

Agenda Date: October 26, 2017
Item Number: A2

Docket: PG-170686
Company Name: Cascade Natural Gas Corporation

Staff: Joe Subsits, Chief Pipeline Safety Engineer
Dennis Ritter, Pipeline Safety Engineer

Recommendation

Issue an order approving Cascade Natural Gas Corporation's (Cascade or company) 2017 Pipeline Replacement Program Plan (PRP) filed on June 1, 2017, (revised September 12, 2017, based on staff comments). Cascade's 2017-2019 Two-Year Plan is consistent with the Commission Policy addressing elevated risk pipeline facilities in Washington.

Background

On December 31, 2012, the Washington Utilities and Transportation Commission (commission) issued a Policy Statement entitled "Commission Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk"¹ (Policy Statement). Pursuant to the Policy Statement, in 2013 each investor-owned gas pipeline utility company filed a Master Plan (Plan) for replacing pipe that represents an elevated risk of failure. The Policy Statement also requires that Cascade file a Two-Year Plan that specifically identifies the pipe replacement program goals for the upcoming two year period.

On June 1, 2017, Cascade filed its 2017-2019 Two-Year Plan with the commission. After revisions, staff finds that the company's 2017-2019 Two-Year Plan meets the requirements of the Policy Statement, with respect to pipeline safety.

I. Plan Requirements

Under the Policy Statement, the third Two-Year Plan was to be filed by June 1, 2017, (revised September 12, 2017) covering planned pipeline replacement for the next two years. The plan has three parts: (1) a Master Plan (Plan) for replacing all facilities with an elevated risk of failure; (2) a Two-Year Plan that specifically identifies the pipe replacement program goals for the upcoming two year period; and if applicable, (3) a Pipe Location Plan for identifying the location of pipe or facilities that present an elevated risk of failure.²

¹ "Commission Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk (December 31, 2012) (Policy Statement) (Docket UG-120715).

² Policy Statement at 11, ¶ 42

Each plan must also:

- Target pipe or facilities that pose an elevated risk of failure.
- Be a measured and reasonable response in relation to the elevated risk, and the program must not unduly burden ratepayers.
- Be in the public interest.³

II. Commission Staff Review of Cascade's 2017-2019 Two-Year Plan

A. Overview

Cascade's plan indicates that the following types of gas pipe with an elevated risk of failure are present within its Washington service area:

- Bare steel/pre Cascade pipe—these lines were installed by other entities in the 1950s and 1960s, and later acquired by Cascade;
- 1950s vintage steel pipeline—these lines historically may or may not have been cathodically protected until the code required it in the 1970s;
- Exposed pipe susceptible to corrosion risk – older bridge crossings over waterways;
- Pipe in casings – high risk due to corrosion and inability to provide cathodic protection within casing.

B. Evaluation of the Required Plan Elements

Cascade initiated pipe replacements for each of the aforementioned types of gas pipes with the vast majority of current replacement being the Pre-Cascade, bare steel/poorly coated steel lines located in Longview and Anacortes. These lines are located in many of the communities served by Cascade and Shelton Phase 1 is included in the 2017-2019 Two-Year Plan.

Cascade's 2017-2019 Two-Year Plan is revised from the previous Two-Year Plan (See Appendix C) by the addition of new projects and the deletion of completed projects. New projects were added consistent with the Distribution Integrity Management Plan (DIMP) model and additional data collected during the last two-year cycle and input from Cascade subject matter experts (SMEs). Cascade's Two-Year Plan meets the requirements of the Master Plan and Two-Year Plan projects are appropriately prioritized and ranked per the Cascade DIMP model.

Cascade added information to the PRP making it easier to see Cascade's progress in addressing their high-risk pipelines. In addition to the Two-Year Plan being updated with completed projects falling off the list and new projects coming on, Cascade added a total footage of "Pre-

³ Policy Statement at 12-14, ¶¶ 45-56.

Cascade piping systems” replaced since the start of the program in 2012. For Cascade, this is the majority of their high risk pipelines. Since the program inception in 2012, Cascade has replaced over 113,000 linear feet of poorly coated/bare steel Pre-Cascade steel pipe.

Cascade updated Appendix A, DIMP Model Output, showing the high risk pipeline segments included in the Two-Year Plan. Cascade added a new Appendix B showing before and after mapping of replacements for both Longview and Anacortes (most of Cascade’s replacement to date were in these two cities). Cascade also added a new Appendix C showing the previous Two-Year plan, in this case 2015-2017, with the disposition of each project (i.e., new, completed or carried forward) and how much pipe was actually replaced. It also shows whether the project is intended for cost recovery under the cost recovery mechanism (CRM).

Cascade’s Plan includes Section 3 - Plan for Identifying the Location of Pipe that Presents Elevated Risk of Failure. This section indicates Cascade is using a variety of tools to identify high risk pipelines including unknown pipe. Cascade is using the output from its DIMP model⁴ to categorize the prioritization of its plan. Additionally, Cascade classifies unknown pipe as higher risk, and therefore this pipe is on the priority replacement schedule⁵.

High risk lines in the 2017-2019 Two-Year Plan are shown in red, orange, and yellow in Appendix A, DIMP Model Output. Red represents highest risk, followed by orange, and yellow. Only lines with high or moderate risk are included in the replacement schedule. It should be noted that there may be some project overlap between the lines replaced under this program and commission Docket PG-150120.

C. Impact on Rates

In accordance with Paragraph 64 of the commission’s policy statement, Cascade submitted information for a Cost Recovery Mechanism (CRM) with its plan. Regulatory services staff will present the CRM in a separate filing.

III. Conclusion

Cascade is remediating elevated risk pipeline facilities according to their Master Plan. The 2017-2019 Two-Year Plan has been updated to reflect newly added projects and completed projects. Since initiation of the replacement program, Cascade has replaced over 113,000 linear feet of high risk pipelines. Staff recommends approval of Cascade’s 2017-2019 Two-Year Plan filed on June 1, 2017, and revised on September 9, 2017.

⁴ Policy Statement at 12, ¶ 47

⁵ Policy Statement at 12, ¶ 45-46