Exh. DR-1T
Docket PG-230800
Witness: Dennis Ritter

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **CASCADE NATURAL GAS CO.,** **Respondent.**	**DOCKET PG-230800**

TESTIMONY OF

DENNIS RITTER

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Enforcement Regarding Cascade's Mobile Liquified Natural Gas Operation

September 19, 2025

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I. INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Dennis Ritter. My business address is 621 Woodland Square Loop SE, Lacey, Washington, 98503. My business mailing address is P.O. Box 47250, Olympia, Washington, 98504-7250. My email address is dennis.ritter@utc.wa.gov.

Q. By whom are you employed and in what capacity?

A. I am employed by the Washington Utilities and Transportation Commission (UTC) as the Chief Engineer for the Pipeline Safety Division.

Q. Please state your qualifications to provide testimony in this proceeding.

A. I have worked in the UTC's Pipeline Safety Division since 2011. I began as an Energy/Utilities Engineer 3 (Pipeline Safety Engineer); I was promoted to Chief Engineer in 2023. I have a bachelor's and a master's degree in civil engineering and have been a licensed professional engineer since 1991.

Q. Have you testified previously before the Commission?

A. Yes.

Q. Have you prepared exhibits in support of this testimony?

A. No.

II. SCOPE AND SUMMARY OF TESTIMONY

Q. What is the purpose and scope of your testimony?

A. The purpose of the testimony is to provide details on why a settlement in this complaint is in the public interest. As a preliminary matter, it is important to understand the human consequences of the accident underlying Staff's complaint. Not only was one employee injured, and customers temporarily lost service, but another employee was killed. The seriousness of this outcome cannot be understated. The terms underlying this settlement are intentionally geared to explore and rectify the errors that led to this accident and prevent accidents of this nature and this outcome from happening in the future.

Q. Can you briefly explain the background of this case?

A. On September 22, 2023, a liquified natural gas (LNG) release and ignition occurred at Cascade Natural Gas Corporation's (Cascade) temporary mobile LNG site in Toppenish, WA, which was operated by Cascade's contractor Sapphire Gas Solutions (Sapphire). The release occurred after a driver started his truck and pulled away from an unloading site, causing a transfer hose to separate and release LNG. The LNG then ignited from an ignition source that is unknown, but believed to be the nearby running generator or vaporizer. As a result of this incident, the driver of the truck was injured and an onsite employee was killed. After an investigation Staff filed a complaint, alleging violations of various state and federal pipeline safety laws.

Q. Please summarize the cause of actions alleged by Staff in the Complaint.

A. Staff laid out ten causes of action in its complaint for violations of the Washington Administrative Code (WAC) and Code of Federal Regulations (CFR). The federal pipeline safety regulations found in the CFR are incorporated in the Commission rules pursuant to WAC 480-93-999.

- First, Staff alleged that Cascade did not notify the UTC of the deployment of a mobile LNG plant in the state of Washington as required by 49 C.F.R. § 193.2019(b). The regulation requires notice be given to the state two weeks in advance of operation.
- Second, Staff alleged that Cascade, through its contractor Sapphire, did not follow NFPA 59A-2001 Section 11.4.5.2(c).[1] NFPA-59A-2001 Section 11.4.5.2(c) requires that unless required for the transfer, truck vehicles engines are shut off, brakes set, and wheels chocked prior to loading or unloading. Staff alleged that Cascade violated NFPA-59A-2001 Section 11.4.5.2(c) when the driver (a subcontractor for Sapphire) started his truck engine and began pulling away prior to the LNG transfer trailer being disconnected and before released vapors dissipated.
- Third, Staff alleged that Cascade did not have a manual for operating and maintaining a mobile LNG pipeline facility. WAC 480-93-180(1) requires that each gas pipeline company have and follow a gas pipeline plan and procedure manual for its operation, maintenance, inspection, and emergency

[1] NFPA 59A-2001 is incorporated into the CFR through 49 C.F.R. § 193.2013, which is incorporated into the WAC via WAC 480-93-999. Operators are required to follow either the NFPA or Part 193 of the CFR. 49 C.F.R. § 193.2019.

response activities. That gas pipeline plan and procedure manual must be specific to the gas pipeline company's system. WAC 480-93-180(1) requires that the manual include plans and procedures for meeting all requirements in 49 C.F.R. §§191 and 192, as well as chapter 480-93 WAC. This manual also must incorporate the plans or procedures used by a gas pipeline company's associated contractors.

- Fourth, Staff alleged that Cascade did not adopt Sapphire's or any other contractor's operations manual as part of its operations manual as required by WAC 480-93-180(1).
- Fifth, Staff alleged that Cascade, via its contractor Sapphire, failed to follow its operations manual pursuant to WAC 480-93-180(1). Sapphire's manual contained a policy titled "Liquid Natural Gas Emergency Response Plan CAS-TOP-23-001863" which required that in the event of an LNG release, "Sapphire personnel should: eliminate all ignition sources."[2] The sole Sapphire employee who did evacuate the scene passed by emergency shutdown devices (ESD) without engaging them. No ignition source was eliminated.
- Sixth, Staff alleged that Cascade did not follow WAC 480-93-180(2) which requires that forty-five days before operation of any gas pipeline, each gas pipeline company file with the Commission its pipeline and procedure manual. Cascade began operating its mobile LNG site on August 14, 2023.

[2] Ritter, Exh. DR-62 at 5.

Cascade did not file a pipeline and procedure manual with the Commission at any point prior to operation of the Toppenish LNG site.

- Seventh, Staff alleged that Cascade, via its contractor Sapphire, failed to follow its operations manual pursuant to WAC 480-93-180(1). Cascade's contractor's (Sapphire) policies contained requirements concerning minimum personal protective equipment: "Standard Operating Procedure Offloading Transport to Storage Vessel Doc No. SGS-00-001-0 (dated 00/0/2021)." The "General Safety" section of this policy states that "operators who handle cryogenic liquids should be equipped with the following Personal Protective Equipment (PPE): Flame Resistant Long Sleeve Shirt." Sapphire PPE requirements and procedures were also incorporated into the Master Transportation Agreement and required of "all drivers." LNG is a cryogenic liquid. The driver was an operator handling LNG but was not equipped with all proper PPE, such as a flame-resistant clothing.
- Eighth, Staff alleged that Cascade, via its contractor Sapphire, failed to chock the mobile delivery trailer wheels as required under NFPA-59A-2001[3] Section 11.4.5.2(c).[4] On September 22, 2023, the tires for the transport truck were not chocked, and the chocks were later discovered in the back of the transport vehicle.

[3] NFPA-59A-2001 is incorporated in the C.F.R. by reference in 49 C.F.R. §193.2013. Liquified Natural Gas Regulations – Miscellaneous Amendments, 62 Fed. Reg. 41311-01 (Aug. 1, 1997) (incorporating NFPA 59A, 1996 edition, in the regulations for alternative compliance for temporary mobile LNG facilities); Pipeline Safety: Liquefied Natural Gas Facilities: Clarifying and Updating Safety Standards, 68 Fed. Reg. 23272-02 (May 1, 2003) (updating the NFPA reference to the 2001 edition).

[4] NFPA-59A-2001 Section 11.4.5.2(c) requires that wheels be "checked" prior to connecting the tank car for LNG unloading. Per interpretation from the Pipeline and Hazardous Materials Safety Administration, the use of "checked" is a typographical error and should be read as "chocked."

- Ninth, Staff alleged that Cascade, via its contractor Sapphire, failed to follow its operations manual as required by WAC 480-93-180(1). Sapphire's policies required tire wheels be chocked during loading and unloading ("Standard Operating Procedure Offloading Transport to Storage Vessel, Rigging Up (dated 00/0/2021"). [5] The wheels of the transport truck were not chocked during unloading as evidenced by no onsite personnel[6] recalling chocking the wheels and the chocks being discovered in the back of the transport trailer.
- Tenth, Staff alleged that Cascade, via its contractor Sapphire, failed to follow its operations manual pursuant to WAC 480-93-180(1). Sapphire's policies contained a "Liquid Natural Gas Emergency Response Plan CAS-TOP-23-001863" which required that in the event of an LNG emergency employees should initiate ESD procedures "provided employee safety is not jeopardized by doing so." The policy explicitly required that workers "not enter the LNG Vapor Cloud or come in contact with the liquid." The emergency response framework also calls for evacuation of personnel from a hazardous area if the site is unsafe. At least one onsite Sapphire employee and the truck driver did not evacuate the scene when the LNG was released creating a vapor cloud. Instead, one employee and the truck driver entered the vapor cloud in violation of Sapphire policies and procedures.

[5] Ritter, Exh. DR-60 at 2.
[66] It should be noted that Staff was unable to speak with Mr. Barnett as he was receiving intensive medical care and soon thereafter passed away.

Q. Has a settlement on this complaint been reached?

A. Yes. Staff, Cascade, and Sapphire have reached a settlement in this matter which Staff believes will help prevent incidents like this from happening in the future.

Q. Please summarize your recommendations.

A. Staff recommends that the Commission adopt the settlement agreement without condition.

III. TERMS OF SETTLEMENT

Q. Can you please outline the terms of the settlement agreement.

A. The Commission will impose a total penalty of $2,000,000. The Commission will suspend $250,000 of the total penalty on the condition that Cascade complete specific compliance tasks as set forth in the Settlement Agreement subsections B through D. Subsection B requires Cascade will contract with the American Petroleum Institute ("API") to complete an audit of Cascade's API RP 1173 safety management system program. Subsection C requires Cascade to implement the "observations" (deficiencies) from the auditor and to review the "opportunities to increase effectiveness" identified by the auditor for incorporation in the program. Cascade may choose to implement an "opportunity to increase effectiveness," but is not required to. However, if it does not implement an opportunity, it must explain to Staff why it is choosing not to. Subsection D requires Cascade create a new company policy for the oversight and management of contractors hired to perform work on the

company's natural gas system.[7] Cascade agrees to integrate this new policy with its existing policy related to the hiring of contractors.[8] These policies together will require a review of risks and necessary operational controls based on the size and complexity of the work being performed by the contractor.

Q. Turning first to the penalty structure, can you talk about why the $1,750,000 portion to be paid immediately is in the public interest?

A. The amount of the penalty is sufficient to reprimand Cascade for failing to adequately oversee contractors working on its regulated natural system. Staff also believes the penalty is sufficient to act as a deterrent to future incidents and incent Cascade (and other operators) to ensure contractor procedures are reviewed and implemented and that the systems employed on their pipelines by contractors are understood from an operational and regulatory perspective.

Q. Why is it in the public interest to suspend $250,000 of the $2,000,000 penalty?

A. The suspension of $250,000 of the penalty provides a monetary consequence if Cascade fails to accomplish the compliance items in subsections B through D of the Settlement Agreement (as outlined above). The goal is to prevent any future re-occurrence of the management oversight, and policy and procedural gaps which allowed the Toppenish incident to occur. The suspended penalty also ensures that all

[7] This policy is currently known as "OPS 27 Contractor Management," but the policy number and title are subject to change.
[8] The existing policy governing hiring of contractors is "OPS 7 Hiring a Contractor."

the observations found in the audit are adequately incorporated into Cascade's safety management system.

Q. Can you outline the audit term of the settlement?

A. Cascade was required as part of the settlement in Docket PG-150120 to perform and implement an API RP 1173 safety management system (SMS) program. Staff believes this system should have prevented the issues that lead to the accident at the Toppenish mobile LNG site. Given the course of events that led to this accident, Staff believes there are deficiencies in Cascade's current SMS program. The audit is intended to find those deficiencies and eliminate them.

