

---

**SUBSTITUTE HOUSE BILL 1388**

---

**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** House Technology, Energy & Communications (originally sponsored by Representatives Jacks, McCoy, Crouse, and Morris; by request of Utilities & Transportation Commission)

READ FIRST TIME 02/13/09.

1       AN ACT Relating to changing the date for setting the amount of  
2 pipeline safety fees; and amending RCW 80.24.060 and 81.24.090.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4       **Sec. 1.** RCW 80.24.060 and 2001 c 238 s 2 are each amended to read  
5 as follows:

6       (1)(a) Every gas company and every interstate gas pipeline company  
7 subject to inspection or enforcement by the commission shall pay an  
8 annual pipeline safety fee to the commission. The pipeline safety fees  
9 received by the commission shall be deposited in the pipeline safety  
10 account created in RCW 81.88.050.

11       (b) The aggregate amount of fees set shall be sufficient to recover  
12 the reasonable costs of administering the pipeline safety program,  
13 taking into account federal funds used to offset the costs. The fees  
14 established under this section shall be designed to generate revenue  
15 not exceeding appropriated levels of funding for the current fiscal  
16 year. At a minimum, the fees established under this section shall be  
17 sufficient to adequately fund pipeline inspection personnel, the timely  
18 review of pipeline safety and integrity plans, the timely development  
19 of spill response plans, the timely development of accurate maps of

1 pipeline locations, participation in federal pipeline safety efforts to  
2 the extent allowed by law, and the staffing of the citizens committee  
3 on pipeline safety.

4 (c) Increases in the aggregate amount of fees over the immediately  
5 preceding fiscal year are subject to the requirements of RCW  
6 43.135.055.

7 (2) The commission shall by rule establish the methodology it will  
8 use to set the appropriate fee for each entity subject to this section.  
9 The methodology shall provide for an equitable distribution of program  
10 costs among all entities subject to the fee. The fee methodology shall  
11 provide for:

12 (a) Direct assignment of average costs associated with annual  
13 standard inspections, including the average number of inspection days  
14 per year. In establishing these directly assignable costs, the  
15 commission shall consider the requirements and guidelines of the  
16 federal government, state safety standards, and good engineering  
17 (~~((practice[s])~~) practices; and

18 (b) A uniform and equitable means of estimating and allocating  
19 costs of other duties relating to inspecting pipelines for safety that  
20 are not directly assignable, including but not limited to design review  
21 and construction inspections, specialized inspections, incident  
22 investigations, geographic mapping system design and maintenance, and  
23 administrative support.

24 (3) The commission shall require reports from those entities  
25 subject to this section in the form and at such time as necessary to  
26 set the fees. After considering the reports supplied by the entities,  
27 the commission shall set the amount of the fee payable by each entity  
28 by general order entered before (~~((July 1st of each year))~~) a date  
29 established by rule.

30 (4) For companies subject to RCW 80.24.010, the commission shall  
31 collect the pipeline safety fee as part of the fee specified in RCW  
32 80.24.010. The commission shall allocate the moneys collected under  
33 RCW 80.24.010 between the pipeline safety program and for other  
34 regulatory purposes. The commission shall adopt rules that assure that  
35 fee moneys related to the pipeline safety program are maintained  
36 separately from other moneys collected by the commission under this  
37 chapter.

1 (5) Any payment of the fee imposed by this section made after its  
2 due date must include a late fee of two percent of the amount due.  
3 Delinquent fees accrue interest at the rate of one percent per month.

4 (6) The commission shall keep accurate records of the costs  
5 incurred in administering its gas pipeline safety program, and the  
6 records are open to inspection by interested parties. The records and  
7 data upon which the commission's determination is made shall be prima  
8 facie correct in any proceeding to challenge the reasonableness or  
9 correctness of any order of the commission fixing fees and distributing  
10 regulatory expenses.

11 (7) If any entity seeks to contest the imposition of a fee imposed  
12 under this section, that entity shall pay the fee and request a refund  
13 within six months of the due date for the payment by filing a petition  
14 for a refund with the commission. The commission shall establish by  
15 rule procedures for handling refund petitions and may delegate the  
16 decisions on refund petitions to the secretary of the commission.

17 (8) After establishing the fee methodology by rule as required in  
18 subsection (2) of this section, the commission shall create a  
19 regulatory incentive program for pipeline safety programs in  
20 collaboration with the citizens committee on pipeline safety. The  
21 regulatory incentive program created by the commission shall not shift  
22 costs among companies paying pipeline safety fees and shall not  
23 decrease revenue to pipeline safety programs. ((The regulatory  
24 incentive program shall not be implemented until after the review  
25 conducted according to RCW 81.88.150.))

26 **Sec. 2.** RCW 81.24.090 and 2001 c 238 s 3 are each amended to read  
27 as follows:

28 (1)(a) Every hazardous liquid pipeline company as defined in RCW  
29 81.88.010 shall pay an annual pipeline safety fee to the commission.  
30 The pipeline safety fees received by the commission shall be deposited  
31 in the pipeline safety account created in RCW 81.88.050.

32 (b) The aggregate amount of fees set shall be sufficient to recover  
33 the reasonable costs of administering the pipeline safety program,  
34 taking into account federal funds used to offset the costs. The fees  
35 established under this section shall be designed to generate revenue  
36 not exceeding appropriated levels of funding for the current fiscal  
37 year. At a minimum, the fees established under this section shall be

1 sufficient to adequately fund pipeline inspection personnel, the timely  
2 review of pipeline safety and integrity plans, the timely development  
3 of spill response plans, the timely development of accurate maps of  
4 pipeline locations, participation in federal pipeline safety efforts to  
5 the extent allowed by law, and the staffing of the citizens committee  
6 on pipeline safety.

7 (c) Increases in the aggregate amount of fees over the immediately  
8 preceding fiscal year are subject to the requirements of RCW  
9 43.135.055.

10 (2) The commission shall by rule establish the methodology it will  
11 use to set the appropriate fee for each entity subject to this section.  
12 The methodology shall provide for an equitable distribution of program  
13 costs among all entities subject to the fee. The fee methodology shall  
14 provide for:

15 (a) Direct assignment of average costs associated with annual  
16 standard inspections, including the average number of inspection days  
17 per year. In establishing these directly assignable costs, the  
18 commission shall consider the requirements and guidelines of the  
19 federal government, state safety standards, and good engineering  
20 (~~(practices)~~) practices; and

21 (b) A uniform and equitable means of estimating and allocating  
22 costs of other duties relating to inspecting pipelines for safety that  
23 are not directly assignable, including but not limited to design review  
24 and construction inspections, specialized inspections, incident  
25 investigations, geographic mapping system design and maintenance, and  
26 administrative support.

27 (3) The commission shall require reports from those entities  
28 subject to this section in the form and at such time as necessary to  
29 set the fees. After considering the reports supplied by the entities,  
30 the commission shall set the amount of the fee payable by each entity  
31 by general order entered before (~~(July 1st of each year)~~) a date  
32 established by rule.

33 (4) For companies subject to RCW 81.24.010, the commission shall  
34 collect the pipeline safety fee as part of the fee specified in RCW  
35 81.24.010. The commission shall allocate the moneys collected under  
36 RCW 81.24.010 between the pipeline safety program and for other  
37 regulatory purposes. The commission shall adopt rules that assure that

1 fee moneys related to the pipeline safety program are maintained  
2 separately from other moneys collected by the commission under this  
3 chapter.

4 (5) Any payment of the fee imposed by this section made after its  
5 due date must include a late fee of two percent of the amount due.  
6 Delinquent fees accrue interest at the rate of one percent per month.

7 (6) The commission shall keep accurate records of the costs  
8 incurred in administering its hazardous liquid pipeline safety program,  
9 and the records are open to inspection by interested parties. The  
10 records and data upon which the commission's determination is made  
11 shall be prima facie correct in any proceeding to challenge the  
12 reasonableness or correctness of any order of the commission fixing  
13 fees and distributing regulatory expenses.

14 (7) If any entity seeks to contest the imposition of a fee imposed  
15 under this section, that entity shall pay the fee and request a refund  
16 within six months of the due date for the payment by filing a petition  
17 for a refund with the commission. The commission shall establish by  
18 rule procedures for handling refund petitions and may delegate the  
19 decisions on refund petitions to the secretary of the commission.

20 (8) After establishing the fee methodology by rule as required in  
21 subsection (2) of this section, the commission shall create a  
22 regulatory incentive program for pipeline safety programs in  
23 collaboration with the citizens committee on pipeline safety. The  
24 regulatory incentive program created by the commission shall not shift  
25 costs among companies paying pipeline safety fees and shall not  
26 decrease revenue to pipeline safety programs. ((The regulatory  
27 incentive program shall not be implemented until after the review  
28 conducted according to RCW 81.88.150.))

--- END ---