

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

CASCADE NATURAL GAS  
CORPORATION'S

Pipe Replacement Program Plan

DOCKET PG-170686

ORDER 01

ORDER APPROVING CASCADE  
NATURAL GAS CORPORATION'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).<sup>1</sup> 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.<sup>2</sup> 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

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

<sup>2</sup> *Id.* at ¶ 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 (CRM) with their PRP in a separate docket.

3 On June 1, 2017, Cascade Natural Gas Corporation (Cascade or Company) filed with the Commission an “Updated Pipeline Replacement Plan” for 2017 (2017 Two-Year Plan). The Company filed revisions to its plan on September 12, 2017, to reflect its responses to Commission staff’s (Staff) inquiries.

4 Consistent with the Commission’s Policy Statement, Cascade filed a proposed CRM with its 2017 Two-Year Plan in Docket No. UG-170674.

5 Cascade has identified four types of facilities located in Washington that pose an elevated risk of failure: bare steel/pre-Cascade pipe installed by other entities in the 1950s and 1960s and later acquired by Cascade; 1950s vintage steel pipelines, which may or may not have been cathodically protected until required by code in the 1970s; exposed pipe susceptible to corrosion risk (such as older bridge crossings over waterways); and pipe in casings, which are high-risk due to corrosion and the inability to provide cathodic protection within their casing. Cascade has initiated pipe replacements for each of the aforementioned types of gas pipes with the vast majority of current replacement efforts focused on the Pre-Cascade, bare steel/poorly coated steel lines located in Longview and Anacortes.

6 Cascade’s 2017-2019 Two-Year Plan includes the addition of new projects and the deletion of completed projects. New projects were added 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.

7 Staff reviewed the Company’s Two-Year Plan and believes it meets the requirements of the Master Plan, and that Two-Year Plan projects are appropriately prioritized and ranked per the Cascade DIMP model.

8 Updates to Cascade’s PRP include: information that outlines Cascade’s progress addressing high-risk pipelines, including a total footage of “Pre-Cascade piping systems” replaced since the start of the program in 2012; revisions to Appendix A, DIMP Model Output, showing the high risk pipeline segments included in the Two-Year Plan; a new Appendix B showing before and after mapping of replacements for both Longview and Anacortes; and a new Appendix C showing the previous Two-Year plan with the disposition of each project (i.e., new, completed or carried forward), how much pipe was actually replaced, and whether the project is intended for cost recovery under the CRM.

9 Cascade's PRP also includes Section 3 - Plan for Identifying the Location of Pipe that Presents Elevated Risk of Failure. This section indicates Cascade is using a variety of tools to identify high risk pipelines, including unknown pipe. Cascade is using the output from its DIMP model to categorize the prioritization of its plan. Additionally, Cascade classifies unknown pipe as higher risk and places it on the priority replacement schedule.<sup>3</sup>

10 Staff concludes that the 2017 Two-Year Plan addresses pipelines currently ranked high priority by the DIMP model. The 2017 Two-Year Plan meets the requirements of the Master Plan, and 2017 Two-Year Plan projects are appropriately prioritized and ranked. Staff is satisfied that the 2017 Two-Year Plan is consistent with the Commission's Policy Statement and adequately addresses Cascade's elevated risk pipeline facilities in Washington.

11 Staff recommends that the Commission approve Cascade's 2017-2019 Two-Year Plan filed on June 1, 2017, and revised September 12, 2017.

### DISCUSSION

12 We find that the Company's revised 2017 Two-Year Plan is consistent with our Policy Statement. Accordingly, the Commission agrees with Staff's recommendation and approves Cascade's revised 2017 Two-Year Plan.

### FINDINGS AND CONCLUSIONS

13 (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.

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

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<sup>3</sup> High risk lines in the 2017-2019 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. It should be noted that there may be some project overlap between the lines replaced under this program and Commission Docket PG-150120.

- 15 (3) Cascade filed its 2017 Two-Year Plan with the Commission on June 1, 2017, and  
filed revisions on September 12, 2017.
- 16 (4) Cascade's revised 2017 Two-Year Plan is a reasonable and measured approach to  
replace pipeline facilities with an elevated risk of failure.

**ORDER**

**THE COMMISSION ORDERS:**

- 17 (1) Cascade Natural Gas Corporation's revised 2017 Two-Year Plan is approved.
- 18 (2) Cascade Natural Gas Corporation 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