

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS
COMPANY'S

2023 Pipe Replacement Program Plan

DOCKET PG-230433

ORDER 01

APPROVING NORTHWEST NATURAL
GAS COMPANY'S 2023 PIPE
REPLACEMENT PROGRAM PLAN

BACKGROUND

- 1 On December 31, 2012, the Utilities and Transportation Commission (Commission) issued its Policy Statement 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: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 On May 30, 2023, Northwest Natural Gas Company (NW Natural or Company) filed its 2023-2025 Pipeline Replacement Plan (2023 Two-Year Plan).

4 NW Natural submits that it currently has no known pipeline facilities in Washington that the Company considers to have an elevated risk of failure. The Company's distribution system in Washington consists of modern material including cathodically protected coated steel and PE2406 (Medium Density Polyethylene). The Company notes that it completed the removal of Cast Iron pipe in 2000 and Bare Steel pipe in 2015.

5 NW Natural's Distribution Integrity Management Program (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 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.

7 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.

8 Staff concludes that NW Natural's 2023 Two-Year Plan, analyzed in conjunction with the Company's DIMP, is measured, and its continuation is a reasonable response in relation to the elevated risks identified. NW Natural's plan adequately addresses facilities

⁴ *Id.* ¶¶ 44-56.

⁵ *Id.* ¶ 55.

with an elevated risk of failure. Staff audited NWN's DIMP in 2023 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 2023 Two-Year Plan filed on May 30, 2023.

DISCUSSION

10 We agree with Staff's recommendation and approve Northwest Natural Gas Company's 2023 Two-Year Plan, which is consistent with the Commission's Policy Statement. Although NW Natural submits that all known at-risk material types in the Company's system have been identified and replaced, the Company has set forth a reasonable plan for replacing Celcon caps.

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 2023 Two-Year Plan with the Commission on May 30, 2023.
- 14 (4) Northwest Natural Gas Company's 2023 Two-Year Plan is a reasonable and measured approach to replace pipeline facilities with an elevated risk of failure.

ORDER

THE COMMISSION ORDERS:

- 15 (1) Northwest Natural Gas Company's 2023 Two-Year Plan is approved.
- 16 (2) Northwest Natural Gas Company should file an updated Pipeline Replacement Program Plan for 2025-2027 no later than June 1, 2025.

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 August 10, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary