator Harriet Spanel, prime sponsor; Mark Asmundson, Mayor of Bellingham (pro); Mark Brown, City of Vancouver (pro); Dave Mandyke, City of Spokane (pro); Don Evans, Citizen's Committee on Pipeline Safety (pro); Lee James, Citizen's Committee on Pipeline Safety (pro); Sarah Spence, Citizen's Committee

on Pipeline Safety (pro); Dan McShane, member, Whatcom County Council (pro); Randy Corman, Councilman, City of Renton (pro); Sharon Wylie, Clark County (pro); John Wheeler, Clark County (pro); John P. Carpenter, City of Tumwater (pro); Richard Gilda, citizen, Whatcom Co. (pro); Dave Almond, City of Redmond, WA Cities & Counties Pipeline Consortium (pro); Craig Ward, City of SeaTac (pro); David K. Delph, Bothell Fire Department (pro); Steven Oleson, City of Seattle (pro); Brian Felezak, City of Kent (pro); Richard Kuprewicz, citizen, King Co. (pro); Karen Reed, City of Bellevue (pro); Carl Weimer, Safe Bellingham (pro); Del Draper, Williams Gas Pipeline (comments); Earl Tower, BP Pipeline North America (pro); Dave Ducharme, Utility Contractors Association of Washington (concerns); Duke Schaub, Associated Contractors of Washington (concerns).

Testimony For (Ways & Means): The program needs the staffing levels included in the bill, especially if more pipelines are built in response to the current energy crisis.

Testimony Against (Ways & Means): The fee methodology should be based on mileage of pipe. Interstate pipelines comprise only 12 percent (20,000 miles), yet interstate companies must pay half of the program costs. The bill should include a study on the safety, skills, and training needed to install and operate natural gas and hazardous liquid pipelines.

Testified (Ways & Means): PRO: Sarah Spence, Dan Evans, Citizen's Committee on Pipeline Safety; Carole Washburn, Utilities and Transportation Commission; Victoria Lincoln, AWC; Greg Hanon, Western States Petroleum Association (concerns); Dan Sexton, Washington State Association of Plumbers and Pipefitters (concerns).

House Amendment(s): Pipeline safety fees must be designed to not exceed appropriated funding levels for the current fiscal year. The fees are subject to statutory fiscal growth factor restrictions. The fees must be sufficient to adequately fund specific items.

The fee methodology must provide for an equitable distribution of program costs among entities, assign directly assignable costs, and development of a uniform and equitable method for allocating other costs. Fees must be collected as part of regulatory fees only for those pipeline companies subject to those fees.

Fees, federal funds, and civil penalties are deposited into a separate pipeline safety account.

The Joint Legislative Audit and Review Committee (JLARC), not the UTC, conducts the review of the pipeline safety programs. Additional components are added to the report and the report deadline is extended to July 1, 2003.

The UTC must develop a regulatory incentive program to be implemented after the JLARC review.

The UTC must consult with, and periodically report to, the Citizen's Committee on Pipeline Safety. Additional provisions, regarding participation by voting and nonvoting members, are added to the statute concerning the citizen's committee.