

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS
COMPANY'S

2019 Pipe Replacement Program Plan

DOCKET PG-190420

ORDER 01

APPROVING NORTHWEST NATURAL
GAS COMPANY'S 2019 PIPE
REPLACEMENT PROGRAM PLAN

BACKGROUND

- 1 On December 31, 2012, the Washington Utilities and Transportation Commission (Commission) issued its Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk (Policy Statement).¹ As required by the Policy Statement, each investor-owned gas pipeline utility company filed a Master Plan for replacing pipe that represents an elevated risk of failure in 2013.
- 2 The Policy Statement also requires each investor-owned gas pipeline utility company to file a pipeline replacement plan (PRP) every two years for replacing pipe that represents an elevated risk of failure, beginning June 1, 2013.² Each company's plan must include the following:³
- 1) A Master 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.

¹ Docket UG-120715 (December 31, 2012).

² *Id.* ¶ 43. Subsequent PRP filings should be filed by June 1 every two years thereafter (i.e., June 1, 2015, 2017, 2019, etc.).

³ *Id.* ¶ 42.

Each Plan must also: (1) target pipe or facilities that pose an elevated risk of failure; (2) be a measured and reasonable response in relation to the elevated risk without unduly burdening ratepayers; and (3) be in the public interest.⁴ Finally, each Plan should contain a section analyzing its impact on rates.⁵ Companies seeking to recover costs must simultaneously file a proposed Cost Recovery Mechanism (CRM) with their Plan.

3 Northwest Natural Gas Company (NW Natural or Company) filed its 2019-2021 Pipeline Replacement Plan (2019 Two-Year Plan) on May 24, 2019.

4 NW Natural has no known pipeline facilities in Washington that the Company considers to have an elevated risk of failure. NW Natural's Pipeline Replacement Plan documents the removal of the facilities requiring accelerated replacement due to an elevated risk of failure. NW Natural completed the removal of Cast Iron pipe in 2000 and Bare Steel pipe in 2015.

5 The NW Natural Distribution Integrity Management Plan (DIMP) indicates that Celcon Service Tee Caps (Celcon Caps) exist in Washington, and that they pose a slightly elevated risk of failure. NW Natural replaces Celcon Caps when found during routine operations and maintenance activities. To date, no leaks have been reported in Washington State due to the failure of Celcon Caps.

6 Commission staff (Staff) notes that generally, when a service tee cap such as Celcon Caps experiences failure, the resulting leak volume is usually small due to the types of defects experienced and the nature of the design of the caps. Additionally, the caps are generally at the service to main tie-ins, which are located away from structures intended for human occupancy. Accordingly, this type of pipeline facility presents less of a safety concern than a facility that is located closer to dwellings or other structures. Consequently, the Company's procedure of replacing these caps when they are found during routine operations and maintenance activities is acceptable. Staff agrees with the Company's determination not to include a Pipe Location Plan to locate these facilities.

7 NW Natural is not aware of the existence of any other infrastructure in Washington that might pose an elevated risk; therefore the Plan does not contain a Pipe Location Plan.

8 Staff concludes that NW Natural's 2019 Two-Year Plan, analyzed in conjunction with the Company's DIMP, is measured, and that its continuation is a reasonable response to the elevated risks identified. NW Natural's plan adequately addresses facilities with an

⁴ *Id.* ¶¶ 44-56.

⁵ *Id.* ¶ 55.

elevated risk of failure. Staff has previously audited NW Natural's DIMP and found that it addresses known threats and implements accelerated actions that adequately address those threats.

9 Staff recommends that the Commission approve Northwest Natural Gas Company's 2019 Two-Year Plan filed on May 24, 2019.

DISCUSSION

10 The Commission agrees with Staff's recommendation and approves Northwest Natural Gas Company's 2019 Two-Year Plan. We find that Northwest Natural Gas Company's 2019 Two-Year Plan is consistent with our Policy Statement.

FINDINGS AND CONCLUSIONS

- 11 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, and practices of public service companies, including natural gas companies.
- 12 (2) Northwest Natural Gas Company is a natural gas company and a public service company subject to Commission jurisdiction.
- 13 (3) Northwest Natural Gas Company filed its 2019 Two-Year Plan with the Commission on May 24, 2019.
- 14 (4) Northwest Natural Gas Company's 2019 Two-Year Plan is a reasonable and measured approach to replacing pipeline facilities with an elevated risk of failure.

ORDER

THE COMMISSION ORDERS:

- 15 (1) Northwest Natural Gas Company's 2019 Two-Year Plan is approved.
- 16 (2) Northwest Natural Gas Company should file an updated Pipeline Replacement Program Plan for 2021-2023 no later than June 1, 2021.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective September 26, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary