

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS
COMPANY'S

2017 Pipe Replacement Program Plan

DOCKET PG-170413

ORDER 01

ORDER APPROVING NORTHWEST
NATURAL GAS COMPANY'S 2017 PIPE
REPLACEMENT PROGRAM PLAN

BACKGROUND

1 On December 31, 2012, the 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 with 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 with an elevated risk of failure, beginning June 1, 2013.² Each company's PRP must include:

- 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.

Each PRP 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. Finally, each PRP should contain a

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.).

section analyzing its impact on rates. Companies seeking to recover costs must simultaneously file a proposed Cost Recovery Mechanism with their PRP.

3 On May 25, 2017, Northwest Natural Gas Company (NW Natural or Company) filed with the Commission its 2017-2019 Two-Year Plan (2017 Two-Year Plan).

4 According to NW Natural's 2017 Two-Year Plan, the Company has no known pipeline facilities in Washington with an elevated risk of failure. The 2017 Two-Year Plan documents the removal of facilities that required 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 NW Natural's 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 Staff notes that generally, when Celcon Caps experience failure, the resulting leak volume is small due to the types of defects experienced and the nature of the cap design. 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 2017 Two-Year Plan does not contain a Pipe Location Plan.

8 Staff concludes that NW Natural's 2017 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 2017 Two-Year Plan adequately addresses facilities with an elevated risk of failure. Staff has previously audited NW Natural's DIMP and found that it addresses all known threats and implements accelerated actions that adequately address those threats.

9 Staff recommends that the Commission approve Northwest Natural's 2017 Two-Year Plan filed on May 25, 2017.

DISCUSSION

10 We find that Northwest Natural's 2017 Two-Year Plan is consistent with our Policy Statement. Accordingly, the Commission agrees with Staff's recommendation and approves Northwest Natural's 2017 Two-Year Plan.

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 is a natural gas company and a public service company subject to Commission jurisdiction.
- 13 (3) Northwest Natural filed its 2017 Two-Year Plan with the Commission on May 25, 2017.
- 14 (4) Northwest Natural's 2017 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 2017 Two-Year Plan is approved.
- 16 (2) Northwest Natural Gas Company must file an updated Pipeline Replacement Program Plan for 2019-2021 no later than June 1, 2019.

DATED at Olympia, Washington, and effective October 26, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner