

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET PG-170688
AVISTA CORPORATION'S	ORDER 01
2017 Pipe Replacement Program Plan	ORDER APPROVING AVISTA 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).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 that represents 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 (CRM) with their Plan.

3 On June 1, 2017, Avista Corporation (Avista or Company) filed its 2017-2019 Pipeline Replacement Plan (2017 Two-Year Plan).

4 Avista's 2017 Two-Year 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 mains³; 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.

5 Avista's 2017 Two Year Plan is materially unchanged from its 2015-2017 Two-Year Plan, so Staff believes 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.

6 Avista's 2017 Two-Year 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, it is on a priority replacement schedule. Staff agrees with the Company's determination not to include a Pipe Location Plan.

7 Staff concludes that Avista's 2017 Two-Year Plan, analyzed in conjunction with the Company's Distribution Integrity Management Plan (DIMP), is measured, and its continuation is a reasonable response in relation to the elevated risks identified. Avista's plan adequately addresses facilities with an elevated risk of failure. Staff has previously audited Avista's DIMP and found that it addresses all known threats and implements accelerated actions that adequately address those threats.

8 Staff recommends that the Commission approve Avista's 2017 Two-Year Plan filed on June 1, 2017.

DISCUSSION

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

³ Pre-1984 manufacture and pre-1987 installation, which is susceptible to slow crack growth.

FINDINGS AND CONCLUSIONS

- 10 (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.
- 11 (2) Avista is a natural gas company and a public service company subject to Commission jurisdiction.
- 12 (3) Avista filed its 2017 Two-Year Plan with the Commission on June 1, 2017.
- 13 (4) Avista'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:

- 14 (1) Avista Corporation's 2017 Two-Year Plan is approved.
- 15 (2) Avista 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