

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

CASCADE NATURAL GAS  
CORPORATION

Pipe Replacement Program Plan

DOCKET PG-190452

ORDER 01

APPROVING CASCADE NATURAL  
GAS CORPORATION'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).<sup>1</sup> 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.<sup>2</sup> Each company's plan must include the following:<sup>3</sup>
- 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 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

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<sup>1</sup> Docket UG-120715 (December 31, 2012).

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

<sup>3</sup> *Id.* ¶ 42.

burdening ratepayers; and (3) be in the public interest.<sup>4</sup> Finally, each Plan should contain a section analyzing its impact on rates.<sup>5</sup> Companies seeking to recover costs must simultaneously file a proposed Cost Recovery Mechanism (CRM) with their Plan.

- 3 On May 31, 2019, Cascade Natural Gas Corporation (Cascade or Company) filed with the Commission an “Updated Pipeline Replacement Plan” for 2019-2021 (2019 Two-Year Plan).
- 4 Consistent with the Commission’s policy statement, Cascade also submitted information for a CRM with its 2019 Two-Year Plan. Regulatory Services Staff will present the CRM in a separate filing.
- 5 Cascade’s plan indicates that certain types of gas pipe with an elevated risk of failure are present within its Washington service area and has placed them in the Master Plan under the category of Early Vintage Steel Pipe (EVSP). EVSP are steel mains, service lines, and associated fittings installed earlier than January 1, 1970, that historically may or may not have been cathodically protected until the code required it in the 1970s. These segments are typically bare steel or coal tar wrapped.
- 6 ESVP subsets contained in Cascade’s Plan include: pre-CNGC pipe (lines installed by other entities in the 1950s and 1960s, and later acquired by Cascade); 1950s-1960s Fish Service & Management Corporation (FISH) installed steel pipeline segments (pipe with an elevated risk for leaks associated with material and welds); pre-1970 pipeline segments (originally installed by Cascade employees or contractors that present elevated weld failure risk associated with vintage metal arc welds and acetylene gas welds).
- 7 Cascade initiated pipe replacements for each of the preceding types of gas pipes with the vast majority of current replacement being the pre-CNGC, bare steel/poorly coated steel lines located in Longview and the Anacortes FISH pipeline segments. Additionally, there are three projects planned for east of the Cascades of FISH and pre-1970 pipeline segments in Yakima and Wenatchee. The Bremerton District has one project scheduled for a Pre-1970 pipeline segment. The majority of the planned projects are contained, however, in Northwest and Southwest Washington and all consist of pipeline segments classified as ESVP.
- 8 Cascade’s 2019 Two-Year Plan is revised from the previous Two-Year Plan by the addition of new projects and the deletion of completed projects. New projects were added

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<sup>4</sup> *Id.* ¶¶ 44-56.

<sup>5</sup> *Id.* ¶ 55.

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.

9 High risk lines in the 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.

10 Cascade's 2019 Two-Year Plan depicts changes from its previous Plan in Appendix C. Changes include the addition of new projects, cancelled or rescheduled projects, and the deletion of completed projects. It also shows the funding sources associated with each project. Since the replacement program's development in 2012, Cascade has replaced over 61 miles of main.

11 Commission staff (Staff) determines that the 2019 Two-Year Plan meets the requirements of the Master Plan, and that the projects are appropriately prioritized and ranked per Cascade's DIMP model. Staff is satisfied that the 2019 Two-Year Plan is consistent with the Commission's Policy Statement and adequately addresses Cascade's elevated risk pipeline facilities in Washington.

12 Staff recommends that the Commission approve Cascade's 2019 Two-Year Plan filed on May 31, 2019.

### **DISCUSSION**

13 The Commission agrees with Staff's recommendation and approves Cascade's 2019 Two-Year Plan. We find that the Company's 2019 Two-Year Plan is consistent with our Policy Statement.

### **FINDINGS AND CONCLUSIONS**

14 (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.

15 (2) Cascade is a natural gas company and a public service company subject to Commission jurisdiction.

16 (3) Cascade filed its 2019 Two-Year Plan with the Commission on May 31, 2019.

- 17 (4) Cascade'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:**

- 18 (1) Cascade Natural Gas Corporation's 2019 Two-Year Plan is approved.
- 19 (2) Cascade Natural Gas Corporation should file an updated Pipeline Replacement 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