

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS
COMPANY'S

Pipe Replacement Program Plan

DOCKET PG-160754

ORDER 01

ORDER APPROVING NORTHWEST
NATURAL GAS COMPANY'S 2015-
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 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 plan every two years for replacing pipe that represents an elevated risk of failure, beginning June 1, 2013.² Each company's plan must include:³
- 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.

¹ Docket UG-120715 (December 31, 2012).

² *Id.* ¶ 43. Subsequent pipeline replacement program plan filings should be filed by June 1 every two years thereafter (*i.e.*, June 1, 2015, 2017, 2019, etc.).

³ *Id.* ¶ 42.

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 burdening ratepayers, and (3) be in the public interest.⁴

3 On May 27, 2016, Northwest Natural Gas Company (NW Natural or Company) filed with the Commission its “2015 Washington Pipeline Replacement Plan” (2015 Plan), which contains a Master Plan and states that the Company does not have a two-year plan to replace existing facilities based on material type since the Company’s existing materials do not pose an elevated risk of failure.⁵ NW Natural’s Plan also does not contain a Pipe Location Plan because the Company has no known facilities that pose an elevated risk of failure in Washington State.

4 Commission Staff (Staff) reviewed the Company’s filing and agrees with the Company that it has no known facilities that pose an elevated risk of failure. Staff notes, however, that NW Natural does have Celcon Service Tee Cap facilities in its system that may leak if not properly installed. On June 16, 2016, NW Natural filed a modified Two-Year Plan that contains a provision to replace Celcon Service Tee Cap facilities when discovered during the course of routine operation and maintenance activities.

5 Staff notes that, generally, when a Celcon Service Tee Cap experiences failure, the resulting leakage is usually small due to the types of defects experienced and the nature of the design of the caps. In addition, the caps are generally at the service to main tie-ins, which are located away from structures intended for human occupancy. Accordingly, this type of facility is less of a safety concern than a facility that is located closer to buildings or other structures. Consequently, NW Natural’s procedure of replacing these caps when they are found is acceptable. Staff agrees that it is not necessary for NW Natural to have a Pipe Location Plan to locate these facilities

6 Staff finds that NW Natural’s 2015 Plan is a measured and reasonable response in relation to the elevated risk, adequately addresses known facilities with an elevated risk of failure, and is in the public interest. Staff has audited NW Natural’s Distribution Integrity Management Plan⁶ and found that it addresses all known threats and implements accelerated actions that adequately addresses those threats. Accordingly,

⁴ *Id.* ¶¶ 44-56.

⁵ The Company’s 2015 Plan was filed late because it assumed it was not required to file one.

⁶ Inspection number 2605, October 2012.

Staff recommends that the Commission approve NW Natural's 2015 Two-year Plan.

DISCUSSION

7 The Commission approves NW Natural's 2015 Two-Year Plan. We agree with Staff that the Company's 2015 Two-Year Plan is consistent with our Policy Statement. The Commission commends NW Natural for continuing its proactive approach to identifying elevated risk facilities; NW Natural completed its replacement of all known bare steel pipe in Washington in 2015. We agree that the Company's plan to replace Celcon Service Tee Cap facilities as they are discovered is appropriate, and does not require a Pipe Location Plan.

FINDINGS AND CONCLUSIONS

- 8 (1) The Washington Utilities and Transportation 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.
- 9 (2) NW Natural is a natural gas company and a public service company subject to Commission jurisdiction.
- 10 (3) NW Natural filed its modified 2015 Two-Year Plan with the Commission on June 16, 2016.
- 11 (4) NW Natural's 2015 Two-Year Plan as modified on June 16, 2016, is a reasonable and measured approach to replace pipeline facilities with an elevated risk of failure.

ORDER

THE COMMISSION ORDERS:

- 12 (1) Northwest Natural Gas Company's 2015 Two-Year Plan, as modified on June 16, 2016, is approved.
- 13 (2) Northwest Natural Gas Company should file an updated Pipeline Replacement Program Plan for 2017-19 no later than June 1, 2017.

DATED at Olympia, Washington, and effective August 4, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner