



STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
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Ref. No. Docket PG-110019

May 25, 2012

Eric Martuscelli
Vice President, Operations
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336

Dear Mr. Martuscelli:

RE: 2011 Natural Gas Standard Inspection – Skagit, Island and Snohomish Counties

Thank you for your letter dated February 27, 2012 responding to our letter related to the inspection of Cascade Natural Gas Corporation (CNG), Skagit, Island and Snohomish Counties, Washington conducted in October 2011.

In your response, you noted disagreement with several of staff's findings. Mr. Joe Subsits, UTC Chief Pipeline Safety Engineer met with Ms. Tina Beach, CNG Manager of Standards and Compliance to discuss the company's response and to resolve any disagreements and outstanding issues between commission staff (staff) and CNG.

Staff in general accepts CNG's response to staff's findings with the understanding that the issues not highlight here will be dealt with in conjunction with the commission approved settlement agreement under docket PG-110443. The following individual responses are additional understandings and outcomes from discussions between Ms. Beach and Mr. Subsits.

Probable Violation (PV) 1: WAC 480-93-018 Records.

Finding(s) 1:

Further review of CNG-Exhibit A indicates that a successful leak test was performed. Staff understands that the maximum allowable operating pressure is based on the design test pressure of 750 psig, not the maximum pressure of 860 psig achieved during the test. Staff accepts CNG's response to PV1.1.



Finding(s) 2:

CNG utilized alternating current voltage gradient (ACVG) for performing a coating assessment on Line 1 Anacortes near Similk Bay Golf Course. Any coating anomalies detected as a result of the assessment would have been uncovered and repaired. CNG Exhibit B indicates that no anomalies were identified during the survey. As noted under PV 8 of staff's inspection report, external protective coatings must be inspected prior to lowering pipe into a ditch and backfilling. Consequently, the use of alternative assessments after the fact does not meet the intent of 49 CFR 192.461(b).

However, staff recognizes that CNG has taken steps to remedy the issue as noted in the company's response under PV5-2 and PV 8 and considers this matter closed.

Finding(s) 5:

Regarding the status of casing assessments completed as part of CNG's overall gas transmission integrity management (IMP) program, UTC staff was able to verify completion of these assessments during a follow-up inspection conducted April 16, 2012. Staff accepts CNG's response to PV 1.5.

Probable Violation(s) 2 and 3: WAC 480-93-160 Reporting requirements of proposed construction.

Finding(s) - PV 2-1, 2-2, PV 3-1, 3-2:

CNG methodology for classifying pipelines as gas transmission based solely on the pipeline's operating hoop stress does not meet the criteria found under 49 CFR Part 192.3. After further discussions with CNG staff, it is our understanding that CNG will in the future, report projects meeting the criteria in WAC 480-93-160. It is my suggestion that CNG re-evaluate other "H.P." pipelines within its operations to determine if these facilities should be re-classified as transmission pipeline.

Probable Violation 4: WAC 480-93-180 Plans and procedures.

Finding(s) 1-a:

CNG acknowledges that a formal written approval from engineering was not obtained to hydro test Anacortes line 1. CNG stated that written approval was not required since testing did not deviate from conditions in CP665 table 4. We accept CNG's response but suggest that the company review the procedure to ensure that requirements are clear.

Probable Violation 5: WAC 480-93-180 Plans and procedures.

Finding(s) 1:

See staff's response to PV 1-2.

Probable Violation 17: 49 CFR §192.805 Qualification program

Finding(s):

The list of covered tasks for compressor station operation was minimal and did not appear to address all possible covered tasks for compressor station operations. It is staff's expectation that

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compressor station operations will be reviewed so all covered tasks can be identified and integrated into CNG's OQ program.

Probable Violation(s) 21: 49 CFR §192.905 How does an operator identify a high consequence area?

Finding(s):

There were questions regarding the manner in which High Consequence Area (HCA) determinations are carried out by CNG. It is our understanding that CNG will perform training on HCA determinations to district personnel help ensure consistency in HCA determinations processes.

Docket PG-110019 will be closed as of May 25, 2012. If you have any questions, or if we may be of assistance, please contact Joe Subsits at (360) 664-1322.

Sincerely,



David D. Lykken
Pipeline Safety Director

cc: Steve Kessie, Manager-Operations Services