Q. Why is requiring an audit in the public interest?

A. A safety management system is designed to minimize nonconformities within pipeline safety processes and procedures. This ensures safe and effective pipeline operations as the nonconformities, if not eliminated, are managed through awareness, training, and coordination. Managing a system is complex and requires a management approach across multiple disciplines—design, construction, operation, and maintenance. It is paramount that Cascade leadership is involved and integrated into the safety culture. This audit is intended to dig into the current system and determine whether the systems are indeed coordinated across disciplines and corporate leadership. The failure of the current SMS which allowed the driver of the LNG transport trailer to start the truck and pull away during the active LNG transfer indicates there was a fundamental flaw in how the system was implemented. The

investigation revealed that the onsite employees and drivers had significant knowledge gaps concerning proper procedure, policies, and legal obligations as demonstrated by the truck being started during the transfer, failure to chock the truck wheels, and failure by multiple people in following policies and procedures. Additionally, there appeared to be gaps in knowledge of regulatory requirements at the leadership level as demonstrated by the failure to notify the UTC of site operation. Staff believes that an audit of the system will rectify these issues and result in a much more effective SMS program and a safer Washington.

Q. Can you talk about why Staff supports the American Petroleum Institute (API) performing the audit?

A. Staff supports API performing the audit as it is the author of the recommended practice. API is the acknowledged leader in establishing standards for the petroleum industry. As such, the Pipeline and Hazardous Materials Safety Administration (PHMSA) includes many API standards and recommended practices in the CFR. Although API RP 1173 is not yet adopted in the federal regulations, it is the standard for safety management in the pipeline industry. It should be noted that if API is not available for the audit, Cascade is required to solicit Staff approval for any third-party contracted to perform the audit.

Q. Can you explain the quarterly reporting that Cascade is required to do?

A. As part of the settlement, Cascade will supply the Commission with quarterly reports detailing its progress on the audit. The first report is due the last day of the first

financial quarter after the order is signed approving the settlement. The first letter must include the scope of work[9] to be completed in the audit and the contract with the auditor included as an attachment. Each subsequent letter must include information on percent of the audit completed to date and an update on the action items identified in the scope of work. In every quarterly update, Cascade must include the substantive steps it has taken in completing the audit by December 31, 2026.

Q. Why is this quarterly reporting in the public interest?

A. Staff believes having Cascade report quarterly will keep Cascade on track with performing the audit in a timely manner. It also gives the Commission timely updates to check on progress to ensure Cascade is being diligent in completing the audit. This is in the public interest as the quicker the audit is completed, the faster change can be implemented to ensure safer pipeline operations and a safer Washington.

Q. The settlement agreement describes "observations" and "opportunities to increase effectiveness." Can you explain what these are and why they are different?

A. "Observations" for the purpose of this settlement agreement, are identified as deficiencies in the current SMS program identified by the auditor , which do not meet API RP 1173 requirements. These observations will be prioritized, ranked, and

[9] If the scope of work does not include a timeline for completion of the audit, Cascade will also include a timeline for completion of the audit.

implemented to bring the program into compliance with the recommended practice. "Opportunities to increase effectiveness" are findings from the audit which, if implemented, could lead to a more effective SMS program. Unlike observations which require corrective actions to meet the intent of API RP 1173, opportunities to increase effectiveness are findings by the auditor which, if implemented, may improve the SMS. They are not considered deficiencies.

Q. Under the settlement agreement, Cascade is only required to implement "observations," it has discretion to implement "opportunities to increase effectiveness." Can you talk about why that is and why it is in the public interest?

A. Observations are deficiencies which fundamentally undermine the effectiveness of the safety management system. They must be corrected to ensure the program can meet its intent—increasing safety and minimizing potential harm to people and the environment. Opportunities to increase effectiveness are areas identified by the auditor, based on their experience, knowledge, and training, which if implemented could enhance the program. As they are not considered deficiencies, if un-implemented, the program will continue to meet its intended goals.

Q. The terms of the settlement agreement give Staff the right to require a change to Cascade API RP 1173 program based on the auditor's observations. Can you talk about why this term is in the public interest?

