

Agenda Date: October 26, 2017  
Item Number: A3

**Docket:** PG-170688  
Company Name: Avista Corporation

Staff: Joe Subsits, Chief Pipeline Safety Engineer  
Scott Rukke, Pipeline Safety Engineer

### **Recommendation**

Issue an order approving Avista Corporation's (Avista or company) 2017-2019 Two Year Plan filed on June 1, 2017. Avista's Two Year Plan is consistent with the Commission Policy and is materially unchanged from its 2015-2017 Two-Year Plan addressing all known elevated risk pipeline facilities in Washington.

### **Background**

On December 31, 2012, the Washington Utilities and Transportation Commission (commission) issued a Policy Statement entitled "Commission Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk"<sup>1</sup> (Policy Statement). Pursuant to the Policy Statement, each investor-owned gas pipeline utility company filed a Master Plan (Plan) in 2013 for replacing pipe that represents an elevated risk of failure. The Policy Statement also requires that Avista file a Two-Year Plan that specifically identifies the pipe replacement program goals for the upcoming two year period.

On June 1, 2017 Avista filed with the commission, its Two-Year Plan for 2017-2019. Staff finds that the company's 2017-2019 Two-Year Plan meets the requirements of the Policy Statement, with respect to pipeline safety.

## **I. Plan Requirements**

Under the Policy Statement, the third Two-Year Plan was to be filed by June 1, 2017,<sup>2</sup> covering planned pipeline replacement through 2019. The plan has three parts: (1) a Master Plan (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

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<sup>1</sup> "Commission Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk (December 31, 2012) (Policy Statement) (Docket UG-120715).

<sup>2</sup> Subsequent plan filings are to be filed by June 1 every two years thereafter (*i.e.*, June 1, 2015, 2017, 2019, etc.). "If the gas company makes no changes to its Master Plan, it need file only the Two-Year plan in each filing after June 1, 2013. If the company makes a material change either to its Master Plan, its Two-Year plan or its Pipe Location Plan, it should file plan changes with the commission within 30 days." Policy Statement at 11, ¶ 43.

applicable, (3) a Pipe Location Plan for identifying the location of pipe or facilities that present an elevated risk of failure.<sup>3</sup>

Each Plan must also:

- Target pipe or facilities that pose an elevated risk of failure.
- Be a measured and reasonable response in relation to the elevated risk, and the program must not unduly burden ratepayers.
- Be in the public interest.<sup>4</sup>

## **II. Commission Staff Review of Avista's 2018-2019 Two Year Plan**

### **A. Overview**

Avista's plan indicates that the following types of gas pipe with an elevated risk of failure are present within its Washington service area: Vintage Aldyl-A polyethylene mains,<sup>5</sup> PE service piping where it transitions to rigid steel service tees, and isolated steel, which historically may or may not have had adequate cathodic protection (the uncertainty is because this pipe was not electrically conductive with Avista's cathodic protection system(s)).

### **B. Evaluation of the Required Plan Elements**

Avista's 2017-2019 Two-Year Plan is materially unchanged from its 2015-2017 Two-Year Plan so no new Master Plan is necessary at this time. Avista is on schedule to meet the requirements of its Master Plan and Two-Year Plan.

Avista initiated pipe replacement programs for each of the three types of identified elevated risk pipe prior to filing its initial Plan.

Avista's Plan indicates that a Pipe Location Plan is not warranted because the company knows where its elevated risk pipe is located. Because Avista classifies this pipe as higher risk pipe, this pipe is on a priority replacement schedule.

### **C. Impact on Rates**

In accordance with Paragraph 64 of the commission's policy statement, Avista may submit information for a Cost Recovery Mechanism (CRM). Should this occur, Regulatory Services staff will present the CRM in a separate filing.

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<sup>3</sup> Policy Statement at 11, ¶ 42

<sup>4</sup> Policy Statement at 12-14, ¶¶ 45-56.

<sup>5</sup> Pre 1984 manufacture and pre 1987 installation. (susceptible to slow crack growth (SCG)).

Avista submitted the expected level of capital investment each year for pipeline replacement, which was allocated by rate class to determine the level of rate impact for the customers in each class. Costs are already included in rates and will have no new incremental rate impact.

### **III. Conclusion**

Avista is on schedule to remediate identified elevated risk pipeline facilities according to their master Plan filed on May 31, 2013. Their 2017-2019 Two-Year Plan is substantially unchanged from their 2015-2017 Two-Year Plan, is consistent with the commission policy, and adequately addresses all known elevated risk pipeline facilities in Washington.

Staff recommends approval of Avista's 2017-2019 Two-Year Plan filed on June 1, 2017.