

Agriculture & Ecology Committee

SSB 5182

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

Sponsors: By 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 Summary of Substitute Bill

- *Establishes an annual pipeline safety fee payable by every interstate gas and hazardous liquid pipeline company subject to inspection and enforcement by the Washington Utilities and Transportation Commission (UTC).*
- *Requires the UTC to establish by rule: (1) the methodology for setting fees; (2) procedures for fee refund petitions; and (3) separate maintenance of pipeline safety program fees from other fees collected.*
- *Requires the UTC to report on specified elements of the pipeline safety program by November 15, 2002.*
- *Repeals provisions transferring powers, duties, and functions related to hazardous liquid pipeline safety from the UTC to the Department of Ecology (DOE).*

Hearing Date: 3/23/01

Staff: Caroleen Dineen (786-7156).

Background:

The United States Department of Transportation (USDOT) has authority under federal law to regulate pipeline transportation of natural gas and hazardous liquids. The federal Office of Pipeline Safety (OPS) administers the federal pipeline safety program. Federal pipeline safety regulations address, among other issues, the design, construction,

inspection, operation, and maintenance of pipeline facilities and the administration of the pipeline safety program.

The OPS may certify a state to assume the federal regulatory, inspection, and enforcement responsibilities for intrastate natural gas and hazardous liquid pipelines. The OPS also may enter into agreements with states not meeting the intrastate certification criteria to assume certain aspects of the federal intrastate pipeline safety program. According to information from the OPS, 47 states participate in the natural gas pipeline safety program, and 15 states participate in the intrastate hazardous liquid pipeline safety program. Washington participates in both intrastate programs, with the state program administered by the Washington Utilities and Transportation Commission (UTC).

The OPS also may authorize a state to act as its agent for inspection of interstate pipelines. However, the OPS retains enforcement authority in all states, including those with authorized agents. As of 1999, nine states had received authorization to act as interstate agents for natural gas pipelines, and four had received federal authority for hazardous liquid pipelines. Last year the UTC received authorization to inspect interstate natural gas and hazardous liquid pipelines during construction, operation, and after incidents.

The OPS has authority to reimburse a state up to 50 percent of the actual costs of its pipeline safety program. According to the OPS, actual federal funding depends on both the state program's performance and the availability of appropriated funds.

The Washington State Pipeline Safety Act of 2000 required the UTC to develop and implement a comprehensive hazardous liquid pipeline safety program consistent with federal law. In addition to other requirements, the 2000 legislation:

- Required the UTC and the Department of Ecology (DOE) to seek federal authority to act as federal agents to inspect and enforce federal law and to seek authority to adopt safety standards over interstate hazardous liquid pipelines;*
- Required the UTC to transfer all powers and duties related to hazardous liquid pipelines to the DOE if either the federal interstate pipeline preemption was lifted or the interstate pipeline authority was granted to the DOE;*
- Allowed the UTC to collect fees after obtaining authority to act as a federal agent;*
- Created a new hazardous liquid pipeline safety account for use by the DOE in performing pipeline inspections; and*
- Established the Citizens Committee on Pipeline Safety, a 13-member committee to advise state agencies and appropriate federal and local agencies on matters relating to hazardous liquid and natural gas pipeline safety, routing, construction, operation, and maintenance.*

Summary of Bill:

An annual pipeline safety fee is established. The fee is payable by every gas company and

hazardous liquid pipeline company subject to inspection and enforcement by the Washington Utilities and Transportation Commission (UTC). The UTC must collect the pipeline safety fee as part of and not in addition to the statutory fee paid by natural gas and hazardous liquid pipeline companies. The UTC must allocate monies collected between the safety program and other regulatory programs. Any fee paid after the due date must include a late fee of 2 percent of the amount due, with delinquent fees accruing interest at the rate of 1 percent per month.

The UTC is required to establish by rule the methodology for setting fees for various entities. The aggregate amount of fees must be sufficient to cover the reasonable, directly related administrative costs of the pipeline safety program, considering any federal funds received to offset these costs. The UTC may require reasonable and pertinent reports from fee-paying entities as needed to set the fees. The UTC also must adopt rules to assure that the pipeline safety fees are maintained separately from other fees.

The UTC must keep accurate records of the administration costs related to the natural gas pipeline safety program. The records must be open for public inspection. The UTC's records and data are prima facie correct in any proceeding to challenge the reasonableness or correctness of any UTC order fixing fees and distributing regulatory expenses.

An entity seeking to contest a fee must pay the fee and request a refund within six months of the due date. The refund is requested by filing a refund petition with the UTC. The UTC must adopt rules to establish procedures for refund decisions. The UTC may delegate decisions on refund petitions to the secretary of the UTC.

By November 15, 2002, the UTC must submit a report to the appropriate legislative committees regarding staff utilization, inspection activity, fee methodology, and costs of the hazardous liquid and gas pipeline safety programs.

Provisions transferring powers, duties, and functions related to hazardous liquid pipeline safety from the UTC to the Department of Ecology (DOE) upon federal delegation of authority are repealed. The hazardous liquid pipeline safety account is repealed. Civil penalties for failure to notify the one-number locator service and damaging pipelines are to be deposited into the public service revolving fund.

Appropriation: None.

Fiscal Note: Available.

Effective Date: This bill contains an emergency clause and takes effect immediately.