A. The settlement agreement requires Cascade to implement the auditor's observations based on a system of ranking and prioritization. Staff believes this is fair as Cascade knows and understands its company and business regimen in operating a natural gas system. However, Cascade and Staff may disagree on the prioritization and subsequent implementation of the observations. The language in the settlement agreement gives the Commission the ability to require a change to Cascade's SMS which may differ from Cascade's implementation schedule.

Q. Per the settlement agreement, if Cascade is not going to implement an opportunity to increase effectiveness, it has to meet with Staff to provide the reason why it is forgoing implementing each opportunity it is not implementing. Why is this in the public interest?

A. Staff believes any opportunity to increase pipeline safety is worth evaluation and potential implementation. However, these "opportunities" are not considered deficiencies or gaps in the system, but enhancements, and Staff understands there is a cost to implementation, and it may be that these enhancements provide minimal or no added safety benefit. As such, Cascade may choose to forgo implementing an opportunity. If this occurs, Staff will require Cascade to meet and explain its rational for the decision.

Q. As part of the settlement agreement, Cascade agreed to create a new contractor management policy and integrate it with existing contractor hiring policy. Can you talk about why this is in the public interest?

A. Staff believes that part of the issue which allowed the Toppenish incident to occur was a lack of contractor oversight by Cascade, and failure to properly review, incorporate, implement, and follow contractor policies and procedures. Cascade did not have the in-house expertise or equipment to set up and operate a mobile LNG plant. So, Cascade contracted with a third party to supply and operate a mobile LNG plant—Sapphire Gas Solutions. Cascade relied on Sapphire to follow its procedures. Unfortunately, Sapphire did not follow its procedures, and Cascade did not have an onsite presence to observe the lack of adherence to safety procedures. Staff believes this contributed to the circumstances which allowed the Toppenish incident to occur. Staff is concerned that this management failure is partially the result of Cascade's current approach to management of contractors and potentially a shortage of Cascade staff to oversee contractors. This will be determined in the SMS audit. Cascade has agreed to draft a new procedure, OPS 27 Contractor Management, specifically for the oversight and management of contractors hired to work on Cascade's natural gas system. Cascade will integrate the new policy with an existing policy, OPS 7 Hiring a Contractor. Cascade will perform a risk review of the integration and how it ties to the SMS. The new policy will be submitted to Staff for review and comment. Staff believes this newly integrated policy, the SMS audit, and the opportunity for Staff review, will greatly enhance Cascade's oversight of contractors which will in turn lead to a safer Washington.

Q. Cascade cannot seek recovery of the penalty paid or the suspended penalty, but can seek recovery of costs related to implementing the compliance program items in the settlement agreement. Why is this in the public interest?

A. Staff believes the implementation of observations and potentially, opportunities for enhancement, together with the new contractor oversight policy will greatly enhance the safe operation of Cascade's natural gas system. Staff believes if there are costs associated with those improvements they are systemic and central to proper pipeline operations and should be recovered as part of Cascade's rates, as a safer system is essential to the public interest. However, penalties paid as a result of this incident should be borne by Cascade, as responsibility for compliance with rules and regulations rests with Cascade, and that is the basis for assessment of the penalties.

Q. The Settlement Agreement requires that Cascade follow all notification and other regulatory requirements if it chooses to use LNG again. This is a requirement of the law, why is it in the public interest to have this provision in the settlement agreement?

A. Findings from the Toppenish investigation revealed that Cascade was unaware of certain regulatory obligations such as notifying the UTC prior to operating a mobile LNG plant. At the very least, Cascade's contractor, Sapphire, which specializes in mobile LNG deployment, should have known this and discussed it with Cascade prior to operations. This lack of code compliance knowledge allowed the mobile LNG plant to operate without UTC knowledge. Had the UTC known, Staff believe a rigorous review of procedures and Cascade's oversight of plant operations would

have occurred which may have prevented the September 22, 2023, incident. Staff believes Cascade is now very cognizant of its requirements under 49 CFR § 193.2019 (and the other regulatory requirements) and this addition to the settlement agreement further solidifies its responsibilities.

Q. Why is there a term requiring Cascade to file DOT Form PHMSA F 7100.3-1 for 2023 and 2024?

A. PHMSA form F7100.3-1 is required to be filed whenever an operator deploys a temporary or mobile LNG plant. As Cascade deployed a mobile LNG plant in Wenatchee and Toppenish in 2023, and again in Toppenish in 2024, it is required to file this form with PHMSA by March 15 of the year following use of the LNG plant. However, Cascade failed to do so for both 2023 and 2024 LNG plant deployments as it didn't know it needed to. As a result of settlement discussions, Cascade filed the forms for both years on August 13, 2025.

Q. There is a term that states this settlement resolves claims related to the Wenatchee LNG project, can you explain what this means?

A. Cascade deployed a mobile LNG plant in Wenatchee, WA from July 14, 2023, to July 28, 2023, again using Sapphire Gas Solutions as the contractor. Neither Cascade nor Sapphire notified the UTC as required by 49 C.F.R. § 193.2019. As such, Staff was preparing to issue another complaint against Cascade alleging failure to notify

and operating the LNG plant for 15 days without Commission knowledge. There were no known accidents at this site during the period of operation.

Q. Why is it in the public interest to resolve that issue here?

A. Staff believes the settlement agreement adequately addresses the issue with managing and overseeing contractors. Together with the SMS audit, Staff believes it would be administratively efficient to resolve the Wenatchee issue with this settlement as the key issues have been addressed in the Settlement, and Cascade understands the importance Staff places on regulatory compliance. This is in the public interest as it would relieve Staff from having to file another complaint and saves the time and effort required by all Staff, the Commission, and the operator to resolve the matter. Staff believes the penalty and Settlement Agreement adequately address the issues and the gravity of the allegation.

Q. The settlement references a tolling agreement for the Wenatchee claim, what is that for?

A. The notification claim for operation of the Wenatchee site was coming up against a statute of limitations deadline. The parties entered into an agreement to toll the statute of limitations while settlement is under consideration by the Commission. This is in the public interest because it preserves the claim while the matter is being considered by the Commission.

IV. STAFF RECOMMEDNATION

Q. Does Staff have a recommendation for the Commission regarding the settlement agreement?

A. Staff recommends the Commission approve the settlement agreement.

Q. Why is this Staff's recommendation?

A. This was a very serious accident. Staff carefully assesses and investigates all pipeline accidents, and the impacts of those accidents. In this case, a death occurred. The significance of that is not something Staff takes lightly. Staff believes the Settlement Agreement adequately addresses the concerns found during the investigation of the September 22, 2023, Toppenish LNG incident. First, the $2 million penalty with $250,000 being suspended (subject to completion of items B-D of the Settlement Agreement) is an adequate deterrent against future violations and sends the right message regarding loss and injury of human life. Second, the safety issues associated with what Staff believes are inadequate contractor oversight coupled with deficiencies in Cascade's SMS program are what allowed the Toppenish incident to occur, will be addressed in items B-D of the Settlement Agreement. Cascade will perform a thorough audit of its current SMS using API as the auditor, find and prioritize any deficiencies (and potentially add enhancements which it believes are beneficial to increasing safety), and send the list to the Commission for review. Cascade will provide quarterly updates on its audit progress to ensure it is completed by December 31, 2026. Staff will continue to monitor implementation until all items

are implemented. The suspended penalties cover implementation of changes in the SMS. Staff will have the ability to require changes to the SMS based on the auditor's findings of deficiencies (observations). Finally, the Agreement requires Cascade to review its contractor oversight program, draft new policies as necessary, and integrate them with existing policies and procedures in light of the SMS audit and findings. Together, the SMS audit/implementation of findings and the revised contractor oversight program will significantly increase the safety awareness of Cascade's organization leading to a safer Washington which is always in the public interest.

Q. Does this conclude your testimony?

A. Yes.